

UNCLASSIFIED

Annual Budget Submission

FY 1987

GUINEA-BISSAU



BEST AVAILABLE

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Agency for International Development
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FY 1987 Annual Budget Submission

Guinea-Bissau

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Economic Overview

We are including this economic section to call AID/W's attention to the significant progress made by the Government of Guinea-Bissau (GOGB) in the area of reforms. Further, we believe performance in these areas of reform deserves USG support.

Guinea-Bissau's economic history is marked by poor economic performance since independence. This dismal record of performance contrasts sharply with the country's considerable economic potential in agriculture, fisheries, and forestry. Guinea-Bissau is capable of being self-sufficient in food. Agricultural exports are capable of expanding. The continued need for food imports and the stagnant level of exports are the result of inappropriate policies, the lack of production inputs, and the need to extend the areas under cultivation. In the fisheries sector, the country has the potential to double its present yearly harvest with improvements in its fishing fleet operations. Forestry production can expand by 300 percent over the 1982 rate without damage to the Guinea-Bissau's ecology through improved management. The country's mineral resources include bauxite, phosphate, and construction materials, clay, gravel, and dolomite, with the possibility of off-shore oil deposits. Guinea-Bissau lacks, however, sufficient human resources to administer and manage its economy. In addition, the present low standards and inadequate access to education and health facilities will restrain the rate of growth in the immediate future.

Economic growth, as registered by GDP, although averaging three percent yearly between 1975-1979 fell to an average of 1.5 percent between 1979-1982. GDP fell further, five percent, in 1983. The economy is dominated by the agricultural sector and the poor performance of this sector is the chief factor in the general economic decline. Agriculture, the largest sector in the economy, accounts for 52 percent of total GDP, 60 percent of all exports, and employs approximately 90 percent of the total active labor force. The sector has suffered from low producer prices, an inefficient state controlled marketing and distribution system, the lack of modern production techniques and inputs, a shortage of consumer goods, and, in recent years, adverse weather conditions. The other sectors accounted for, in the case of fisheries five percent of GDP and thirty percent of exports; forestry less than one percent of GDP and six percent of total exports; and, manufacturing five percent of GDP and less than one percent of total exports, respectively. These sectors were all dominated by public enterprises.

All key economic indicators recorded clear declines in recent years. Current revenues fell from sixteen to eleven percent of GDP between 1980-1983. This fall was primarily due to the continued maintenance of an overvalued rate of exchange. Export taxes, which accounted for more than fifty percent of total revenues, were levied at official commodity prices. As a result, they provided ever decreasing revenues. The inefficient operations of state enterprises, which not only failed to show a profit but also required increasing budgetary expenditures to cover losses, were a further drain on revenues. Public expenditures, while declining between 1980-1983, did not fall fast enough to prevent the growing discrepancy between revenues, including official development assistance, and expenditures. To finance the growing gap between revenues and expenditures, forty-five percent between 1980-1983, the GOGB resorted to increased domestic borrowing from the banking system and increased external medium and long-term concessionary loans.

Recorded external trade was dismal during the same period due to the overvalued exchange rate, low agricultural producer prices, and the general shortage of consumer goods, especially in rural areas. These three factors combined to encourage

increased smuggling to neighboring countries. In addition, world market prices for many of the country's exports weakened in the early 1980's further negatively affecting revenues. The 1983 drought aggravated the economic picture. Exports, although stagnant at \$12 million yearly between 1980-1982, financed twenty percent of all imports. Unfortunately, exports fell in 1983, by thirty percent to approximately \$8.4 million and only financed fifteen percent of imports that year. Official transfers also fell in 1983 leading to the Government's increased dependence on arrears and short-term credits to finance its deficit.

Since the economy is highly dependent on imports to meet its food requirements, supply the manufacturing sector with production inputs, and keep the transport sector in operation, the sharp fall in imports accelerated the downward trend in economic activities. With the lack of consumer goods growing, farmers who previously sold their production surpluses returned to subsistence production levels or increased parallel market trade with neighboring countries. The GOGB tried to overcome domestic food shortages and declining imports through the establishment of an extensive system of price controls on consumer and agricultural commodities, financed by earnings from peanut exports and the proceeds of food assistance sales. This policy was quickly proven to be unsustainable.

The GOGB recognizing the negative effects of the above on domestic production and growth, began a program to redirect and rehabilitate the economy. The Economic Recovery Program (ERP), announced in November 1982 and initiated in December 1983, is composed of three interrelated stages. These stages are: (1) Stabilization which is designed to correct price distortions, redress the economy's imbalance to provide more support to agriculture, the area of greatest comparative advantage, and to improve the operating efficiency of the Government in the management of its finances. (2) The economic recovery phase, beginning during the stabilization phase, which will focus on additional policy, institutional, and investment reforms to increase the supply of production inputs and consumer goods as incentives to attain self-sufficiency in food. (3) The development phase consists of programs in education, health, infrastructure, and applied agricultural research aimed at providing the foundation for long-term growth and development. The GOGB, recognizing the errors committed in the establishment and implementation of earlier development policies, has centered this program around correcting these policies. The reforms have made significant and positive impacts on the country's economic to date although further efforts are needed. The following is a summary of the actions taken in the stabilization phase and their results.

The stabilization phase focused on the elimination of price distortions, the creation of incentives for domestic production, the reduction of deficit financing and general financial imbalances, the strengthening of the country's economic institutions, and the dismantlement of the state's trading monopoly. The ERP concentrated on five areas: exchange rate, public finances, prices, monetary policy, and commerce. With the institution of the ERP, the GOGB devalued the peso by one hundred percent and committed itself to weekly adjustments of approximately one percent thereafter. The peso was subsequently devalued a further seventy percent through April 1985. The rate of distortion between the official and parallel rate has, however, only fallen from approximately three hundred fifty to three hundred percent during the same period.

The GOGB must continue to actively implement its reform program to bring its exchange rate into a more balanced position. In the area of public finances, the

GOGB increased controls over expenditures by limiting the total number of public employees through attrition. The Ministry of Finance was given greater authority to control the general budget and overall expenditure levels. State enterprises were required to adopt standard quarterly accounting procedures and to improve their recording of accounts payable to increase the collection of arrears in their transfer of profits to the Government. Expenditures for the investment and development budgets were limited to those financed by the donor community. Public employee wage increases were limited to forty percent in 1984 with increases between twenty to thirty-five percent planned for 1985. The GOGB consolidated several taxes into a single business tax, introduced value-added taxes, and increased customs duties and stamp taxes in an effort to increase revenues. Non-tax revenues increased by 307.7 percent during this period reflecting higher charges for fishing licenses and slight increases for traditional exports. Price policy reforms concentrated on increasing agricultural producer prices. Milled rice prices rose by seventy-six percent in 1984 and were increased an additional fifty percent in 1985. Other price increases include those for cashew nuts which rose by seventy-six and sixty-two percent, peanuts ninety and sixty-one percent, and palm kernels one hundred and fourteen and sixty-seven percent in 1984 and 1985, respectively. Prices for major consumer goods, e.g. rice, cooking oil, soap, and bread increased by an average of seventy-eight percent in 1984 and fifty percent through April 1985. The Government also reduced price controls from four hundred to thirty basic commodities and is reviewing its overall price policy to determine how best to allow the implementation of automatic price adjustments and additional deregulation.

Monetary reforms include the introduction of the first interest rates on savings and time deposits, an increase in loan rates from 6.5 to 8 percent to 12.5 to 25 percent, and the agreement to limit the expansion of the money supply in 1984 to forty-four percent. Inflation rose, however, in 1984 by approximately seventy-five percent. Reforms in the commercial sector include the commitment by the Government to transfer to the private sector forty of the two hundred and seventy retail stores owned by the two public trading companies by the end of 1984, with additional sales to the private sector planned for 1985. Private traders are now to be allowed to participate in foreign trade and to have increasing responsibility for domestic distribution in order to improve marketing efficiencies of production inputs and consumer goods. Private traders were granted access to import licenses equal to seventy percent of their exports of non-traditional products. The GOGB also agreed, as an incentive to increase official exports, to allocate foreign exchange for imports to retailers in proportion to their delivery of traditional agricultural produce to state enterprises.

At the recent follow-up Round Table Meeting of Donors, the Government stated it would continue with its economic reform program in 1985 and 1986, maintaining flexible exchange rates, reducing public sector expenditures, reforming commerce, adjusting producer prices to favor the rural sector, and holding salary increases below prevailing inflation rates.

The continued success of Guinea-Bissau's economic reforms are dependent on the Government's steadfast perseverance and commitment to the timely implementation of realistic policies and the advice and support it receives from the donor community. These discussions have attempted to assist the Government in its efforts to identify, formulate, and implement the measures essential to the success of its Economic Recovery Program. USAID/Guinea-Bissau has played a role in the process. Through the negotiation that led to the signing of the Trilateral Agreement, among the U.S.,

Portugal and Guinea-Bissau, the Mission focused on getting the GOGB to commit itself to an expansion of the role of the private sector in marketing and trade and, once that commitment was made, focused its activities on the provision of training in administration and management for the private sector to help ensure the successful expansion of their role in the economy. Other areas of policy reform discussions carried out by the USAID/Guinea-Bissau Mission include negotiations with the Government on improving host country contracting procedures. During the course of these discussions, the GOGB agreed to open bid procedures for the first time. The FY 1985 PL-480 Title II negotiations centered on new conditions including improved reporting, prompter counterpart account deposits, and increased accountability, on the part of the GOGB, for the deposit and use of counterpart funds. The Mission used its day-to-day working relationships, and participation in international meetings on Guinea-Bissau to impress upon the Government the importance of continued implementation of economic policy reforms and an increased role for the private sector in marketing and distribution. These efforts have, however, been limited by the lack of a full-time economic position in the Mission. The Mission plans, see Action Plan, Section D., Policy Dialogue Plan, to play a more active role in assisting the GOGB's economic reform efforts.

