

UNCLASSIFIED

Annual Budget Submission

FY 1988

ZAMBIA

BEST AVAILABLE



May 1986

**Agency for International Development
Washington, D.C.**

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ANNUAL BUDGET SUBMISSION

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FY 1988 ANNUAL BUDGET SUBMISSION

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 TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION
 (\$000)

611 - ZAMBIA

APPROPRIATION ACCOUNT PROJECT NO. AND TITLE	L/G	FY 86 ESTIMATE	FY 87 ESTIMATE	FY 88 AAPL
ALL DA APPROPRIATION ACCOUNTS				
APPROPRIATION TOTALS		---	---	---
GRANTS		---	---	---
LOANS		---	---	---
ECONOMIC SUPPORT FUND				
611-0075 Agricultural Training, Planning and Institutional Development	G	---	2,970	---
611-0206 Human and Institutional Resources Development	G	---	---	1,500
611-0207 Agricultural Training, Planning and Institutional Development II	G	---	2,730	2,500
611-0208 Agricultural Development: Research and Extension II	G	---	---	6,000
611-0209 Small Scale Enterprise Development	G	---	13,500	---
611-0210 Zambia Cooperative Financial Training and Advisory Project	G	---	1,800	---
611-0211 Zambia Auction Program Support II	G	---	---	15,000
611-0757 Zambia Auction Program Support	G	15,000	---	---
APPROPRIATION TOTALS		15,000	21,000	25,000
GRANTS		15,000	21,000	25,000
LOANS		---	---	---
DA AND ESF ACCOUNT TOTALS		15,000	21,000	25,000
GRANTS		15,000	21,000	25,000
LOANS		---	---	---

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

611 - ZAMBIA

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)		FY 85 PIPE LINE	OBLIG THRU FY 85	FY 85	OBLIG- EXPEND- ATTIONS	FY 1986	OBLIG- EXPEND- ATTIONS	FY 1987	FY 1988	SPECIAL CODES	ITEM NO.	
	TOTAL COST- AUTH PLAN	U.S. DOLLAR COST (\$000)											
ECONOMIC SUPPORT FUND													
611-0070	COMMODITY IMPORT PROGRAM												
G 84 85	25000	25000	11974	25000	11700	---	11700	---	274	---			
L 77 83	139625	139625	1141	139625	1141	---	1141	---	---	---			
611-0075 AG TRAINING, PLANNING & INSTIIT. DEV													
G 80 87	9755	9755	6785	6785	3238	---	3547	2970	2970	2661	---	5706	
611-0201 AGRICULTURE DEV: RESEARCH AND EXTENSION													
G 80 84	12515	12515	6853	12515	3321	---	3321	---	2500	---		7221	
611-0204 CHAMA AREA DEVELOPMENT (PVU)													
G 81 82	1166	1166	1166	1166	263	---	99	---	164	---	PVU	7222	
611-0205 WESTERN PROVINCE SMALL FARMER PROD. (PVU)													
G 83 83	483	483	483	483	327	---	132	---	75	---	PVU	7223	
611-0206 HUMAN AND INSTITUTIONAL RESOURCES DEV.													
G 84 89	13028	13028	5390	5390	5290	---	1000	7638	2000	1500	2/89	6106	
611-0207 AG TRAINING, PLANNING & INSTIIT. DEV. II													
G 87 91	11113	11113	---	---	---	---	---	11113	2730	500	2500	8/89	9826

CONTINUATION)

1 - ZAMBIA

OBJECT NUMBER AND TITLE	OBLIG THRU FY85	PIPE LINE	RESEARCH AND EXT. II	ESTIMATED U.S. DOLLAR COST (\$000)	MORTGAGE	OBLIGATIONS	EXPENDITURES	FY 1987	FY 1988	FUNDED THRU	SPECIAL ITEM NO.
1-0208	AGRICULTURAL DEV: RESEARCH AND EXT. II										
G 88 92	---	13000	---	---	13000	---	---	6000	12/89	9827	
1-0209	SMALL SCALE ENTERPRISE DEVELOPMENT										
G 87 87	---	13500	---	---	13500	13500	9000	---	---	---	
1-0210	ZAMBIA COOP. FINANCIAL TRG & ADVISORY PROJECT (OPG)										
G 87 87	---	1800	---	---	1800	1800	500	---	---	---	
1-0211	ZAMBIA AUCTION PROGRAM SUPPORT II										
G 88 88	---	15000	---	---	15000	---	---	15000	9/90	---	
1-0747	ZAMBIA MULTI-CHANNEL AG MARKETING										
G 85 85	25000	25000	---	7000	---	---	12000	---	---	10369	
1-0757	ZAMBIA AUCTION PROGRAM SUPPORT										
G 86 86	15000	15000	---	15000	---	---	---	---	---	10708	

PROPRIATION

TOTAL	241572	295985	215964	54086	15000	42940	65021	21000	29674	25000	
GRANT	101947	156360	76339	52945	15000	41799	65021	21000	29674	25000	
LOAN	139625	139625	139625	1141	---	1141	---	---	---	---	
UNTRY TOTAL	241572	295985	215964	54086	15000	42940	65021	21000	29674	25000	
GRANT	101947	156360	76339	52945	15000	41799	65021	21000	29674	25000	
LOAN	139625	139625	139625	1141	---	1141	---	---	---	---	

TABLE IV - MORTGAGE LEVEL JUSTIFICATION NARRATIVE

As indicated on Table IV, the Mission's mortgage level as of September 30, 1986 (including projected new starts in FY 87 and FY 88) is projected at \$65.0 million. This level is approximately four times our FY 86 OYB level of \$15.0 million, and significantly above the level of two to two and one half times the OYB level suggested in the ABS guidance cable (State 123201 dated 2/28/86). This mortgage level reflects primarily projected new starts under the FY 87 proposed funding level (\$21.0 million) and the FY 88 AAPL (\$25.0 million), rather than a large mortgage against currently ongoing projects. Even in the complete absence of any future mortgage due to currently ongoing projects, the ratio of FY 87 and FY 88 (\$46.0 million) to FY 86 (\$15 million) would be 3.1 to 1.

The mortgage from ongoing projects is very limited, totalling only \$10.6 million (for the ZATPID and HIRD projects), a level which is two-thirds of our FY 86 OYB. There would not be even this level of mortgage due to ongoing projects except that the Mission placed its entire FY 86 OYB in the ZAPS Program, rather than providing funding for the ZATPID and HIRD projects as had originally been intended. This action was taken in order to provide needed support to the GRZ's newly initiated foreign exchange auction system.

The Mission does not anticipate any difficulties with the \$65.0 million mortgage level, particularly since the majority of our proposed assistance is in highly flexible non-project assistance.