Mission Action Plan:

A. The primary USAID development objective in FY 1986-1987 will continue to center on assisting the Government of Guinea-Bissau (GOGB) with its important goal of achieving food self-sufficiency. The A.I.D. program, although small in terms of funding, is increasing basic food production through seed multiplication, integrated pest management techniques, transfer of improved technology in rice and other major cereal grains, and institutional support to key sectors of the Ministry of Rural Development and Fisheries. At the same time, increased emphasis will be placed on assisting the private sector to assume a greater role in the economy and in export trade through training and the provision of credit.

Indigenous management and technical expertise needed to support improved agricultural production and economic reform to stimulate the economy will continue to receive special attention through in-country skills training and U.S. academic degree training. A.I.D. will continue to link food-aid assistance and project support to needed policy reforms.

B. Operational objectives cited in the Mission ABS last year and an appraisal of the degree to which they were/are being achieved are as follows:

- A critical evaluation of the Rice Production project (657-0009), conducted in early 1985, resulted in recommendations for changes in the composition of technical assistance and a reformulation of project emphasis. These changes, now implemented, should further strengthen the institutional capability of the Department of Research and Agriculture (DEPA). Construction of residences for contract technicians was completed and more land brought into production under the demonstration unit. A full team is now in place with substitution of the Agriculture Engineer position for a Project Coordinator. The Aurora technical assistance contract was extended to January 31, 1987 to accommodate these changes.
- The Food Crop Protection project (657-0007) PACD was again extended from June 30, 1985 to March 31, 1986 to allow for construction of the Crop Protection Service Headquarters. The Mission and the Government agreed to use the remaining pipeline funds for additional training, upgrading of regional crop centers, short-term consultancies and the procuring of essential spare parts and equipment. An evaluation conducted in early FY 1985 concluded with a recommendation for a follow-on phase. AID/W has already approved the PID for Food Crop Protection III (657-0013) for LOP \$1.3 million. PP design and approval, and first-year obligation of \$1 million are scheduled in FY 1985. The remaining \$300,000 will be obligated in FY 1986.
- Field activity under the South Coast Agricultural Development project (657-0010) was initiated with the signing of an A&E contract in FY 1985. The A&E selection was delayed for six months because of cost miscalculations. Design of the regional center for the Department of Agriculture Hydrology and Soils (DHAS) in Catio and contract technician housing has begun. The number of A.I.D.-funded long-term contract technicians has been reduced from three to two as a result of coordination with other donors (IFAD and Kuwait) on technical assistance at the project site. The number of contract technician housing to be built by A.I.D. was reduced by one. Other savings and cost reductions in the construction component are the subject of ongoing discussions with DHAS and IFAD. Three long-term participants were sent to the U.S. to begin training in soil cartography, hydrology and soil science.
- During FY 1985, an evaluation of the Agriculture Production project (657-0002) was conducted. This project, which began in FY 1977 and is due to end in December 1985,

had never been evaluated. The evaluation assessed achievements in soil technology, seed multiplication, land reclamation and plant protection project components. The evaluation identified the land reclamation component as the most successful in achieving stated project objectives. Part of this component will be picked up under South Coast Agricultural Development. A.I.D. and the Government agreed to use the remaining project funds to procure laboratory equipment, spare parts and replacement vehicles, and to finish construction of the partially-built Seed Pathology Laboratory. PIO/Cs have been processed for procurement and construction is almost completed.

- A Trilateral Agreement with Portugal and Guinea-Bissau was signed at the end of FY 1984 obligating \$1 million for the Technical Skills Training project (657-0011). This project will upgrade the skills of mid-level government technicians and the private sector in administration and management; provide technical assistance to the National Bank (BNGB); finance studies, and provide an experimental credit fund for small-scale agro-industrial activities. As part of the overall accord, Portugal agreed to assign a Development Attache' to Bissau and to provide up to \$300,000 for implementation of the project. The Government has now met all of the Conditions Precedents. A separate Memorandum of Understanding among the trilateral partners has been signed and a master work plan developed.
- The PID for the Agro-Industrial Fund project (657-0012), the second phase of the Trilateral, has already been approved by AID/W for LOP \$4 million. A two-phase design is scheduled for late FY 1985 and early FY 1986 to be followed by PP approval in FY 1986. This project will provide credit for identified small-scale agro-industrial loans to the private sector.
- A study undertaken by Purdue University and REDSO/WCA in FY 1984 assessed the potential of a P.L. 480 Title II, 206 program in Guinea-Bissau. The findings were favorable; however, a change in Mission priorities and P.L. 480 Title II, 206 budgetary constraints precluded seeking PID approval from AID/W.
- Training under the bilateral projects and under the regional African Manpower Development Program (AMDP). Training of Guineans is proceeding. Five trainees returned in early FY 1985 from the U.S. with B.S. degrees in economics, engineering and soils technology. Another participant completed a M.S. degree in seed technology and has taken over the Directorship of the National Seed Laboratory. The special training programs for Portuguese-speaking countries (DTPSA and DEPSA) under AMDP ended in FY 1984. A total of 176 participants from Guinea-Bissau received long- and short-term training in the U.S. and third countries during the LOP. In FY 1985, A.I.D. received \$180,000 under AMDP Phase II and signed a Limited Scope Project Grant Agreement with the Government obligating these funds. Participants selected for training are now being processed.

C. Forward Plan:

Project implementation in Guinea-Bissau is very slow owing to difficulty in finding qualified technicians with Portuguese language capability, the lack of infrastructure which necessitates construction of housing for technical advisors and the unavailability of basic shelf items and spare parts locally. Projects with construction components have large pipelines because of slow start-up of field activities and needed importation of building commodities and equipment. Many of the goals envisioned in last year's ABS have yet to be realized.

During FY 1986, the Mission will concentrate on improving its project implementation performance and accelerate projected dates for achieving stated objectives. These include:

Food Crop Protection project (657-0007). Construction of the Crop Protection Services Headquarters will be completed and the PASA technician phased out by PACD in March 1986. Implementation of Food Crop Protection III (657-0013) begins in FY 1986 with recruitment and arrival of a long-term PSC to assist the Government in the final stage of making the National Crop Service a viable and responsive institution. Short-term technical assistance will be provided to assist the Government in developing national policy guidelines on pesticides and quarantine laws. Participants chosen for long-term training will be sent to the U.S. Greater coordination between the Food Crop Protection Service and international research institutions will be promoted and formalized.

Under Rice Production project (657-0009) there will be an overall acceleration in all components of the project now that the full technical assistance team is in place. Strengthening of the institutional capability of the Department of Research and Agriculture (DEPA) will proceed more rapidly now that a Project Coordinator has been recruited to replace the Agriculture Engineer. The newly recruited Extension Specialist, absent until now, has arrived and will begin the design of packages for improved production and training programs to upgrade the capability of agents. More land will be brought under cultivation using a more simplified appropriate technology approach to rice production adopted as a result of the FY 1985 project evaluation. This technology does not require the exclusive use of sophisticated equipment and will allow DEPA and small farmers to accelerate the hectareage cultivated. A new credit scheme for the distribution of project commodities and inputs to farmers will be implemented and a work plan for the balance of the project will be developed. An Impact Evaluation will be conducted late FY 1986 in preparation for follow-on Phase II (657-0014).

South Coast Agricultural Development project (657-0010). The selection of a construction contractor will have been completed, with actual construction to be finished by early calendar year 1987. The technical assistance PIO/T will have been completed with emphasis having been placed on respective scopes-of-work. In view that the housing will not be completed prior to the first month of CY 87, the Technical Assistance team member's arrival will be timed so as to coincide with the completion of the housing construction. In addition to three long-term trainees now in the U.S., short-training will be conducted for selected mid-level technicians of the Department of Hydrology and Soils (DHAS).

Technical Skills Training project (657-0011). Contract technicians will arrive in-country in FY 1986 to begin training Bank officials responsible for the management of a credit portfolio for the private sector. Studies will be initiated to identify appropriate agro-industrial businesses in Guinea-Bissau. Training in management and administration for both government officials and the private sector will begin at the Institute for Professional Training (ITFP). Design of the follow-on activity, Agricultural Industrial Fund (657-0012), will be completed. PP approval and obligations of the first \$1 million is anticipated in FY 1986. These funds will provide credit to finance identified small-scale agro-industrial businesses for the private sector. An evaluation is planned in late FY 1986.

A PID for Rice Production II project (657-0014) will be prepared and submitted to AID/Washington. This project will replicate the successful production techniques developed under Rice Production project (657-0009) and expand extension services beyond the present project site into new farming communities located between

Contuboel (Bafata region) and Bissau. This project should benefit over 5,000 small farmers living in that radius. Project approval for first-year obligation of \$200,000 will be sought in late FY 1986 for this activity.

A Commodity Import Program (CIP) under the DA Account of \$5 million for critical agricultural inputs over a short-term period (FY 1986 and FY 1987) will be submitted to AID/W for approval. This CIP will be designed to provide an injection of balance of payments to help alleviate serious constraints in terms of lack of needed inputs consumer goods. It is meant to stimulate production in accordance with stated GOGB reform measures.