AFRICA BUREAU TABLE I
ACTUAL MANAGEMENT UNITS REQUIRED FOR MISSION AND PROJECT ADMINISTRATION - FY 86
(In person months per year)

	-----U.S. PERSONNEL*-----		-----FOREIGN SERVICE NATIONALS*-----		-----THIRD COUNTRY NATIONALS*-----		REDSO	AID/M IDY	TOTALS
	USDH	OE Funded	FSNDH	OE Funded	TCNDH	OE Funded			
<u>ADMINISTRATIVE FUNCTIONS</u>									
Program Management	27.0	---	---	---	---	---	---	---	27.0
Financial Management	1.0	---	3.0	14.0	---	7.0	---	---	25.0
Administrative Management	11.0	12.0	24.0	180.0	---	---	---	---	227.0
<u>PORTFOLIO FUNCTIONS</u>									
<u>BILATERAL PROJECTS</u>									
611-K-007 Comm. Import Program	.5	---	---	---	---	---	---	---	.5
611-K-009 Comm. Import Program	.5	---	.5	---	---	---	---	---	1.0
611-K-601 Comm. Import Program	1.0	---	.5	---	---	---	---	---	1.5
611-K-602 Comm. Import Program	2.0	---	---	---	---	---	---	.5	2.5
611-0075 Agricultural Training, Planning and Institutional Development	7.0	2.0	---	---	---	---	4.0	1.5	14.5
611-0201 Agricultural Dev.: Research and Extension	10.0	1.5	4.0	---	---	---	2.5	---	18.0
611-0204 Chama Area Development	1.0	---	3.5	---	---	---	---	---	4.5
611-0205 Western Province Small Farmer Production	1.0	---	4.0	---	---	---	---	---	5.0
611-0206 Human Resources and Institutional Dev.	3.5	5.0	---	---	---	---	---	---	8.5
611-0209 Small Scale Enterprise Development	2.0	---	---	---	---	---	3.0	---	5.0

NOTE

* In accordance with the clarifying instructions received in State 151789, the management units presented on the table do not include institutional contractors and project funded personnel who are not "on our staff".

Continued

	-----U.S. PERSONNEL-----		-FOREIGN SERVICE NATIONALS-		--THIRD COUNTRY NATIONALS--		AID/W	TOTALS	
	USDH	OE Funded	FSNDH	OE Funded	ICNDH	OE Funded			REDSO
611-0747 Zambia Multi-Channel Agricultural Marketing	4.0	---	1.5	---	---	---	.5	---	6.0
611-0757 Zambia Auction Program Support	1.5	---	.5	---	---	---	1.0	---	3.0
REGIONAL PROJECTS									
690-0209 Zambia Regional Trans- port and Storage Dev- elopment, Phase II (Kafue Road Rehabilitation)	3.0	---	---	---	---	---	3.5	---	6.5
690-0231 Regional Transport Development (Zambia Railways)	1.5	---	1.0	---	---	---	.5	---	3.0
698-0433 Africa Manpower Dev.	.5	4.0	---	---	---	---	---	---	4.5
CENTRALLY FUNDED	---	---	---	---	---	---	---	2.0	2.0
DISASTER	---	---	---	---	---	---	---	---	---
REFUGEES	---	---	---	---	---	---	---	---	---
FOOD FOR PEACE	4.5	---	1.5	---	---	---	---	1.0	7.0
LOCAL CURRENCY	4.5	---	1.0	---	---	---	---	---	5.5
OTHER	---	---	---	---	---	---	---	---	---

AFRICA BUREAU TABLE II
 FY 1988 ANNUAL BUDGET SUBMISSION
 MODIFICATIONS TO AUTHORIZED AND PLANNED
 LIFE OF PROJECT COST AND PROJECT COMPLETION DATE

<u>Project Number</u>	<u>Project Name</u>	<u>Date of Initial Obligation</u>	<u>Authorized LOP (\$) In Proj. Agrmt.</u>	<u>Current LOP</u>	<u>Proposed Amendment To LOP (\$)</u>	<u>Original PACD in Proj. Agrmt.</u>	<u>Current PACD</u>	<u>Proposed PACD</u>
11-0070 11-K-007	Commodity Import Program	6/24/82	10,000	15,000	None	12/83	3/86	Same
11-0070 11-K-009	Commodity Import Program	8/3/83	15,000	15,000	None	2/85	2/87	Same
11-0070 11-K-601	Commodity Import Program	7/17/84	15,000	15,000	None	1/86	7/86	Same
11-0070 11-K-602	Commodity Import Program	8/13/85	10,000	10,000	None	2/87	2/87	Same
11-0075	Agricultural Training, Planning and Institutional Development (ZATPID)	9/26/80	4,785	9,755	None	9/85	6/87	Same
11-0201	Agricultural Development: Research and Extension (ZAMARE)	9/26/80	12,515	12,515	None	12/85	12/86	12/87 (Excl.Trng) 12/88(Training)
11-0204	Chama Area Development Project	6/11/81	1,166	1,166	None	10/82	10/86	Same
11-0205	Western Province Small Farmer Production	8/31/83	483	483	None	9/86	9/86	9/88
11-0206	Human and Institutional Resources Development (HIRD)	9/19/84	13,028	11,028	None	9/90	9/90	Same
11-0747 1-K-603	Zambia Multi-Channel Agricultural Marketing Program (ZAMCAM)	9/27/85	25,000	25,000	None	9/88	9/88	Same
11-0757 1-K-604	Zambia Auction Program Support (ZAPS)	11/28/85	15,000	15,000	None	9/86	9/86	Same
10-0209	Zambia Regional Transport and Storage Development, Phase II (Kafue-Chirundu Road Rehabilitation)	9/30/81	13,100	13,100	None	9/84	6/89	Same
0-0231	Regional Transport Development Project (Zambia Railways)	9/17/85	5,000	5,000	None	9/88	9/88	Same

AFRICA BUREAU TABLE IV
 FY 1988 ANNUAL BUDGET SUBMISSION
PVO ACTIVITY

Project Number	Project Name*	PVO Name (U.S./Non-U.S.)	Functional Account	Span of PVO LOP	PVO LOP for Total Project and % of Total	FY 86 Obligations	FY 87 Obligations	FY 88 Obligations
611-0204	Chama AT(B) Development Project(B)	Africare	ARDN	1981-86	\$1,166,224 - 100%	---	---	---
611-0205	Western Province Small Farmer Production(B)	Africare	ARDN	1983-86	483,000 - 100%	---	---	---
Unknown	(C) Integrated Rural Development Save the Children		Health	1985-87	Unknown	Unknown	Unknown	Unknown
932-0632	Zambia NER Demonstration Project(C)	International Federation for Family Life Promotion	Population	1983-88	508,000 - 0%	Unknown	Unknown	Unknown
PDC-0249-6-55-4078-00	Ibbwe Mnyanga Community Development(C)	Salvation Army	Unknown	1984-87	54,000 - 50%	Unknown	Unknown	Unknown
PDC-0249-6-55-4078-00	Gwembe Valley Agricultural Extension(C)	Salvation Army	Unknown	1984-87	54,000 - 50%	Unknown	Unknown	Unknown
932-0935	Private Enterprise Family Project(C)	Family Planning International Assistance	Population	1985-86	81,000 - 0%	Unknown	Unknown	Unknown
932-0955	Kabwe Dopes Family Health Project(C)	" "	Population	1984-86	114,000 - 0%	Unknown	Unknown	Unknown
932-0955	Lusaka Responsible Parenthood Project(C)	" "	Population	1984-87	56,110 - 0%	Unknown	Unknown	Unknown
932-0955	Ministry of Health/University Teaching Hospital(C)	" "	Population	1984-86	135,000 - 0%	Unknown	Unknown	Unknown
936-5927	Technology (R) Primary Health Care (R)	PRITECH	Health	Unknown	100,000 - 0%	Unknown	Unknown	Unknown

Notes:

* (B) indicates bilateral; (R) indicates regional; (C) indicates centrally funded.
 All PVO's are U.S. origin.

AFRICA BUREAU TABLE V
FY 1988 ANNUAL BUDGET SUBMISSION

PRIVATE SECTOR ACTIVITIES

<u>Project Number</u>	<u>Project Name</u>	<u>Implementing Organization (U.S./Non-U.S.)</u>	<u>Functional Account</u>	<u>Private Sector LOP Span</u>	<u>Priv. Sect. LOP Total Project and % of Total</u>	<u>FY 86 Obligations</u>	<u>FY 87 Obligations</u>	<u>FY 88 Obligations</u>
611-0205	Western Province Small Farmer Production	AFRICARE (U.S.) and Ministry of Lands (Non-U.S.)	ESF	1983-86	240,000 - 50%	---	---	---

Note

Due to the Africa Bureau's FY 88 ABS Guidance, "Notes on Africa Bureau ABS Cable", which suggests that private sector be defined as "non-governmental and profit making activities", we have not included either the ZAMCAM or ZAPS programs. A slightly broader definition of private sector activities would certainly have included both of these activities (which total \$40 million), however, since they are clearly encouraging private enterprise development, deregulation of marketing, and a reduced role in the economy for parastatals.

PRIVATIZATION PLAN NARRATIVE

A. TARGETS OF OPPORTUNITY

Targets of opportunity for privatization are difficult to identify in Zambia. There are many parastatal firms in weak economic positions, but which appear to have a significant potential for improvement. Further, the Government of the Republic of Zambia (GRZ) has a strong and frequently voiced commitment to maintaining parastatals from an ideological point of view and has resisted the call from donors and others for privatization. At the same time, however, the GRZ recognizes the need for improved efficiency and has allowed management contracts to be implemented for several important parastatals. Hence, the picture is not clear though there does seem to be some evidence that the GRZ is willing to discuss privatization to some degree with non-Zambian firms. (For instance, discussions have taken place on Refined Oil Products of Zambia (ROP) and H.J. Heinz Company with no clear outcome.) In general, the GRZ is very reluctant to give up control of its parastatals to private firms and until this attitude changes, privatization will be difficult and painful for the GRZ, though in some yet to be identified areas, necessary. The Mission, with the support of the Embassy staff, will continue to follow the situation closely in order that "targets of opportunity", both short term and long term, may be identified as they arise.

B. MISSION'S PROPOSED STRATEGY

The Mission's approach both to private enterprise development and to privatization has been to focus on changing the economic conditions and overall economic environment through policy reform. Our "seat" at the policy "table" has developed through USAID balance of payment support programs (CIPs; Zambia multichannel Agricultural Marketing Program - ZAMCAMP, 611-0747; Zambia Auction Program Support Program - ZAPS, 611-0757; and PL 480) and supported by projects in policy analysis and planning, agricultural research and manpower training. Local currency and counterpart funds are also programmed to support the reform process and projects. Efforts in the policy area to support increased privatization and private sector involvement have been strengthened by carefully coordinating our support and policy dialogue with that of the IBRD and IMF (through ZAMCAMP and ZAPS, particularly). The Mission expects to continue with what we believe to be an effective approach to development of the private sector, and the thrust of our policy dialogue will continue to be on improving the economic climate in which the private sector must operate and privatization must occur. As those policies which have had a negative impact on the private sector are changed, the sector will find itself better able to compete with the public sector and the result should be a much more free and open market with significantly more competition between all firms, whether public or private.

In general, we believe that the "Zambia Model" of policy dialogue coupled with non-project support and supported by selected projects in the critical areas of policy analysis and data collection is an appropriate model for Zambia, which, hopefully, will encourage increased privatization and private sector activity. In order that our impact on policy reform can be strengthened, we expect to continue to work closely with other donor agencies, especially the IBRD, on joint concerns.

The policy reform measures supported by the Mission and IBRD call for private trading in all agricultural commodities, elimination of subsidies to all public or quasi-public organizations involved in the food production and distribution sector, establishment of producer prices based on border price equivalents and allowing these prices to vary according to transportation and storage costs, and regional and seasonal prices. These reforms will allow legal private trade in maize and fertilizer for the first time and will strengthen private trade in other commodities. The result should be increased economic pressure on the parastatal sector from the private sector and increased opportunities for privatization.

In addition, the October 1985 initiation of the foreign exchange auction system is one of the most dramatic and positive actions in recent Zambian history to improve the prospects for private enterprise and privatization. The bulk of USAID assistance (CIP, ZAMCAMP, and ZAPS) has been or will be channelled through the FX auction system. It is expected that a significant number of parastatals, at least over the medium to long term, will not be able to compete and that privatization in some form will take place. The Mission, through a number of ways, e.g., PL 480 Title I self-help measures, will help support an orderly transition of those firms from the public to the private sector. One of the self help measures will require the GRZ to begin developing a plan of action to deal with the non-viable parastatal organizations; the actual studies are being conducted through an IBRD-funded project. If requested, we will support further the process of privatization through technical assistance and by providing loan funds to the private sector from local currency generations from our various programs.

In sum, the Mission's program is focused on the private sector via policy reform measures and foreign exchange and local currency usage. In general, we believe that the "Zambian model" described above is appropriate for the present conditions in Zambia. To "push" too much for privatization through divestiture or devolution at a time when the GRZ is being hard pressed to implement the already impressive policy reforms could well be counterproductive. Further, to vigorously pursue privatization before the policy environment is "correct" for the private sector might also be counterproductive; hence, the Mission's decision to support the present policy reform process to the fullest extent possible, and in the process, support the longer term prospects for privatization.

C. PROJECTED TIMEFRAME FOR ACHIEVING A PRIVATIZATION PLAN

As stated above, the Mission at present has no "privatization plan" as such. However, the Mission does have very definite goals in the policy reform area, such as open trading in all agricultural commodities (outputs and inputs), open market prices, realistic exchange rates, etc. The development of a specific "privatization plan" beyond that of establishing the appropriate economic climate in which the private sector can operate and privatization can occur will be very difficult at this time. During the Mission's CDSS exercise, the Mission will examine this issue further.

AFRICA BUREAU TABLE VI
FY 1986 ANNUAL BUDGET SUBMISSION
REGIONAL AND CENTRALLY FUNDED ACTIVITIES

Project Number	Project Name	Organization Implementing (U.S./Non-U.S.)	Functional Account	LOP (Years)	LOP (\$000)	FY 86 Obligations	FY 87 Obligations	FY 88 Obligations
<u>I. Directly Related to Mission Portfolio</u>								
None								
<u>II. Indirectly Related to Mission Portfolio</u>								
None								
<u>III. Not Related to Mission Portfolio</u>								
932-0632	Zambian NFP Demop- tration Project(C)	Family Life Movement of Zambia	Population	5	508	Unknown	Unknown	Unknown
932-0935	Private Enterprise Planning Project(C)	Pharmaceutical Society of Zambia	Population	2	81	Unknown	Unknown	Unknown
932-0935	Kabwe Dorcas Family Health Project(C)	Zambia Union of Seventh Day Adventists	Population	2	114	Unknown	Unknown	Unknown
936-5927	Technology for Primary Health Care(C)	PRITECH(A)	Health	Unknown	100	Unknown	Unknown	Unknown
Unknown	Integrated Rural Development(C)	Save the Children(A)	Health	3	Unknown	Unknown	Unknown	Unknown
698-0442	African Labor Dev- lopment Project II(R)	U.S. Embassy(A)	EHR	5	19	Unknown	Unknown	Unknown
698-0513	Contribution to UNDP Child Survival Program in Zambia(R)	UNDP	Health	Unknown	648	Unknown	Unknown	Unknown

1
4
1

Notes:

- A. Indicates U.S. implementing organizations, all others are non-U.S.
- R. Indicates regionally funded projects.
- C. Indicates centrally funded activities.

SMALL SCALE ENTERPRISE DEVELOPMENT PROJECT, 611-0209

Project Funding

<u>FY 87</u>	<u>FY 88</u>	<u>Life of Project</u>
\$13.5 million	-0-	\$13.5 million

Appropriation Account: ESF (Grant)

A. Purpose

The purposes of this project are: (1) to provide direct balance of payment support to the Government of the Republic of Zambia and support for the foreign exchange auction system, and (2) to provide support to the development of rural and agriculturally based small scale enterprises. The latter purpose is in direct support of the Mission's goal of increasing small farmer incomes by encouraging increased economic activity in the rural areas.