A.I.D. will explore alternative food-aid programs under P.L. 480 Title II in lieu of the current emergency food-aid. Such programs will be developmental in focus and allow multi-year programming.

Continued dialogue with Government officials will be tied to project support and concentrate, as opportunities permit at planned sectorial round table meetings, on agriculture and human resource development.

D. Policy Dialogue Plan:

USAID/Guinea-Bissau plans to focus its policy reform discussion with the GOGB in the areas of (1) improved GOGB financial management through the requirement for better reporting and more accountability for PL-480 Title II local generations; (2) increased privatization of retail stores held by two public trading companies; (3) expansion of the role of the private sector in the marketing and distribution of agricultural produce both export and food crops, and consumer goods; and (4) continued adjustment of exchange rates and agricultural producer prices to provide additional incentives to farmers to expand production. Given the small staff and limited nature of the Mission's portfolio, the Trilateral Agreement and the PL-480 Title II Emergency Program have been the primary vehicles in the policy dialogue process. The Mission has used the Trilateral Agreement to influence and support the GOGB's decision to increase the participation of the private sector in marketing the trade. The negotiations leading to the signing of the FY 1985 Title II Agreement were used to obtain a commitment from the GOGB to improve its record-keeping and reporting. In addition, the Mission made it clear to the Government that higher and tougher standards for the accountability of funds are now in effect. Activities in the other areas have been limited to expressions of concern over existing policies in international fora as well as when opportunities presented themselves during regular meetings with the Government. The Mission has found this strategy, coupled with acknowledgements of the areas where reform progress has been made, to be satisfactory. The GOGB has not only been receptive to this approach but has also called upon USAID/Guinea-Bissau to advise and comment on its plans on several occasions. Should the proposed Commodity Import Program be approved, the Mission plans to use the negotiations and implementation process to press the Government to increase its liberalization of the domestic marketing and distribution system and producer prices.

The limited role currently played by the Mission is the result of the present lack of resident staff and economic expertise. USAID/Guinea-Bissau plans, however, to more actively participate in the policy reform discussions in the future through increased use of REDSO/WCA, AID/W and IQC provided economic services. These services will be called upon to analyze the economy and the reforms, undertake special studies, and make recommendations as to the future direction and required actions by both the GOGB and USAID/Guinea-Bissau.

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

	FY 1984 ACTUAL	FY 1985 ESTIMATE	--FY 1986--		FY 1987 AAPL	-----PLANNING PERIOD-----				
			CP	ESTIMATE		1988	1989	1990	1991	

AGRICULTURE, RURAL DEVELOPMENT, & NUTRI- TION	TOTAL	1040	2000	2000	5000*	4000*	2000	2000	2000	2000
	GRANTS	1040	2000	2000	5000	4000	2000	2000	2000	2000
	LOANS	---	---	---	---	---	---	---	---	---
POPULATION PLANNING	TOTAL	---	---	---	---	---	---	---	---	---
	GRANTS	---	---	---	---	---	---	---	---	---
	LOANS	---	---	---	---	---	---	---	---	---
HEALTH	TOTAL	---	---	---	---	---	---	---	---	---
	GRANTS	---	---	---	---	---	---	---	---	---
	LOANS	---	---	---	---	---	---	---	---	---
EDUCATION	TOTAL	1000	500	---	---	---	---	---	---	---
	GRANTS	1000	500	---	---	---	---	---	---	---
	LOANS	---	---	---	---	---	---	---	---	---
SEL. DEV. ACT.	TOTAL	---	---	---	---	---	---	---	---	---
	GRANTS	---	---	---	---	---	---	---	---	---
	LOANS	---	---	---	---	---	---	---	---	---
FUNCTIONAL	SUBTOTAL	2040	2500	2000	5000	4000	2000	2000	2000	2000
	GRANTS	2040	2500	2000	5000	4000	2000	2000	2000	2000
	LOANS	---	---	---	---	---	---	---	---	---
(DISASTER)	TOTAL	---	---	---	---	---	---	---	---	---
	GRANTS	---	---	---	---	---	---	---	---	---
	LOANS	---	---	---	---	---	---	---	---	---
DA ACCOUNTS	TOTAL	2040	2500	2000	5000	4000	2000	2000	2000	2000
	GRANTS	2040	2500	2000	5000	4000	2000	2000	2000	2000
	LOANS	---	---	---	---	---	---	---	---	---
ESF	TOTAL	---	---	---	---	---	---	---	---	---
	GRANTS	---	---	---	---	---	---	---	---	---
	LOANS	---	---	---	---	---	---	---	---	---
DA & ESF	TOTAL	2040	2500	2000	5000	4000	2000	2000	2000	2000
	GRANTS	2040	2500	2000	5000	4000	2000	2000	2000	2000
	LOANS	---	---	---	---	---	---	---	---	---
*Requesting \$3 million in FY 1986 and \$2 million in FY 1987 for CIP non-project assistance.										
PL 480 TITLE I	(---	(---	(---	(---	(---	(---	(---	(---	(---	(---
TITLE III	(---	(---	(---	(---	(---	(---	(---	(---	(---	(---
TITLE II	(1 900)	(440)	(---	(2000)	(2000)	(2000)	(---	(---	(---	(---
HOUSING GUARANTEES	---	---	---	---	---	---	---	---	---	---

TOTAL PERSONNEL										
USDH WORKYEARS			4.0	4.0	4.0					
FNDH WORKYEARS			0.0	0.0	0.0					

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

APPROPRIATION ACCOUNT			FY 85	FY 86	FY 87
PROJECT NO.	TITLE	L/G	ESTIMATE	ESTIMATE	AAPL
<u>Agriculture Rural Development and Nutrition</u>					
657-0010	South Coast Agricultural Development	G	1000	500	500
657-0012	Agricultural Industrial Fund	G	-	1000	1000
657-0013	Food Crop Protection Phase III	G	1000	300	-
657-0014	Rice Production II	G	-	200	500
657-0015	Agri. Imports (CIP)*	G	-	3000	2000
657-0000	Program Development and Support**	G	(30)	(30)	-
	Appropriation Totals		2000	5000	4000
	Grants		2000	5000	4000
	Loans		--	--	--
<u>Education and Human Resources</u>					
657-0011	Technical Skills Training	G	500	-	-
	Appropriation Totals		500	-	-
	Grant		500	-	-
	Loans		-	-	-

*Requesting \$3 million in FY 1986 and \$2 million in FY 1987 for CIP-non project assistance.

**PD&S for two-phase design of Agro-Industrial Fund and Food Crop Protection III

Country GUINEA-BISSAU
 FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	OBLIG G DATE	TOTAL COST L INIT FIN AUTH	OBLIG THRU FY 84	ESTIMATED U.S. DOLLAR COST (\$000)		FY 84 PIPE LINE	FY 1985 OBLIG EXPEND ITURES	FY 1986 OBLIG EXPEND ITURES	FY 87 AAPH.	PLACE CORPUS	ITEM NO
				(30)	(20)						
Agriculture, Rural Dev & Nutrition:											
657-0000 Program Dev & Support			-	(30)	(20)	(30)	(30)	(30)			
657-0002 Agriculture Dev	G 77 85	2553	2553	400	-	150	-	250			
657-0007 Food Crop Protection	G 78 86	1839	1839	724	-	400	-	324			
657-0009 Rice Production	G 80 87	4500	4500	1700	-	700	-	1000			
657-0010 South Coast Agr. Dev.	G 83 87	5500	5500	1200	1000	200	500	1000	500		500
657-0012 Agric Ind. Fund	G 86 89	4000	4000	-	-	-	1000	200	1000		1000
657-0013 Food Crop Prod III	G 85 86	-	1300	-	1000	-	300	300			
657-0014 Rice Prod II	G 86 89	3000	3000	-	-	-	200	100	500		500
Appropriation Total *		14392	22692	11112	4024	2000	1450	3174	2000		2000
Grant		14392	22692	11112	4024	2000	1450	3174	2000		2000
Loan		-	-	-	-	-	-	-	-		-
Education and Human Resources											
657-0011 Technical Skills Training	G 84 85	1500	1500	1000	160	500	60	100			
Appropriation Total		1500	1500	1000	160	500	60	100			
Grant		1500	1500	1000	160	500	60	100			
Loan		-	-	-	-	-	-	-			
Country Total		15892	24492	12112	4184	2500	1510	3274	2000		2000
Grant		15892	24492	12112	4184	2500	1510	3274	2000		2000
* Does not include CIP \$3, million FY 86 and \$2 million FY 1987 requested but not approved.											

Country: Guinea-Bissau

FY 1987 ABS

CENTRALLY AND REGIONALLY FUNDED ACTIVITIES

(Thousands \$)

PROJECT TITLE AND NO.	FY	FY	LOP	AID/W OFFICE	RANKING	PERSON WEEKS
African Manpower Dev- 698-0433	85	90	180	AFR/RA	High	4

Local Currency Use Plan

Local currencies from the sale of Title II Emergency Food donations to date have been maintained in a separate local account and jointly programmed by the USAID and GOGB for activities designed to achieve agricultural development objectives, with primary emphasis on food self-sufficiency. Some of the authorized uses of these counterpart funds to date include: purchase of improved rice seed and their distribution to farmers; transport of fertilizer to farmers; construction of regional extension centers; in-country seminars for farmers and extensionists.

Local funds generated from emergency food-aid shipments in FY 1985 would be used specifically to (1) foster demonstration plots in Villages in food producing area; (2) purchase seeds for the next planting season; (3) start forestry projects aimed at preventing erosion through planting of new seedlings; and (4) building of dikes and dams under the land reclamation program.