B. Background

The Government of the Republic of Zambia is increasingly recognizing the importance of diversifying the Zambian economy. In this context, it is beginning to emphasize and encourage the development of small-scale enterprises (SSE's). To assist with this effort, USAID/Zambia is preparing a program to support the promotion of rural and agriculturally-based SSE's to complement its overall program, which is concentrated on agricultural development. USAID will focus on rural SSE's (including those in small and medium-sized towns as essentially "rural") and on those providing important support to the agricultural sector, through activities such as processing outputs, providing essential inputs, or providing essential marketing services. USAID also recognizes, however, that some policy-related and promotional activities must necessarily include all SSE's, urban as well as rural.

The GRZ has undertaken also, as part of its efforts to strengthen and diversify its economy, a significant policy reform program. To date there have been a number of major reforms, e.g., the GRZ: (1) established a foreign exchange auction system to allocate foreign exchange and determine a more realistic exchange rate, (2) eliminated import license restrictions, (3) approved a new Investment Act of 1986 which establishes additional incentives for firms in rural areas or which use agricultural products, (4) eliminated price controls on all commodities except maize and fertilizer, (5) eliminated controls on interest, (6) increased minimum producer prices to near above border price equivalents and (7) eliminated subsidies to the cooperatives.

Further, the GRZ has agreed to a major reform package in the agricultural marketing sub-sector, specifically: (1) eliminate subsidies to all agencies involved with food production and distribution system, (2) allow private trader participation in the marketing of all commodities, (3) reduce the role of the National Marketing Board (Namboard) to that of national security stocks holder and market stabilization, and (4) allow maize and fertilizer prices to fluctuate within a band bound by border price equivalents plus or minus transportation costs to and from deficit or surplus regions. The first steps in the agricultural marketing sub-sector have already been taken. Thus, the policy environment of the agricultural sector has improved markedly over the past few years and the prospects for further improvement are very good. While the above reforms are not all of the policy changes needed in the agricultural sector, they are significant.

One of the negative consequences of the maize meal subsidy elimination is significantly higher prices which will place an additional burden on the poor. It is expected that over the next several years, the rate of urban growth will be slowed and perhaps reversed as families find it more economical to grow their own maize than to buy maize meal. Any return to the rural areas will place increasing demands on a resource poor informal sector for necessary goods and private sector services. The proposed project will help address this need also.

The Mission does not view this expansion of its activities into rural small scale industries as a move away from its strategy of a highly focused agricultural and rural development program. Rather, the inclusion of a rural SSE component in its program is complementary to the rural, agricultural focus and should result in a symbiotic relationship between these two aspects of the Mission's program.

C. Preliminary Project Description

The project is intended to address several problems and issues facing the Zambian economy. The foreign exchange component, i.e., \$13.5 million, will directly assist in alleviating the balance of payments problem and support the GRZ restructuring effort by supplying foreign exchange for the foreign exchange auction system. To support the GRZ to the fullest extent possible in its policy reform efforts and in implementation of the foreign exchange auction system, the grant should be in the form of a cash transfer as was the recently completed Zambia Auction Program Support Program (ZAPS, 611-0757). Under the program, a program grant of \$13.5 million, in untied aid, will be disbursed through the auction system. This involves a dollar disbursement procedure with the New York Federal Reserve Bank, with disbursements on a weekly basis via electronic transfer. The release of funds for disbursement through the auction system will be contingent upon successful completion by the GRZ of

conditions precedent which relate to selected policy reforms needed to improve the overall environment (legal, economic, regulatory, etc.) in which small scale industries must operate. The balance of payments (BOP) support will enable AID to enter the policy dialogue on matters concerning the rural small scale enterprise sector.

The local currency generations resulting from the auction of the foreign exchange will be programmed to assist the SSE's by providing funds for a variety of supportive activities, e.g., credit or a credit guarantee scheme. These funds could be programmed through various financial institutions, such as Zambia Cooperative Federation/Financial Services (ZCF/FS), commercial banks, and Zambia Agricultural Development Bank (ZADB). Local currency could also be provided to SIDO and VIS to support their delivery of technical assistance to the SSE subsector. (Studies would have to be undertaken to determine the exact role of SIDO and VIS in the delivery of needed technical assistance to SSE's.)

The proposed program would be in coordination with other donors, particularly the IBRD, in order to gain the maximum impact in the policy reform dialogue and to increase the impact on the rural areas. Local currencies could be used, among other uses, in direct support of the Swedish-assisted ZCF/FS program which makes loans for small rural enterprises.

D. Target Group

The primary target groups of this activity are: (1) the existing and potential small entrepreneurs who will benefit because of the improved environment for SSE's; (2) a large segment of the Zambian population as a whole which will benefit through the direct availability of \$13.5 million dollars in support of the foreign exchange auction system; and (3) the owners and operators of the SSE's who will benefit from the availability of counterpart funds for supportive activities, e.g., credit or guarantee schemes.

E. Design Schedule

The Mission will begin developing the PAAD for this program in May, 1986 with the assistance of REDSU and contract personnel. The PAAD will be submitted to AID/W for approval, probably in July, 1986.

ZAMBIA COOPERATIVE FINANCIAL TRAINING AND ADVISORY
PROJECT (OPG), 611-0210

Project Funding

<u>FY 87</u>	<u>FY 88</u>	<u>Life of Project</u>
\$1.8 million	-0-	\$1.8 million

A. Purpose

The purpose of this project is to help strengthen Zambia's cooperative infrastructure to the point that cooperatives become key institutions in bringing the benefits of development to the country's small scale agricultural producers. This is in accordance with the Mission's strategy to improve the flow of financial and credit resources to agriculture and improve the marketing system. This purpose is to be achieved by assisting in the development of a sound, effective cooperative banking system capable of providing essential credit programs to cooperative societies and small scale farmers throughout the country.

B. Background

Since independence in 1964, and until about 1980, Zambia depended mainly upon the export of minerals to support its economy, neglecting the development of the agricultural sector. Since the beginning of the 1980's, however, the Government of the Republic of Zambia (GRZ) has been increasing its efforts to shift its economic dependence away from the mineral sector by developing the agricultural sector, and increasing agriculture production. A special emphasis is being placed by GRZ on increasing production among the small scale farmers. In this process the GRZ has made major policy changes, i.e., introduction of the foreign exchange auction system, eliminating the National Agricultural Marketing Board's (NAMBOARD) monopoly on maize marketing, eliminating import license restrictions, removing the subsidy on fertilizer and maize, and increasing producer prices, all of which are conducive to increasing agricultural production. However, emphasis to develop an infrastructure to support and handle an increase in production has been slow in coming about. In early 1986, President Kaunda spoke of the need for a cooperative bank to serve the needs of the rural agricultural sector, and indicated that GRZ efforts should move in that direction. The Ministry of Cooperatives has requested USAID assistance in this effort. This project will support the GRZ in this effort by providing advanced financial management training, and assist with planning and policy development. (See Handbook I on Private Enterprise Development, and Rationale for AID Support to Cooperatives.)

This project supports and continues to concentrate AID's economic assistance to Zambia to increase food production, improving the welfare of small scale farmers, development of its institutional and infrastructural capabilities, and a human resource base. The project is in accord with the major policy concerns of the Administration: the development and implementation of appropriate economic policies, emphasis on the role of cooperatives and the private sector, and creation of durable institutions and infrastructure to support increased agricultural production and economic growth.

C. Preliminary Project Description

The two major components of the project are as follows:

1. Consultations to Assist with Policy Planning and the Development of Operating Procedures

Cooperatives are in a unique position to assist the government's rural development efforts, providing an institutional means for getting development resources down to the level of the general rural population. In most areas of the country, other than government agencies which often lack both the means and the motivation to carry out their responsibilities, cooperatives are about the only existing institutions seeking to serve the needs of rural farmers. For cooperatives to be fully effective as institutions for rural development, a sound system of cooperative finance and credit is essential. The development of a cooperative bank requires careful, deliberate preparation. Policies must be formulated, operational systems must be established and personnel must be trained before the bank begins its operations. It is for this reason that initial efforts will be focused on preparations for the establishment of a cooperative bank. Based on lessons learned in the past, the future success of the bank depends heavily on the quality and thoroughness of these preparations. The project will assist, in cooperation with SIDA, Zambia Cooperative Federation (ZCF), and GRZ with establishing a sound cooperative bank mandate, savings and credit banking policies, and bank development and operating procedures. This assistance is to be provided by short term specialists in the fields of a) cooperative finance, b) cooperative bank operations, c) financial management, and d) cooperative bank law.

2. Training in Advanced Financial Management, Credit Management, and Banking Operations

As mentioned above, the development of a cooperative bank requires careful, deliberate preparation. This preparation

also includes training of personnel that will become bank staff. The training under this project will include long term out-of-country training (6 participants for long term - one year each), short term out-of-country training (24 participants), and short term training in Zambia. The cost of out-of-country training is estimated to be approximately \$305,000. The in-country training will follow the "training of trainers" approach in order to institutionalize the training aspect of the bank's ongoing program. Much of the training under this project will be done before the bank becomes operational in order to properly prepare management and staff for efficient bank management and operations.

Training will extend from the national level to the grass roots level within the cooperative infrastructure. The project will provide one long term training specialists, and several short term specialists to implement and carry out this training program in such subject matter areas as cooperative finance, cooperative banking operations, financial management and planning, management, financial records, and advanced financial management.

D. Target Group

The immediate target group will be those personnel trained within the cooperative infrastructure in bank management and operations. However, the long term target group will be the approximate 500,000 small scale farm families that will benefit from the increased access to agricultural credit, inputs, and an improved marketing infrastructure to handle their increase in outputs.

E. Design Schedule

The National Cooperative Business Association (formerly CLUSA, the Cooperative League of the U.S.A.), a PVO, is currently preparing a proposal. The Mission expects the proposal will be submitted in June 1986 with a request for OPG funding.

ZAMBIA AUCTION PROGRAM SUPPORT II, 611-0211

Project Funding

<u>FY 87</u>	<u>FY 88</u>	<u>Life of Project</u>
-0-	\$15.0 million	\$15.0 million

A. Purpose

The purposes of this program are: (1) to provide direct balance of payments support to the Government of the Republic of Zambia and support for the foreign exchange auction system, and (2) to provide continuing support and encouragement for both the liberalization of Zambia's agricultural marketing system and the development of rural and agriculturally based small scale enterprises.

B. Background

Zambia's landlocked position and heavy economic dependence on a single commodity (copper) have made it particularly vulnerable to exogenous events. The dependence on copper and on imported goods, sectoral income differentials, wage adjustments unrelated to productivity, and rapid urbanization have all been factors inhibiting growth. The manufacturing sector's dependency on imported inputs requiring scarce foreign exchange, and the economy's inability to meet these FX needs, have caused capacity utilization, manufacturing output and employment to fall. Severe balance of payments deficits made external financing necessary and led to mounting foreign debt and debt service requirements which the economy has not been able to meet; large gaps between revenues and expenditures occurred. The government's response was to reduce capital expenditures and borrow from the domestic banking system, which has led to monetary expansion and inflationary pressures. Faced with deteriorating terms of trade, falling incomes and growing unemployment and underemployment, the Government of the Republic of Zambia embarked on a very ambitious program of policy reform leading toward structural adjustment. The linch pin of the reform is the foreign exchange (FX) auction system with accompanying elimination of import license control. For the business community, FX is now available, albeit, at significantly higher prices. Further, and of equal importance, private firms now have equal access to FX with the parastatal sector as the parastatals are required to bid for their FX requirements. The GRZ also removed the ceiling on interest rates and have followed a relatively restrictive monetary policy to reduce the demand for FX. In short, The policy changes in Zambia over the past two years has been impressive and conducive to increased growth and development.

On the agricultural side, the GRZ has announced its intent to liberalize the agricultural marketing system by removing a parastatal monopoly (NAMBOARD) and by eliminating subsidies to maize and fertilizer. The GRZ had previously increased the non-price incentives to agriculture by introducing concessional tax rates, accelerated depreciation, exemption of custom duties for agricultural machinery and FX retention rights under certain conditions. Also, the Investment Act of 1986 will increase the incentives for rural and agriculture based activities over and above those incentives already in place for agriculture.

The Mission has supported the exchange rate adjustment via the auction system through the \$15 million Zambia Auction Program Support Program (ZAPS, 611-0757) and the marketing liberalization process reform efforts through the \$25 million Zambia Multi-Channel Agricultural Marketing Project (ZAMCAM, 611-0747). The ZAPS program provided \$500,000 to \$1 million per week for the auction and has been a significant factor in the auction's success to date. The release of ZAMCAM funds are tranching, based on the GRZ's performance on policy reform implementation on marketing liberalization which includes subsidy elimination, free market regional pricing and open private trading.

The ZAPS II program will be designed to continue the support to the Zambia restructuring effort by providing balance of payment support through the auction system. As in ZAMCAM, The funds will be conditioned on policy implementation conditions and the local currency used to support additional development activities in the private sector, particularly the small scale sector.

C. Preliminary Project Description

The program will provide a \$15 million program grant (cash transfer) for Zambia and will be used in direct support of the FX auction system. The release of the funds will be conditioned on the GRZ fulfilling yet to be specified conditions concerning implementation of the agricultural marketing liberalization program and the development and implementation of a program to support growth in the private sector, particularly in rural or agriculturally based small scale enterprises. The funds from each tranche will be used to support the Zambian FX auction system at a rate of possibly \$500,000 to \$1,000,000 per auction, depending on the need for FX to support the auction system. The local currency generations will be jointly programmed with the GRZ to support growth and development, primarily in the agricultural sector and the small scale enterprises in the rural areas.

The outputs of the program are expected to be:

- (1) a more stable and successful foreign exchange auction system, which in turn should result in the following:

- (a) more efficient allocation of available foreign exchange to priority economic uses, according to operative market forces;
 - (b) the conservation of scarce foreign exchange and promotion of export production and efficient import substitution, thus stimulating domestic employment and income generation in both agriculture and industry;
- (2) a basically free market agricultural marketing system which will support a more efficient allocation of resources between and among regions within Zambia; and
 - (3) an improved environment for the growth and development of rural-based small scale enterprises.

U. Target Group

While the GRZ is the immediate beneficiary of this program through increased FX availability, the real beneficiaries are those private entrepreneurs bidding for foreign exchange from an enlarged foreign exchange auction pool with a more stabilized exchange rate. Private entrepreneurs and their employees will also benefit from a more positive economic environment as well as from the greater availability of foreign exchange to purchase essential inputs, thus supporting a higher level of capacity utilization and employment. Farmers, as a part of the private sector, will benefit from a continued supply of FX for new capital investment and spare parts and from the more realistic export price for agricultural commodities, as well as benefitting from an increasingly free market in agricultural inputs and products. The nation as a whole will benefit from increased economic activity and the income that the increase will generate. In addition, the program will also focus on rural and agricultural-based small scale enterprises through the use of local currency. The direct beneficiaries from this latter activity will be those business persons who participate in the local currency portion of the program and the under-employed and unemployed individuals who find jobs through the increase in economic activities in the particular communities.