The above proposed usage coincides with A.I.D.'s development strategy to increase food production through improved seeds, land reclamation, and upgrading of the institutional capability of the GOGB.

FY 1987 ANNUAL BUDGET SUBMISSION

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

USAID/GUINEA = BISSAU

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

SUBTOTAL ESF & DA

FY 1987 ANNUAL BUDGET SUBMISSION

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

- 15 -

Rate of exchange 153. GP = \$1

USAID/GUINEA-BISSAU

<u>Source/Purpose</u>	<u>1984 ACTUAL</u>	<u>1985 ESTIMATE</u>	<u>1986 PLANNED</u>	<u>1987 PROPOSED</u>
III. <u>PL 480</u>				
A. Public Development Activities				
1. Agriculture research	.01	.05	.06	.09
2. Extension services	-	.05	.07	.07
3. Forestry	-	.09	.09	.09
B. Private Sector Programs				
1.				
2. Institute of Prof. Trg		.03	.01	.02
C. Public Sector Recurrent Budget				
1. e.g. Family Planning Delivery Personnel (also indicate the amount of this counterpart which is in direct support of AID projects)		.03*	.04	.04
2. Agriculture or other subsidies				
D. AID Operating Expenses (Trust Funds)				
<hr/>				
TOTALS	.01	1.5	2.7	3.1

*Technical Skills Training project (657-0011)

Project Narrative

657-0014 Rice Production II

Proposed FY 1986 \$200,000
LOP \$3 million

Project Purpose:

To expand extension services and replicate successful and appropriate techniques in rice production into new areas of the region through the services of the Department of Research and Agriculture (DEPA).

Problem:

Although Guinea-Bissau has considerable potential for increasing food production and obtaining self-sufficiency, the lack of trained extension agents, inadequate extension services, and unavailability of agricultural tools, equipment and inputs remain major deterrents.

The Government is committed to achieving food self-sufficiency through agriculture research, seed production, technology transfer, and the strengthening of institutional capability of key agriculture service organizations. However financial resources to carry out these goals.

DEPA will soon have the institutional capability and the necessary supporting infrastructure to service a greater number of small farmers. Under the Rice Production Project (657-0009) DEPA has conducted training programs for farmers and begun the practice of more appropriate techniques for rice production. Their extension service is responsive to area farmers and the establishment of a credit scheme for distribution of agricultural inputs and small tools is nearing completion.

This proposed project would assist DEPA's expansion into new areas, servicing more small farmers through extension services, training and the provision of needed tools and agricultural inputs through an established credit arrangement. The replication of identified successful production techniques from the Contuboel project will be a major component of this activity.

Project funding would provide (1) limited technical assistance on a short-term basis only for studies and topographical services; (2) training of community project coordinators for liaison between the small farmers and DEPA; (3) a workable credit system for distribution of small tools and inputs; and (4) tools, implements and rice milling machines for distribution to area farmers.

The initial start-up costs would be minimal since DEPA already has equipment, staff, and a training facility in Contuboel. The area selected for this project is located between Contuboel (Bafata region), the site of Rice Production (657-0009) and Bissau. The area was chosen because of good roads proximity to markets and its easy accessibility. Despite its seemingly ideal location, the area is still largely under-cultivated.

Project Funding:

- LOP is \$3 million with initial funding of \$200,000 and larger increments the third and fourth years when credit will be in place for procurement of agricultural inputs.
- Project duration - five years.

Target Group:

Approximately 5,000 small farm families located in the area between Contuboel and Bissau. They would benefit directly from the extension services, training and the distribution of agricultural tools, as well as credit under the project. The second group of beneficiaries would be the small proprietors and the community benefiting from the cultivation.

Project Narrative

Non-Project Assistance

Proposed FY 1986	\$3 million
LOP	\$5 million

Project Purpose

Finance a commodity import program aimed at providing the essential production and consumer goods needed as the government attempts to move from the economic stabilization phase to full development.

Problem

The Government of Guinea-Bissau's economic policy reforms are an attempt to correct the economic distortions that have existed in the country during the past eleven years. These distortions are the result of the country's colonial heritage as well as the economic policies adopted and implemented since independence in 1974 which were dominated by a strong commitment to a centrally planned and controlled economy. Agriculture, including forestry and fisheries, is the most important sector and the source of almost all domestically-generated revenues. Unfortunately, the GOGB, like many other poor governments, tried to increase its revenues and forestall urban unrest through policies that held producer prices as low as possible in order to increase its revenues. The effect of these policies was the development of a dual economy, one urban encompassing the capital, Bissau, and the other rural, encompassing the remainder of the country. Official agricultural production levels fell as farmers increasingly smuggled their produce to neighboring countries. Smuggling was encouraged by low producer prices, an overvalued exchange rate, and the unavailability of consumer goods. These factors combined to result in a low and declining level of production due to inadequate producer motivation. Drought also affected production levels in recent years. The economy was also hindered by its poor and inadequate infrastructure, insufficient numbers of trained and experienced personnel at all levels, and lack of primary health care and educational facilities.

In order to overcome the policy constraints hampering economic growth, the GOGB instituted, in December 1983, economic stabilization and reform measures. Among the major changes were: (1) an initial exchange rate adjustment of one hundred percent and the commitment to continue making adjustments; (2) a reduction in public expenditures to stop the accumulation of budgetary deficits and arrears; (3) an increase in producer prices for rice and export crops and the commitment to review and adjust these prices; (4) the revision of the tax code to make it more efficient and to increase revenues; (5) the provision, for the first time, of interest payments on savings and time deposits to provide incentives for increased domestic savings; and (6) the liberalization of the economy to increase and expand the role of the private sector. The reform measures were aimed at balancing the national budget by decreasing expenditures and increasing revenues, reducing the level of external public debt, including arrears, improving the operations of government enterprises, increasing rural incomes, and attempting to supply essential commodities to rural areas. The immediate primary goal was and remains the attainment of food self-sufficiency.

The initial impact of the reforms was mixed. The overall rate of growth of the deficit slowed and the status of the country's external accounts improved. Government revenues increased in response to improved tax

collection and fiscal reforms. The most notable improvement was, however, recorded in the agricultural sector. The continuous exchange rate adjustments and the producer price increases of 1984 led to the highest level of exports since independence, \$18 million. Agricultural production also benefitted from improved weather conditions in 1984. The projected increase in food production did not, however, occur. The increase in official food production levels was modest and a deficit of 35,000 MTs was recorded for food grains.

The lack of significant progress in this subsector is the direct result of the continued low, in real terms, producer prices and lack of consumer goods on the domestic market which made parallel market exports of farm surpluses more attractive than sales through official channels. Progress was also slow in those areas where institutional changes were required or where it was dependent on the provision of quick impact, externally supplied balance of payments assistance, especially for production inputs and consumer goods.

The increase in rural incomes resulting from the 1984 and 1985 producer prices increases were not complemented by a corresponding increase in the supply of consumer goods. Farmers, although responsive to increases in export crop prices, still find it to their advantage to export food crops unofficially in exchange for consumer goods unavailable in Guinea-Bissau. This trend continues even though the GOGB has adopted a more appropriate economic reform strategy. The GOGB appears, however, to be serious in its intent to reform its rural policies especially in seeking ways to motivate farmers to increase their production and sales through official channels. A major stumbling block, the unavailability of consumer goods in rural areas, remains. With the Government's continued implementation of its reforms, the unavailability of consumer goods in rural areas is the most serious obstacle to agricultural and economic growth in Guinea-Bissau at the present time. Therefore, future prospects for economic growth in Guinea-Bissau are highly dependent on the GOGB's ability to implement its 1983-1986 Economic Recovery Program (ERP) or to modify it at a later date in a manner supportive of the Program's objectives. The Government's inability to close its balance of payments gap to finance essential production and consumer imports, unless quickly overcome, will jeopardize the success of the program.

USAID/Guinea-Bissau proposes the provision of up to \$5 million for non-project assistance in FY 1986 and FY 1987. These funds will be used to finance a Commodity Import Program (CIP) aimed at providing the essential production and consumer goods needed as the government attempts to move from the economic stabilization phase to full development. This increase in USAID/Guinea-Bissau's AAPL of \$3 million in FY 1986 and \$2 million in FY 1987 (two year period) will: (1) make a major and positive impact on domestic food production; (2) be quick disbursing and have a rapid pipeline draw-down, unlike the Mission's present project portfolio, by funding the importation of scarce but essential production inputs and consumer goods; (3) help to partially off-set the gap currently existing in balance of payments assistance; (4) support the GOGB's ERP and provide an additional forum for Mission's continuing policy dialogue efforts; (5) complement modest assistance from other donors in the same areas; and (6) place limited managerial and oversight demands on the Mission by maintaining the FY 1985 USDH workforce level, increased backstop support from REDSO/WCA and the possible addition of one PSC.

Project Duration: two years.

Target Group: 80% of the small farmers in the rural areas.