E. Design Schedule

The Mission will develop the PAIP in January/February of 1987 in conjunction with a REDSO/ESA Project Design Officer and an Economist. The PAIP will be submitted to AID/W for approval in March/April. The PAAD will be designed in June/July, again with the assistance of a REDSO/ESA Projects Design Officer, an Economist, and a Legal Officer. The PAAD will be submitted to AID/W in August 1987 in order that signing of the Project can take place soon after the beginning of FY 88.

AFRICA MANPOWER DEVELOPMENT PROJECT (AMDP) III, 698-0433
COUNTRY TRAINING PLAN AND FUNDING REQUEST
FY 1987 and FY 1988

611-ZAMBIA

FY 1987 REQUEST

1. Objective

In FY 1987, under AMDP III, USAID/Zambia will continue its assistance to the cooperative movement in Zambia, an important vehicle for rural development. The objective is to specifically assist in the establishment of a cooperative banking system to serve agricultural credit needs in the rural areas of the country. This objective will be met by building on the farmer credit program established under the auspices of the Zambia Cooperative Federation, the apex organization for the cooperative movement in Zambia through one of its subsidiaries, the Financial Services Division. We will complement efforts already underway to develop a full-fledged cooperative bank by providing degree training opportunities in financial management or accounting. In-country training programs will focus on cooperative and general banking practices.

In the past few years the Zambian government has given priority attention to the development of the agriculture sector and in particular to the small-scale farmer who makes up the great majority of the country's agricultural producers. USAID/Zambia has supported this focus through its program aimed at increasing the food production and income of the small-scale farmer. This plan contributes to those efforts.

While the Swedish government and cooperatives have been the major donors to the cooperative movement in Zambia, training of the nature we plan has been limited. Our training resources will allow the movement in Zambia to benefit from the impressive growth and development of cooperatives in the U.S. and the business and lending practices they employ.

2. Summary of Funds Requested (ARDN Account)

A. Academic Training, U.S.	Cost (International travel included)
1 MSc in Financial Management/ Accounting	\$46,200

B. Technical Short-term In-Country Training in Cooperative Banking Practices, i.e., Financial Management, Accounting	\$53,800
Total Requested for FY 87	<u>\$100,000</u>

FY 1988 REQUEST

1. Objective

USAID/Zambia's FY 88 activity under AMDP III will be a continuation of the previous year's assistance to the cooperative movement in Zambia. The object of this assistance will remain that of participating in the establishment of a cooperative banking system to serve agricultural credit needs in the rural areas of the country. The Zambia Cooperative Federation/Financial Services Division (ZCF/FS) is the sole organization with which the Mission will work, building upon efforts initiated the previous year to further develop their already established farmer credit program into a full-fledged cooperative bank. The Mission's objective will be achieved by providing training opportunities in financial management/accounting for selected ZCF/FS staff. While the Mission plans to train one person at the Master's degree level, the bulk of the training assistance will again be directed toward in-country training seminars, workshops and courses and third country training at the Cooperative Bank Training Center being established in Nairobi, Kenya by the World Bank.

In the past few years the Zambian government has given priority attention to the development of the agriculture sector and in particular to the small-scale farmer who makes up the great majority of the country's agricultural producers. USAID/Zambia has supported this thrust through its program aimed at increasing the food production and income of the small-scale farmer. This plan contributes to those efforts.

While the Swedish government and cooperatives have been the major donors to the cooperative movement in Zambia, training of the nature planned has been limited. Mission training resources will allow the movement in Zambia to benefit from the impressive growth and development of cooperatives in the U.S. and the business and lending practices they employ.

2. Summary of Funds Requested (ARDN Account)

A. Academic Training, U.S.	Cost (International travel included)
1 MSc in Financial Management/Accounting	\$ 46,200
B. Technical Short-term, Third Country at Cooperative Bank Training Center, Nairobi for 4 person/years at \$6,500 each	\$ 26,000
C. Technical Short-term, In-country	<u>\$ 27,800</u>
Total Requested for FY 88	<u>\$100,000</u>

AID PROGRAM IN FY88
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

611 - ZAMBIA

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	APPROP	PROGRAM FUNDING (\$000)	
						INCR	CUM
1.	0211	ZAMBIA AUCTION PROGRAM SUPPORT II	N	G	ES	10,000	10,000
2.	0207	AGRICULTURAL TRAINING, PLANNING AND INSTITUTIONAL DEVELOPMENT II	O	G	ES	2,500	12,500
3.	0208	AGRICULTURAL DEVELOPMENT: RESEARCH AND EXTENSION II	N	G	ES	6,000	18,500
4.	0206	HUMAN AND INSTITUTIONAL RESOURCES DEVELOPMENT	O	G	ES	1,500	20,000
5.	0211	ZAMBIA AUCTION PROGRAM SUPPORT II	N	G	ES	5,000	25,000
6.	PL01	PL 480 TITLE I - ZAMBIA	--	L	P1	(10,000)	25,000
TOTAL						25,000	

FY 1988 ANNUAL BUDGET SUBMISSION
LOCAL CURRENCY USE PLAN

Local currency is generated under a variety of USAID/Zambia programs, including the PL 480 program, the ESF-funded Commodity Import Programs and program grants. Past Mission policy was that counterpart funds generated under loan programs would be attributed to the productive sectors of the GRZ budget, and local currency generated under grants would be jointly programmed with the GRZ. In 1986, USAID/Zambia made the determination that all non-project activities in Zambia would henceforth generate local currency that would be deposited into a special account, and programmed jointly with the GRZ in support of the Mission's strategy in Zambia. The counterpart funds generated under these programs provide a relatively stable yet flexible source of funds which are and will be used in support of the Mission strategy's twin goals of increased food production and increased small farmer income.

The CIP program was converted from a loan to a grant in 1984, and since that time CIP counterpart funds have been generated and deposited into a special account. Prior to 1985, local currency was generated under PL 480 Title II monetization programs (which were discontinued when the agro-climatic conditions improved in country) and jointly programmed with the GRZ. Prior to 1986, local currency generated under PL 480 Title I was attributed to the GRZ budget.

Counterpart funds under direct USAID--GRZ management (joint programming from the special account) have been and are being generated under the following activities and in the appropriate amounts shown:

PL 480 Title II programs:	K 19.6 million;
1984 CIP program (611-K-601):	K 31.5 million;
1985 CIP program (611-K-602):	K 66.0 million;
1985 ZAMCAM program (611-0747):	K 175.0 million;
1986 ZAPS program (611-0757):	K 105.0 million;
1986 PL 480 Title I program:	K 70.0 million.

Future years' CIP, PL 480 and other programs will generate counterpart funds as a function of the dollar assistance provided and the prevailing exchange rate(s).

In February, 1986, USAID and the GRZ reached agreement on detailed procedures regulating the allocation and expenditure of counterpart funds. These procedures are applicable to all USAID generated counterpart funds. Implementation of these mutually agreed-upon procedures has already resulted in improved rates of counterpart funds expenditure, and better allocation of resources in our target sectors.

The local currency funds are programmed as an integral part of the Mission's program. These funds provide direct support to the GRZ agencies with which we have projects (Planning Division and the Research and Extension Branches of the Ministry of Agriculture and Water Development, the Central Statistical Office and the National Commission for Development Planning of the Ministry of Finance, and the Zambia Cooperative Federation) and to other areas that support the overall policy reform effort. Allocations to the agencies listed above assists in the recurrent budget problems, directs scarce resources to these priority areas, and allows expansion of activities such as policy and research studies, and data collection and analysis initiatives and in certain cases directs resources to the private sector. Further, local currency will be used in direct support of the liberalization of the agricultural marketing system by providing funds for small scale farm credit, and agricultural input credit to the marketing agencies. This local currency resource complements the commodity and balance of payments support provided through the PL 480 and ESF funding, and increases our leverage at the policy dialogue table.

USAID/Zambia expects to generate in excess of \$88 million (Kwacha 620 million) in counterpart funds over the FY 1986--1988 period from all sources. Approximately \$20 million in local currency may be attributed to the productive sectors of the GRZ budget if absorbtive capacity for project activities proves to be insufficient to allow the total amount available to be programmed for these purposes.

Under the terms of the 1985 CIP agreement, 3% of the local currency generations was allocated to a USAID/Zambia Trust Fund Account for general operating expenses. The ZAMCAM agreement calls for 1% of the local currency to be paid into the USAID/Zambia Trust Fund Account. This procedure will likewise be in use in FY 87 and FY 88 with increased local currency inputs into that Trust Fund Account.

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE VI - EXPENDITURES OF LOCAL CURRENCY GENERATIONS
 (All in U.S. Dollar Equivalents, and in \$ Thousands)

<u>Source/Purpose</u>	<u>1985 Actual</u>	<u>1986 Estimate</u>	<u>1987 Planned</u>	<u>1988 Proposed</u>
I. <u>ECONOMIC SUPPORT FUND</u>				
A. Public Development Activities				
1. Improved seeds	---	435	---	---
2. Housing for contract personnel	---	425	---	---
3. Ag marketing storage facilities	---	---	---	---
4. Ag training institutions	---	300	---	---
B. Private Sector Programs				
1. Loans to Cooperatives	---	5,000	3,000	3,000
2. Small scale farm credit	---	730	1,000	1,500
3. Loans to private traders	---	---	1,000	3,000
4. Loans to private truckers	---	---	1,500	3,000
5. Loans to informal businesses	---	---	250	500
6. Storage facilities for Coops	---	---	1,000	1,000
7. Agricultural credit	---	---	1,500	1,500
C. Public Sector Recurrent Budget				
1. Agricultural research	---	200	600	800
2. Agricultural planning	---	500	600	750
3. Agricultural extension	---	200	600	800
4. Agricultural development	---	500	750	750
5. Central Statistical Office	---	---	700	750
6. Agricultural training	---	500	500	500
7. University of Zambia	---	50	1,000	250
8. National Commission for Development Planning	---	---	50	50
9. Ministry of Cooperatives	---	---	1,000	2,000
10. GRZ budgetary support	---	7,500	7,500	5,000
D. Famine Relief	---	---	---	---
E. AID Operating Expenses (Trust Fund)	150	277	340	451
II. <u>DEVELOPMENT ASSISTANCE</u>				
(USAID/Zambia has no Development Assistance Funding)				
SUBTOTAL ESF and DA	150	16,617	22,890	25,601

Continued

TABLE VI - EXPENDITURES OF LOCAL CURRENCY GENERATIONS
(All in U.S. Dollar Equivalents, and in \$ Thousands)

<u>Source/Purpose</u>	<u>1985 Actual</u>	<u>1986 Estimate</u>	<u>1987 Planned</u>	<u>1988 Proposed</u>
III. PL 480				
A. Public Development Activities				
1. Improved seeds	---	---	---	---
2. Housing for contract personnel	---	---	---	---
3. Ag marketing storage facilities	---	---	2,000	2,000
4. Ag Training Institutions	---	---	2,000	2,000
B. Private Sector Programs				
1. Loans to Cooperatives	---	---	---	---
2. Small scale farm credit	---	---	---	---
3. Loans to private traders	---	---	---	---
4. Loans to private truckers	---	---	---	---
5. Loans to informal business	---	---	---	---
6. Storage facilities for Coops	450	---	2,000	2,000
7. Agricultural credit	1,085	---	3,750	3,750
C. Public Sector Recurrent Budget				
1. Agricultural research	---	260	---	---
2. Agricultural planning	---	---	---	---
3. Agricultural extension	---	579	---	---
4. Agricultural development	---	---	---	---
5. Central Statistical Office	---	695	---	---
6. Agricultural training	---	---	---	---
7. University of Zambia	---	---	---	---
8. National Commission for Development Planning	---	---	---	---
9. Ministry of Cooperatives	---	---	---	---
10. GRZ budgetary support	---	---	---	---
D. Famine Relief	500	---	---	---
E. AID Operating Expenses (Trust Fund)	---	---	---	---
SUBTOTAL PL 480	2,035	1,534	9,750	9,750
TOTAL	2,185	18,151	32,640	35,351

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1988 ANNUAL BUDGET SUBMISSION
 COUNTRY OFFICE: USAID/ZAMBIA

Project No. & Title	Last Eval Completed (Mo./Yr.)	FY 1987		FY 1988		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
Zambia Multi-Channel Agricultural Market-Program, 611-0747	--	2	2			PACU: 9/27/88 The program will provide \$25 million in support of GRZ measures to liberalize marketing of maize and fertilizer. Funds will be released in four separate tranches, each conditioned on a distinct policy reform. Due to the FX auction, the original concept of financing U.S. products proved unrealistic so a change in the format is required. The current plan is to make the program move by expanding eligible commodities to include petroleum and source/origin to include 899. An evaluation is needed to review progress on both policy reforms and the mix of commodities.	Mission OE, REDSO, AID/W OE	30	REDSO/ESA, Project Dev. Officer; AID/W Economist; USAID/Zambia CMU and Program Econ. 60 person days

Project Officers serve as Evaluation Officers.
), ADU and CMU spend 10% of time on evaluation.)

Continued

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1988 ANNUAL BUDGET SUBMISSION
 COUNTRY OFFICE: USAID/ZAMBIA

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1987		FY 1988		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
Commodity Import Program, 611-0070	--	1	2			PACU: Loans 611-K-007 and 611-K-009, and Grants 611-K-601 and 611-K-602 will be evaluated. PACU's are 3/27/86, 2/2/87, 7/17/86 and 2/13/87 respect- ively. The grants provided (1) short term balance of payments relief; (2) urgently needed foreign exchange for critical commodities; and (3) assistance in accelerating the GRZ's agricultural develop- ment and economic diversification programs. The internal evaluation should detail: (1) commodities; (2) importers; and (3) utilization of commodities (a representative sample at minimum) and examine: (1) management (by AID and GRZ importers); (2) objectives (applicability and attainment); and impact (intended and unintended social, economic, develop- mental, etc.). The evaluation should focus on legislative criteria in 85 State 365176 and be consistent with Program Design and Methodology Report No.4.	REDSO, Mission OE	30	REDSU/ESA Program Economist, Project Develop- ment Officer, USAID/Z, GRZ Technical Assistance. 60 person days.

inued

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1988 ANNUAL BUDGET SUBMISSION
 COUNTRY OFFICE: USAID/ZAMBIA

Project No. & Title	Last Eval Completed (Mo./Yr.)	FY 1987		FY 1988		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
in and itutional ources opment, 611-0206	--	1*	2*			PACD: 9/90 Project aim is to assist GRZ in developing its technical, administrative and managerial 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 put project on track, and to clarify project goals and objectives in light of revisions made in project. Will also include the performance of the U.S. contractor, USAID/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 REDSO MISSION OE	30	REDSO/ESA Project Development Officer; AID/W or Contract Manpower Planner; USAID/Z, GRZ, Technical Assistance. 10 person days