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1987 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE Guinea-Bissau

Project List (Project No. & Title)	FY 1986		FY 1987		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
	Last Eval Completed (Mo./Yr.)	Start To (Qtr) AID/W (Qtr)	Start To (Qtr) AID/W (Qtr)	Start To (Qtr) AID/W (Qtr)				
Agriculture, Rural Dev. and Nutrition								
1. Rice Production 657-0009	10/84	4	4		PACD 9/87 PES to assess impact and achieve- ment of project objectives and replicable components in preparation for design of Rice Production II follow-on.	10	10	REDSO/WCA (10 days) Tech. Asst. (7 days)
2. South Coast Agricultural Development 657-0010				1	PACD 9/89 Mid-term evaluation, once TA team arrives in-country.	15	10	REDSO/WCA (10 days) Tech. Asst. (10 days)
Education and Human Resources								
3. Technical Skills Training 657-0011	-	4	4	-	PACD 9/88 Evaluation plan was revised due to late implementation. Evaluation will assess effectiveness of the studies, training and experimental credit fund.	10	15	AID/W (10 days)/REDSO/WCA (7 days) Tech. Asst. (10 days)
Joan Johnson, Program Officer, is the Mission Evaluation Officer (Approximately 8-10% of annual time is devoted to evaluation type work).								

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 FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII - FY 1985
 USAID/GUINEA-BISSAU

EXPENSE CATEGORY	FUNC. OBJECT		DOLLARS	TRUST FUNDS	TOTAL	UNITS
	CODE	CLASS				
U.S. DIRECT HIRE	U100		250.6	-0-	250.6	XXXXXXXX
U.S. CITIZENS BASIC PAY	U101	110	162.7		162.7	4.0
PT/TEMP U.S. BASIC PAY	U102	112	-0-		-0-	-0-
DIFFERENTIAL PAY	U103	116	40.7		40.7	XXXXXXXX
OTHER AID/W FUNDED CODE 11	U104	119	.5		.5	XXXXXXXX
OTHER MISSION FUNDED CODE 11	U105	119	-0-		-0-	XXXXXXXX
EDUCATION ALLOWANCES	U106	126	13.6		13.6	2.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	11.4		11.4	XXXXXXXX
LIVING ALLOWANCES	U108	128	6.0		6.0	XXXXXXXX
OTHER AID/W FUNDED CODE 12	U109	129	5.5		5.5	XXXXXXXX
OTHER MISSION FUNDED CODE 12	U110	129	-0-		-0-	XXXXXXXX
POST ASSIGNMENT - TRAVEL	U111	212	-0-		-0-	-0-
POST ASSIGNMENT - FREIGHT	U112	22	-0-		-0-	-0-
HOME LEAVE - TRAVEL	U113	212	-0-		-0-	-0-
HOME LEAVE - FREIGHT	U114	22	-0-		-0-	-0-
EDUCATION TRAVEL	U115	215	2.0		2.0	1.0
R AND R TRAVEL	U116	215	7.2		7.2	4.0
OTHER CODE 215 TRAVEL	U117	215	1.0		1.0	1.0
FOREIGN NATIONAL DIRECT HIRE	U200		-0-	-0-	-0-	XXXXXXXX
BASIC PAY	U201	114	-0-		-0-	-0-
OVERTIME, HOLIDAY PAY	U202	115	-0-		-0-	-0-
ALL OTHER CODE 11 - FN	U203	119	-0-		-0-	XXXXXXXX
ALL OTHER CODE 12 - FN	U204	129	-0-		-0-	XXXXXXXX
BENEFITS FORMER FN PERSONNEL	U205	13	-0-		-0-	XXXXXXXX
CONTRACT PERSONNEL	U300		115.2	-0-	115.2	XXXXXXXXXX
PASA TECHNICIANS	U301	258	-0-		-0-	-0-
U.S. PSC - SALARY/BENEFITS	U302	113	-0-		-0-	-0-
ALL OTHER U.S. PSC COSTS	U303	255	-0-		-0-	XXXXXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	86.5		86.5	13.0
ALL OTHER F.N. PSC COSTS	U305	255	8.7		8.7	XXXXXXXX
MANPOWER CONTRACTS	U306	259	20.0		20.0	5.0
JCC COSTS PAID BY AID/W	U307	113	-0-		-0-	-0-
HOUSING	U400		105.3	-0-	105.3	XXXXXXXX
RESIDENTIAL RENT	U401	235	22.5		46.5	5.0
RESIDENTIAL UTILITIES	U402	235	18.0		18.0	XXXXXXXX
MAINTENANCE AND RENOVATION	U403	259	5.0		5.0	XXXXXXXX
QUARTERS ALLOWANCES	U404	127	-0-		-0-	-0-
RESIDENTIAL FURNITURE/EQUIP.	U405	311	-0-		-0-	XXXXXXXX
TRANS./FREIGHT - CODE 311	U406	22	-0-		-0-	XXXXXXXX
SECURITY GUARD SERVICES	U407	254	35.3		35.3	XXXXXXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254	-0-		-0-	XXXXXXXX
REPRESENTATION ALLOWANCES	U409	252	.5	-0-	.5	XXXXXXXX

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FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1985
 (continued)
 USAID/GUINEA-BISSAU

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
OFFICE OPERATIONS	U500		398.7	-0-	380.7	XXXXXX
OFFICE RENT	U501	234	12.1		12.1	XXXXXX
OFFICE UTILITIES	U502	234	4.0		4.0	XXXXXX
BUILDING MAINT./RENOVATION	U503	259	5.0		5.0	XXXXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	21.0*		3.0	XXXXXX
VEHICLES	U505	312	12.0		12.0	XXXXXX
OTHER EQUIPMENT	U506	319	-0-		-0-	XXXXXX
TRANSPORTATION/FREIGHT	U507	22	3.8		3.8	XXXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	7.7		7.7	XXXXXX
COMMUNICATIONS	U509	230	6.0		6.0	XXXXXX
SECURITY GUARD SERVICES	U510	254	15.1		15.1	XXXXXX
PRINTING	U511	24	2.0		2.0	XXXXXX
RIG/II OPERATIONAL TRAVEL	U512	210	-0-		-0-	-0-
SITE VISITS-MISSION PERSONNEL	U513	210	10.0		10.0	70.0
SITE VISITS-AID/W PERSONNEL	U514	210	15.0		15.0	5.0
INFORMATION MEETINGS	U515	210	1.0		1.0	2.0
TRAINING ATTENDANCE	U516	210	2.5		2.5	1.0
CONFERENCE ATTENDANCE	U517	210	6.5		6.5	4.0
OTHER OPERATIONAL TRAVEL	U518	210	10.0		10.0	8.0
SUPPLIES AND MATERIALS	U519	26	25.0		25.0	XXXXXX
FAAS	U520	257	230.0		230.0	XXXXXX
CONSULTING SVCS. - CONTRACTS	U521	259	-0-		-0-	XXXXXX
MGT./PROF. SVCS. - CONTRACTS	U522	259	-0-		-0-	XXXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259	-0-		-0-	XXXXXX
ALL OTHER CODE 25	U524	259	10.0		10.0	XXXXXX
TOTAL O.E. BUDGET			850.8	-0-	850.8	XXXXXX
RECONCILIATION			(450.8)	-0-	(450.0)	XXXXXX
OPERATING BUDGET REQUIREMENTS			400.0	-0-	400.0	XXXXXX
636C REQUIREMENTS	U600	32				XXXXXX
TOTAL ALLOWANCE REQUIREMENTS	U000					XXXXXX

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

\$80,000
 GB 149.181 = \$1

Estimated Wage Increase - FY 1985 to FY 1986
 Estimated Price Increase - FY 1985 to FY 1986

9%
 18%

*NOTE: Includes \$18,000 for Wang equipment.

ADJUSTED

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE VIII - FY 1986

USAID/GUINEA-BISSAU

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		347.8	-0-	347.8	
U.S. CITIZENS BASIC PAY	U101	110	183.1		183.1	4.0
PT/TEMP U.S. BASIC PAY	U102	112	-0-		-0-	-0-
DIFFERENTIAL PAY	U103	116	45.7		45.7	XXXXXXXX
OTHER AID/W FUNDED CODE 11	U104	119	1.0		1.0	XXXXXXXX
OTHER MISSION FUNDED CODE 11	U105	119	2.6		2.6	XXXXXXXX
EDUCATION ALLOWANCES	U106	126	13.6		13.6	2.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	12.8		12.8	XXXXXXXX
LIVING ALLOWANCES	U108	128	7.0		7.0	XXXXXXXX
OTHER AID/W FUNDED CODE 12	U109	129	5.5		5.5	XXXXXXXX
OTHER MISSION FUNDED CODE 12	U110	129	-0-		-0-	XXXXXXXX
POST ASSIGNMENT - TRAVEL	U111	212	10.0		10.0	4.0
POST ASSIGNMENT - FREIGHT	U112	22	40.0		40.0	4.0
HOME LEAVE - TRAVEL	U113	212	7.0		7.0	4.0
HOME LEAVE - FREIGHT	U114	22	17.0		17.0	4.0
EDUCATION TRAVEL	U115	215	-0-		-0-	-0-
R AND R TRAVEL	U116	215	-0-		-0-	-0-
OTHER CODE 215 TRAVEL	U117	215	2.5		2.5	1.0
<u>FOREIGN NATIONAL DIRECT HIRE</u>	U200		-0-	-0-	-0-	
BASIC PAY	U201	114	-0-		-0-	-0-
OVERTIME, HOLIDAY PAY	U202	115	-0-		-0-	-0-
ALL OTHER CODE 11 - FN	U203	119	-0-		-0-	XXXXXXXX
ALL OTHER CODE 12 - FN	U204	129	-0-		-0-	XXXXXXXX
BENEFITS FORMER FN PERSONNEL	U205	13	-0-		-0-	XXXXXXXX
<u>CONTRACT PERSONNEL</u>	U300		143.8	-0-	143.8	
PASA TECHNICIANS	U301	258	-0-		-0-	-0-
U.S. PSC - SALARY/BENEFITS	U302	113	-0-		-0-	-0-
ALL OTHER U.S. PSC COSTS	U303	255	-0-		-0-	XXXXXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	112.8		112.8	16.0
ALL OTHER F.N. PSC COSTS	U305	255	11.0		11.0	XXXXXXXX
MANPOWER CONTRACTS	U306	259	20.0		20.0	5.0
JCC COSTS PAID BY AID/W	U307	113	-0-		-0-	-0-
<u>HOUSING</u>	U400		93.0	-0-	93.0	
RESIDENTIAL RENT	U401	235	30.0		30.0	8.0
RESIDENTIAL UTILITIES	U402	235	20.0		20.0	XXXXXXXX
MAINTENANCE AND RENOVATION	U403	259	5.0		5.0	XXXXXXXX
QUARTERS ALLOWANCES	U404	127	-0-		-0-	-0-
RESIDENTIAL FURNITURE/EQUIP	U405	311	-0-		-0-	XXXXXXXX
TRANS./FREIGHT - CODE 311	U406	22	-0-		-0-	XXXXXXXX
SECURITY GUARD SERVICES	U407	254	37.5		37.5	XXXXXXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254	-0-		-0-	XXXXXXXX
REPRESENTATION ALLOWANCES	U409	252	.5		.5	XXXXXXXX

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

ORGANIZATION - USAID/GUINEA-BISSAU

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
OFFICE OPERATIONS	U500		353.5	-0-	353.5	
OFFICE RENT	U501	234	7.6		7.6	XXXXXXXX
OFFICE UTILITIES	U502	234	4.0		4.0	XXXXXXXX
BUILDING MAINT./RENOVATION	U503	259	5.0		5.0	XXXXXXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	3.0		3.0	XXXXXXXX
VEHICLES	U505	312	-0-		-0-	XXXXXXXX
OTHER EQUIPMENT	U506	319	-0-		-0-	XXXXXXXX
TRANSPORTATION/FREIGHT	U507	22	-0-		-0-	XXXXXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	6.0		6.0	XXXXXXXX
COMMUNICATIONS	U509	230	7.0		7.0	XXXXXXXX
SECURITY GUARD SERVICES	U510	254	17.0		17.0	XXXXXXXX
PRINTING	U511	24	2.0		2.0	XXXXXXXX
RIG/II OPERATIONAL TRAVEL	U512	210	-0-		-0-	-0-
SITE VISITS-MISSION PERSONNEL	U513	210	12.0		12.0	80.0
SITE VISITS-AID/W PERSONNEL	U514	210	10.0		10.0	3.0
INFORMATION MEETINGS	U515	210	1.0		1.0	2.0
TRAINING ATTENDANCE	U516	210	3.0		3.0	1.0
CONFERENCE ATTENDANCE	U517	210	6.5		6.5	3.0
OTHER OPERATIONAL TRAVEL	U518	210	10.0		10.0	8.0
SUPPLIES AND MATERIALS	U519	26	9.4		9.4	XXXXXXXX
FAAS	U520	257	240.0		240.0	XXXXXXXX
CONSULTING SVCS. - CONTRACTS	U521	259	-0-		-0-	XXXXXXXX
MGT./PROF. SVCS. - CONTRACTS	U522	259	-0-		-0-	XXXXXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259	-0-		-0-	XXXXXXXX
ALL OTHER CODE 25	U524	259	10.0		10.0	XXXXXXXX
TOTAL O.E. BUDGET			938.1	-0-	938.1	XXXXXXXX
RECONCILIATION			(488.1)	-0-	(488.1)	XXXXXXXX
OPERATING BUDGET REQUIREMENTS			450.0	-0-	450.0	XXXXXXXX
636C REQUIREMENTS	U600	32				XXXXXXXX
TOTAL ALLOWANCE REQUIREMENTS	U000					XXXXXXXX

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

\$95,000
 GB 149.181 = \$1.00

Estimated Wage Increase - FY 1985 to FY 1986
 Estimated Price Increase - FY 1985 to FY 1986

11%
 20%

- 25 -
 ADJUSTED FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE VIII - FY 1987
 USAID/GUINEA-BISSAU

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
U.S. DIRECT HIRE	U100		306.5	-0-	306.5	XXXXXXX
U.S. CITIZENS BASIC PAY	U101	110	188.6		188.6	4.0
PT/TEMP U.S. BASIC PAY	U102	112	-0-		-0-	-0-
DIFFERENTIAL PAY	U103	116	47.1		47.1	XXXXXXXX
OTHER AID/W FUNDED CODE 11	U104	119	.5		.5	XXXXXXXX
OTHER MISSION FUNDED CODE 11	U105	119	-0-		-0-	XXXXXXXX
EDUCATION ALLOWANCES	U106	126	26.6		26.6	3.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	13.2		13.2	XXXXXXXX
LIVING ALLOWANCES	U108	128	7.5		7.5	XXXXXXXX
OTHER AID/W FUNDED CODE 12	U109	129	6.0		6.0	XXXXXXXX
OTHER MISSION FUNDED CODE 12	U110	129	-0-		-0-	XXXXXXXX
POST ASSIGNMENT - TRAVEL	U111	212	-0-		-0-	-0-
POST ASSIGNMENT - FREIGHT	U112	22	-0-		-0-	-0-
HOME LEAVE - TRAVEL	U113	212	-0-		-0-	-0-
HOME LEAVE - FREIGHT	U114	22	-0-		-0-	-0-
EDUCATION TRAVEL	U115	215	-0-		-0-	-0-
R AND R TRAVEL	U116	215	14.0		14.0	8.0
OTHER CODE 215 TRAVEL	U117	215	3.0		3.0	1.0
FOREIGN NATIONAL DIRECT HIRE	U200		-0-	-0-	-0-	XXXXXXXX
BASIC PAY	U201	114	-0-		-0-	-0-
OVERTIME, HOLIDAY PAY	U202	115	-0-		-0-	-0-
ALL OTHER CODE 11 - FN	U203	119	-0-		-0-	XXXXXXXX
ALL OTHER CODE 12 - FN	U204	129	-0-		-0-	XXXXXXXX
BENEFITS FORMER FN PERSONNEL	U205	13	-0-		-0-	XXXXXXXX
CONTRACT PERSONNEL	U300		166.1	-0-	166.1	XXXXXXXX
PASA TECHNICIANS	U301	258	-0-		-0-	-0-
U.S. PSC - SALARY/BENEFITS	U302	113	-0-		-0-	-0-
ALL OTHER U.S. PSC COSTS	U303	255	-0-		-0-	XXXXXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	131.4		131.4	17.0
ALL OTHER F.N. PSC COSTS	U305	255	12.7		12.7	XXXXXXXX
MANPOWER CONTRACTS	U306	259	22.0		22.0	5.0
JCC COSTS PAID BY AID/W	U307	113	-0-		-0-	-0-
HOUSING	U400		190.2	-0-	190.2	XXXXXXXXXX
RESIDENTIAL RENT	U401	235	72.5		72.5	10.0
RESIDENTIAL UTILITIES	U402	235	21.0		21.0	XXXXXXXX
MAINTENANCE AND RENOVATION	U403	259	6.0		6.0	XXXXXXXX
QUARTERS ALLOWANCES	U404	127	-0-		-0-	-0-
RESIDENTIAL FURNITURE/EQUIP.	U405	311	30.0		30.0	XXXXXXXX
TRANS./FREIGHT - CODE 311	U406	22	20.0		20.0	XXXXXXXX
SECURITY GUARD SERVICES	U407	254	40.0		40.0	XXXXXXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254	-0-		-0-	XXXXXXXX
REPRESENTATION ALLOWANCES	U409	252	.7		.7	XXXXXXXX

ADJUSTED

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE VIII - FY 1987

(continued)

USAID/GUINEA-BISSAU

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
OFFICE OPERATIONS	U500		450.8	-0-	450.8	
OFFICE RENT	U501	234	9.3		9.3	XXXXXXXX
OFFICE UTILITIES	U502	234	5.0		5.0	XXXXXXXX
BUILDING MAINT./RENOVATION	U503	259	6.0		6.0	XXXXXXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	4.0		4.0	XXXXXXXX
VEHICLES	U505	312	15.0		15.0	XXXXXXXX
OTHER EQUIPMENT	U506	319	25.0		25.0	XXXXXXXX
TRANSPORTATION/FREIGHT	U507	22	16.0		16.0	XXXXXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	7.0		7.0	XXXXXXXX
COMMUNICATIONS	U509	230	7.5		7.5	XXXXXXXX
SECURITY GUARD SERVICES	U510	254	18.5		18.5	XXXXXXXX
PRINTING	U511	24	2.5		2.5	XXXXXXXX
RIG/II OPERATIONAL TRAVEL	U512	210	-0-		-0-	-0-
SITE VISITS-MISSION PERSONNEL	U513	210	12.0		12.0	80.0
SITE VISITS-AID/W PERSONNEL	U514	210	17.0		17.0	5.0
INFORMATION MEETINGS	U515	210	1.5		1.5	2.0
TRAINING ATTENDANCE	U516	210	3.5		3.5	1.0
CONFERENCE ATTENDANCE	U517	210	7.0		7.0	3.0
OTHER OPERATIONAL TRAVEL	U518	210	12.0		12.0	8.0
SUPPLIES AND MATERIALS	U519	26	30.0		30.0	XXXXXXXX
FAAS	U520	257	240.0		240.0	XXXXXXXX
CONSULTING SVCS. - CONTRACTS	U521	259	-0-		-0-	XXXXXXXX
MGT./PROF. SVCS. - CONTRACTS	U522	259	-0-		-0-	XXXXXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259	-0-		-0-	XXXXXXXX
ALL OTHER CODE 25	U524	259	12.0		12.0	XXXXXXXX
TOTAL O.E. BUDGET			1,113.6	-0-	1,113.6	XXXXXXXX
RECONCILIATION			(495.4)	-0-	(495.4)	XXXXXXXX
OPERATING BUDGET REQUIREMENTS			618.2	-0-	618.2	XXXXXXXX
636C REQUIREMENTS	U600	32				XXXXXXXX
TOTAL ALLOWANCE REQUIREMENTS	U000					XXXXXXXX

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

\$120,000
GB 149,181 = \$1

Estimated Wage Increase - FY 1986 to FY 1987
Estimated Price Increase - FY 1986 to FY 1987

11%
20%

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Workforce Narrative

USAID/Guinea-Bissau has not proposed any USDH personnel increases for FY 1986/1987 period. However, for the reasons elaborated below, any further reduction would seriously jeopardize the Mission's ability to carry out stated project objectives and improve project implementation.

USAID/Bissau's USDH personnel was reduced from five in FY 1983 to four in FY 1984. In order to stay within this ceiling constraint, USAID/Bissau continued employment of FNHs as daily hires, upgraded the skills of FNHs and TCNs to assume greater non-project responsibilities, and relied on Personal Service Contractors to perform administrative/management functions. The hiring of a TCN under a Personal Service Contract arrangement for the Budget and Fiscal position continued with Regional Controller/Dakar providing backstop support. USAID depended heavily on REDSO/CWA in FY 1985 for technical and project support and utilized this resource for three project evaluations, one project design, PID preparations and special reporting requirements related to policy dialogue with the Government. In further streamlining operations, USAID transferred direct administrative control of residential and office security guards to a contractual arrangement, and likewise contracted out repairs and maintenance of generators. Local contracts and casual laborers are employed as needed, often on piecemeal basis, for secretarial, clerical and translation services.

The above actions and efficiency measures have resulted in a USDH personnel configuration of an A.I.D. Representative (encumbered); Program Officer (encumbered); Agricultural Development Officer (encumbered) and an Executive Assistant (encumbered). In mid-FY 1986, USAID/Bissau will lose the services of the PASA technician funded under the Food Crop Protection project (657-0007). This will result in an added workload for the Agricultural Development Officer at a time of program expansion in that sector.

During FY 1986-1987 period, we foresee the continuation of the FY 1985 workforce level as essential to accelerated implementation of projects and to meet the increased programming levels. Implementation of the South Coast Agricultural Development project (657-0010) will increase considerably in FY 1986 as construction gets underway at the project site. This project, which is located 500 Kms from Bissau, is the largest in the program and will require numerous site visits, careful analysis and close coordination with other donors (IFAD and Kuwait) to avoid further implementation delays.

The USAID program will include three additional projects and increase to \$17.8 million by the end of FY 1986, owing to scheduled new activities already approved by AID/W. This increase encompasses the Technical Skills Training project (657-0011) authorized and approved for \$1.5 million at the end of FY 1984 under the Trilateral agreement signed with Portugal and Guinea-Bissau. A PID for Crop Protection, Phase III has already been approved for LOP \$1.3 million and PP authorization is scheduled in FY 1985. The Trilateral follow-on activity, Agro-Industrial Fund project (657-0012) with LOP \$4 million, is scheduled for final design and authorization in FY 1986. This project will provide credit for small-scale agro-industrial loans to the private sector and is expected to become a major activity once implementation begins. Implementation in Guinea-Bissau requires an unusual amount of advising, counselling and handholding to guide GOGB officials, unfamiliar with development, through the project implementation process. In addition, many person-hours are required to provide backstop services (housing and administrative support) for contract technicians and this service will be further

accelerated when the new contract team arrives under the South Coast Agricultural Development project (657-0010).

At present the A.I.D. Representative is responsible for overall Mission direction and management, policy dialogue with the Government, coordination with other donors, economic reporting, and meeting Embassy actions and reporting requirements. In addition, the A.I.D. Representative serves as Project Manager for the newly implemented Technical Skills Training project (657-0011). The Program Officer is responsible for program planning, budgeting, evaluations, participant training, P.L. 480, and in addition supervises the USAID Budget and Fiscal operations. The Agricultural Development Officer, with the assistance of one full-time U.S. PSC, has responsibility for the agriculture portfolio which includes three major ongoing activities, two of which are located at different and equally remote areas of the country. As previously noted, the Agricultural Development Officer will have to assume direct management of the new Food Crop Protection III project (657-0013) upon the departure of the PASA technician until a PSC can be recruited; thereafter he will still have overall responsibility for monitoring this activity. The Executive Assistant is responsible for day-to-day office administration, supervision and training of TCN and FNH clerical staff, handling of the classified and C&R functions, coordination of travel arrangements, and does all of the heavy typing of reports and official documents going to AID/W and REDSO/WCA. The Executive Assistant position is vital for a continuous smooth USAID operation. It should be understood, that Guinea-Bissau, unlike other countries, does not have a resource of skilled FNH and TCN clerical support staff.

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

USAID/GUINEA BISSAU

	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>
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Job Title/Position Description

None

- - -

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

USAID/GUINEA-BISSAU

<u>Description of Service</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>
1) Security Guard Service	51,6	53,	55,
2) Generator Service and Maintenance (Including fuel)	30	35	38

Guinea-Bissau

Table VIII - Operating Expense Narrative

Section A - Management Improvements

Comparison of FY 1985 to FY 1986

- USAID transferred the U.S. PSC position shown in last year's ABS from OE to project funding. This action saved \$62,000 in OE funds for FY 1985 and will save up to \$65,000 in FY 1986.
- A cursory review of expenditures under the FAAS budget resulted in the deletion of service functions not being provided and a realignment of operations to be more efficient and cost-effective. Estimated savings \$12,000.
- USAID Bissau transferred the security guard service function from direct management to a contractual arrangement with a guard service firm. We estimate that 150 person-hours have been saved by this change.
- A generator service and repair contract initiated in FY 1985 has reduced significantly the down-time on residential and office generators, as well as repair costs and frequency of replacement parts. The contract also covers generator fuel delivery. Savings from repairs and down-time are estimated to be \$10,000 for FY 1985.
- USAID Bissau implemented new procedures to make Misson vehicle operations more fuel efficient. We also initiated a vehicle preventative maintenance program in-house to reduce monthly repair costs and idle time. Savings in fuel and repair bills are estimated at between \$50 - \$100 per month.
- The Regional Controller (Dakar, Senegal) has increased its support to the USAID by assigning a U.S. Financial Analyst to make quarterly site visits. These quarterly site visits will assist us to establish and maintain greater financial control over the USAID operating expense and project portfolio.

Guinea-Bissau

Table VIII - Operating Expense Narrative

Section A - Management Improvements.

Comparison of FY 1986 to FY 1987

- USAID will review all contracted TCN and FNH staff functions which provide project support for possible transfer under project rather than OE funding.
- USAID will periodically assess the security guard requirements for possible reduction in numbers provided as the country's security conditions improve.
- The USAID plans propose to purchase the two building office complex it currently occupies in either FY 1986 or FY 1987. Estimated rental savings is approximately \$8,000 per year. This acquisition and capital improvement costs are estimated to be \$50,000.
- The USAID, in order to effectively implement and monitor an increasing portfolio of projects, is planning to increase its FNH PSC staff by two positions in FY 1986 (one secretary and a Budget and Fiscal Assistant), and by one position (secretary) in FY 1987. All three will be funded under projects.

Guinea-Bissau

Table VIII - Operating Expense Narrative

Section B - Justification for Funding Changes.

Comparison of FY 1985 to FY 1986.

1. The USAID proposes to purchase a Wang Word Processor equipment and purchase a replacement vehicle for the AID representative in FY 1985.
2. In FY'86, all four USDH employees are eligible for home leave/transfer, hence the large overall increase in Function Code U100.
3. In FYs 1986 and 1987, Function Code U302, FN PSC-Salary/Benefits, is estimated to increase by 30% and 16%, respectively, due to our greater emphasis on project implementation and monitoring.
4. In FYs 1986 and 1987, Function Code U401, Rent, is estimated to decrease by 44% and increase by 142%, respectively. This is due to local rental practices which require extremely large advance rental payments.
5. In FY'87, a majority of the increases in Function Codes U400 and U500 are attributable to the necessary replacement of furniture, vehicles and office equipment. No such replacements have been budgeted in FYs 1986.

Guinea-Bissau

Table VIII - Operating Expense Narrative

Section C - Trust Funds

The USAID has engaged the GOCB in discussions regarding the establishment of a Trust Fund. However, at this point in time, given the relative size of our aid assistance in relation to the donor community, we feel that our chances of success are very small.

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(c)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS

USAID/GUINEA-BISSAU

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1985</u>	<u>1986</u>	<u>1987</u>
1. <u>Capital Investment</u>			
A. <u>Purchase of Hardware</u>	15	5	10
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.			
B. <u>Purchase of Software or Other Equipment</u>			
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.	3	2	3
C. <u>Site and Facility</u>			
Cost of proposed site construction to prepare for setting up a WANG VS or WANG OIS automation system, such as raised floors, walls, air conditioning, power line conditioners, and uninterruptible power supplies.	-	-	-
SUBTOTAL	<u>18</u>	<u>7</u>	<u>13</u>

TABLE VIII(c) (continued)

USAID/GUINEA-BISSAU

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1985</u>	<u>1986</u>	<u>1987</u>
2. <u>Personnel</u>			
Mission will provide requirements below for the number of personnel involved in supporting the information technology functions according to the following categories:			
Number of Personnel engaged in			
Systems Management:	-	-	-
Systems Operation:	-	-	-
Programming and Systems Development:			
Clerical Support:	-	-	-
(Personnel that use systems will not be included)			
A. <u>Total Compensation, Benefits and Travel</u>			
B. <u>Total Workyears</u>	(-)	(-)	(-)
<hr/>			
3. <u>Equipment Rental, Space and Other Operating Costs</u>			
A. <u>Lease of Equipment</u>			
Obligations for lease and maintenance of non-government owned equipment (rented equipment) and software furnished as a part of the rental contract.	-	-	-
B. <u>Space</u>	-	2	2
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.			

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

USAID/GUINEA-BISSAU

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1985</u>	<u>1986</u>	<u>1987</u>
C. <u>Supplies and Other</u>			
Obligations for supplies and software rental (not included in a rental contract for equipment)	*	2	2
D. <u>Non-Commercial Training</u>			
Obligations for planning and conducting government operated training to prepare users to make effective use of automation resources.	5	2	2
SUBTOTAL	<u>5</u>	<u>4</u>	<u>4</u>
4. <u>Commercial Services</u>			
This includes obligation for services where payments are made to private industry.	-	-	-
A. <u>Computer Time</u>			
Obligations to fund contract with a private firm to provide computer time to the Mission.	-	-	-
B. <u>Leased Telecommunications Services</u>			
Obligations for leased telephone lines and other telecommunication services to obtain data from other computers or to transmit data. For Missions, where applicable include, but identify separately, the lease of local telephone lines, 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.	-	-	-

*Supplies and software included in initial purchase package.

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

 USAID/GUINEA-BISSAU

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1985</u>	<u>1986</u>	<u>1987</u>
C. <u>Operations and Maintenance</u>			
(1) <u>Operations</u>			
Include funds to be obligated for contractor services to operate a WANG VS computer or an OIS System (system administrator and staff, not workstation operators).	-	-	-
(2) <u>Maintenance</u>			
Include obligations for contracts to maintain government-owned equipment (hardware) and software that is currently in place and that is to be acquired in 1A and 1B above.	-	2	2
D. <u>Systems Analysis and Programming</u>			
Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing application systems.	-	-	-
E. <u>System Design and Engineering</u>			
(Do not complete - OMB requirement not applicable to AID.)	XXXX	XXXX	XXXX
F. <u>Studies and Other</u>			
Obligations for management and feasibility studies, requirement definitions, and commercial training.			
SUBTOTAL	<u>-0-</u>	<u>2</u>	<u>2</u>
<hr/>			
5. TOTALS			
Total Obligations	<u>5</u>	<u>8</u>	<u>8</u>
Workyears (From item 2A)	(-)	(-)	(-)

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

USAID/GUINEA-BISSAU

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1985</u>	<u>1986</u>	<u>1987</u>
6. <u>Special Breakout</u>	-	-	-
A. Amounts included in Mission allowances <u>for existing systems</u> . (Includes 2A, 3, and 4) (Services for equipment in place only.)	-	-	-
B. Amounts included in Mission allowances <u>for new or expanded systems</u> . (Includes 1, 2A, 3 and 4.) (Equipment and services for new efforts beginning during the fiscal year.)	23	15	21

P.L. 480 Title II Narrative

USAID/Guinea-Bissau requests the continuation of the P.L. 480 Title II Emergency Program in order to help the GOGB meet its food deficit as it works to eliminate the structural constraints hampering increased domestic production. The GOGB, aware of the existing structural constraints to increase food production - lack of infrastructure, transport and logistical services, shortages of consumer goods and traditionally low producer prices - initiated a comprehensive economic policy reform program at the end of 1983. As a result of the reforms, significant progress was made toward improving the overall economy. (See Economic Overview.) The seventeen months since the start of the reforms is, however, too short a time to correct years of economic mismanagement, gross operating inefficiencies, and the lack of a nation-wide transportation and logistical network. In addition, adverse weather conditions have continued, resulting in shortfalls in food crop production, because of drought conditions in parts of the country. The GOGB increased its projects of its 1985 food crop deficit to 35,000 MTs over the average deficit in recent years.

The continuing economic crisis precludes the provision of a Title I program at this time. The GOGB's present balance of payments position is so poor that it cannot afford additional external credits, even at concessional rates. The country's debt service burden, over 40% of the 1985 budget was earmarked for debt repayment, and is the result of over-borrowing in recent years. The Government, because of its shortage of foreign exchange, can neither self-finance offshore food purchases nor meet the initial payment and later repayment requirements of a Title I program.

The Title II program is an integral part of the Mission development assistance strategy. Negotiations for the FY 1985 Program were used to encourage the GOGB to make further price adjustments in marketing and trade reforms to increase domestic agriculture, both food and export crops, production. The Mission intends to use the negotiations for future food-aid programs to press the Government to continue to liberalize its pricing and marketing policies. The provision of additional Title II commodities, 3000 MTs each of rice and sorghum in FYs 1986 and 1987, will also help to ease the impact of the reform generated price increases in urban areas and provide food desperately needed in drought stricken rural areas. The local currency generated from the sales of eighty-five percent of the commodities will be used to purchase seeds, to finance reforestation and conservation activities, and the construction of dikes, dams, and feeder roads (see Local Currency Use Plan).

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 FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE XIII
 PL 480 TITLE II

I. Country GUINEA-BISSAU

Sponsor's Name Government of Guinea-Bissau

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

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
_____	_____	_____	_____
_____	_____	_____	_____
Total MCH		_____	_____

B. School Feeding.....N/A.....Total Recipients _____

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
_____	_____	_____	_____
_____	_____	_____	_____
Total School Feeding		_____	_____

C. Other Child FeedingN/A.....Total Recipients _____

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
_____	_____	_____	_____
_____	_____	_____	_____
Total Other Child Feeding		_____	_____

D. Food for Work.....N/A.....Total Recipients _____

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
_____	_____	_____	_____
_____	_____	_____	_____
Total Food for Work		_____	_____

E. Other (Specify).....N/A.....Total Recipients _____

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>N/A</u>	<u>Rice</u>	<u>3000 MTs</u>	<u>\$2000-</u>
	<u>Sorghum</u>	<u>3000 MTs</u>	<u>420</u>
Total Other		_____	_____

II. Sponsor's Name Government of Guinea-Bissau

COUNTRY: GUINEA-BISSAU FY 1986 ABS

Overall Budget Analysis - Mortgage by FY as Percent of OYBs

FY	OYB Level	a/	Mortgage as Percent of OYB b/
FY 85	2000		
(DA)	(2000)		129%
(ESF)	(NAN)		
FY 86	2000		
(DA)	(2000)		239%/ 479%*
(ESF)	(NAN)		
FY 87	2000		
(DA)	(2000)		164%/279%*
(ESF)	(NAN)		

*Based on adding two new activities in FY 1986: Rice Prod II (657-0014) and Non Project Assistance CIP.

Project	LOP	Obl Thru FY 85	/Mortgage	Obl thru FY 86 / Mortgage	Obl thru FY 87 / Mortgage
657-0010	South Coast(5500)	3220	2280	3720	4220
657-0011	Tech Skills Trg (1500)	1500	-	-	-
657-0012	Agro-Ind Fund (4000)	-	-	1000	2000
657-0013	Food Crop Prot III (1300)	1000	300	300	2000
Totals Planned		5720	2580	5020	6220
ADD NEW PROJECTS:					
657-0014	Rice Prod II (3000)	--	--	200*	700
657-	NonProject (CIP)(5000)	--	--	3000*	2000
Totals Proposed			2580	8220	8920
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.					

Country: GUINEA-BISSAU
 PIPELINE/MORTGAGE ESTIMATES
 FY 1984 - 1991
 (\$000s)

Project No. & Title	Current Auth. LOP	Planned 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/
<u>Agriculture, Rural Dev. & Nutrition</u>									
657-0010 -South Coast Agric Development	5500	*	1200	2500	1000	1000	1000	1280	9/89* Proposed 12/90
657-0012 -Agro-Industrial Fund **	(4000)	NAN	-	-	800	800	1000	2000	12/91
657-0013 -Food Crop Prot. III	1300	NAN	-	800	800	500	500	-	12/9
657-0014 -Rice Production II ***	-	NAN	-	-	(100)	(-0-)	(-0-)	(2300)	9/91
Non Project Assistance (CIP)***	-	NAN	-	-	(1000)	(2000)	(2000)	-	9/90
<u>Education and Human Resources</u>									
657-0011 - Technical Skills Trg	1500	NAN	1000	1500	1000	500	500	-	9/88
Country Totals	8300		2200	4800	2600 (4700)	3000 (5000)	3280 (5580)		

*Proposed amendment in FY 1986 to offset slow-start up of project.

**PID approved in FY 1985 for \$4 million, beginning FY 1986 at \$1 million per FY.

***New activities proposed in FY 1986 ABS includes Follow-on Phase II to 657-0009 for \$3 million LOP; Non-project assistance at \$5 million beginning in FY 1986.

() Proposed

a/ Indicate by footnote fiscal year in which amendment will be proposed.

b/ Indicate current PACD and any planned extension.