1
4
1

Continued

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1988 ANNUAL BUDGET SUBMISSION
 COUNTRY OFFICE: USAID/ZAMBIA

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1987		FY 1988		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)				
Regional Transport Development (Zambia Railways), 690-0231	--	2	3			PACD: 9/88 The project purpose is to improve the capacity and efficiency of Zambia Railways. The internal evaluation of implementation progress will take place after the required locomotive spare parts arrive in-country (o/a 11/86-12/86) and will assess ZR performance in receiving, inventorying and storing project commodities. Although not a CIP, this CIP-like activity evaluation will focus on on legislative criteria detailed in 85 State 365176 and be consistent with Program Design and Evaluation Methodology Report No.4.	Mission OE	USAID/Zambia CMU, Program Economist, Asst. Ag. Economist	

FY 1988 ANNUAL BUDGET SUBMISSION
OPERATING EXPENSE NARRATIVE

A. Management Improvements

During FY 1985 and FY 1986 USAID/Zambia has continued to make major strides in improving the overall management function of the Mission. Our progress has been hampered somewhat by the fact that there was a rather long hiatus between the departure of one Executive Officer and the arrival of his replacement. The former departed in early June, 1985, and the latter did not arrive until the end of October, 1985. There have been other personnel changes, both within the Mission and in RFMC/Nairobi, which have further resulted in delays in implementing programs that have been in the planning stages. However, as of the end of April, 1986, we feel that the problems associated with the personnel changes have been overcome and that we are once again on track in regard to streamlining and improving our operations.

A major Mission accomplishment to date has been the reduction of FAAS operating expenses. The Mission is now one of the lowest contributors to FAAS in Africa. The mid-year FAAS submission by the Embassy estimated that the total USAID/Zambia FY 86 FAAS contributions would total approximately \$16,000. This represents a fifty per cent reduction above the reduction estimated in the original submission of the FY 86 FAAS budget. The Mission has also identified other areas where FAAS participation can be reduced; however, at this time we are unsure as to the extent these savings will affect the amount we contribute to the FAAS. Overall, we believe that the Mission is now at an absolute minimum of FAAS participation and we are concentrating our management improvement efforts on other areas.

One area where we can make major strides is in the General Services field. During the previous year we identified and leased a warehouse and maintenance facility which will finally enable us to properly warehouse our non-expendable property (NXP). This warehouse will also provide us with the workshops and lockup areas necessary for our craftsman to provide an adequate level of maintenance support to the 24 US direct hire employees and contractors here in Zambia. The lack of adequate facilities has long hindered our ability to provide general services support to the Mission, particularly in the control of NXP. The previous facility occupied fewer than 800 square feet, and the material stored therein was stacked literally from floor to ceiling. It was physically impossible to know what was in the warehouse. Craftsmen were hindered in the performance of their trades because they did not have adequate space to do their work or lock up their tools and the items on which they were working.

Substantial progress has also been made in implementing financial controls. A TCN Financial Analyst has been recruited and is now working under a PSC. In addition, we have identified a highly qualified FSN to be trained as a Financial Analyst and have this person under a PSC. Outside help has also been utilized in the form of a contractor hired to review disbursements against obligation documents for all of our projects; an accounting firm was hired for this purpose and the final report is due in May. The TCN previously mentioned arrived at post in late February and has been instrumental in the preparation of this budget and in initiating controls necessary to preclude repetition of the errors that caused confusion with previous project expenditures. The controller staff now stands at three (two FSNs and one TCN), and we believe that this staff is adequately experienced and trained to handle the job in question. The TCN has over five years U.S. Government experience working with USAID/Manila and the two FSNs are both highly trained accountants who are adapting well to USAID procedures.

We have leased additional office space to help accommodate the increased staff. We were able to lease space contiguous to our current office area and will have sufficient space to accommodate both the additional staff and the heavy flow of TDY traffic that is necessary to manage existing projects.

The ADP equipment mentioned in several previous budget submissions has arrived at post, is installed and in use. At present the heaviest use of this equipment is in the field of word-processing, and cost savings from higher output by secretaries have resulted. However, several officers have taken a keen interest and additional software programs have been put on line so that the equipment's computer capabilities are being increasingly utilized. As our training programs continue we anticipate expanded utilization of these computer facilities and increased productivity -- and cost savings -- will certainly follow. Unfortunately, the expenditures budgeted for ADP supporting equipment in FY 85 were deferred for several reasons. First, there were delays in the arrival of the equipment previously ordered. Subsequent to its arrival additional delays were incurred putting it on line because some of the software did not arrive with the equipment. The delay in putting this new equipment on line has delayed our training program and we are not as far advanced in utilization of the equipment as we would like to be at this time. This, coupled with the fact that our financial resources were severely depleted because we had to hire a contractor at a cost of over \$28,000 to fill in during the hiatus of our two Executive Officers, resulted in a management decision to defer further expenditures on ADP equipment until a later date. See the Information Technology Narrative for further details.

Pursuant to AID's long established policy of "doing more with less", USAID/Zambia has historically pursued an active personnel policy of "Zambianization". Host Country Nationals (HCN's) have been recruited and trained in the positions of Agricultural Assistant, Agricultural Economist, Cashier, Financial Analyst, Training Officer and General Services Specialist. As the incumbents have assumed more responsible positions, our training program has become more sophisticated. In FY 85 one individual was sent to the U.S. on long-term (2 year) university training. This employee will eventually replace a U.S. PSC who is currently managing our training program. In FY 86 three employees were sent to Nairobi for a seminar on commodity procurement for projects. HCN's with proven aptitudes are being given more advanced training on the Wang PC. It is the Mission's intent to continue pursuing this proven policy of successfully making the most of available human resources and to continue to search for new talent. Our current mid-term plan calls for recruitment of an additional HCN/PSC during FY 87 to be trained as a Program Assistant. The establishment of this position will bring our cadre of senior level (FSN-10) HCN's to six. These individuals will all assume increasing responsibilities inherent in their positions.

B. Trust Funds

As discussed in detail in the Local Currency Use Plan, USAID/Zambia trust funds are derived currently from local currency generations under three different programs: the FY 1984 CIP, the FY 1985 CIP and the FY 1985 ZAMCAM program. The trust fund generations from these three activities will total approximately \$700,000 (depending on the prevailing exchange rate). As shown in Table VIII, the projected trust fund costs for FY 1986 and FY 1987 are \$616,400, so local currency available is adequate to fund the local currency components of our OE budgets for those two years. While the generation of counterpart under those grant agreements with trust fund provisions has sometimes been slower than anticipated, the Government of the Republic of Zambia has been very cooperative about advancing local currency against anticipated trust fund generations. To cover FY 1988 trust fund needs, the Mission will be including appropriate trust fund clauses in future program assistance agreements to assure that adequate local currency is made available.

It should be noted in the Table VIII OE budgets that all costs that can be paid in local currency are included already under the trust fund portion of our budget. The constraining factor on our use of trust funds is not the availability of local currency from counterpart generations, but rather constraints on what can be paid for with local currency.

One of the primary purposes for the Wang PC dedicated for Controller Section use will be monitoring and tracking the generation of trust fund revenues. This will be closely monitored and we will continue to review utilization of the trust funds to ensure that adequate funds are available to meet all OE expenses that can be charged to the trust fund.

Based on the historically cooperative attitude of the GRZ in agreeing to methods of generating these funds, we anticipate no future problems in expanding this source of funds if and when additional uses are identified.

C. Justification for Funding Changes

There are a number of places within this year's presentation (at the summary function level) where funding changes exceed 5%. The largest percentage of these changes are due to forces beyond the management control of the Mission.

There was a sharp devaluation of the kwacha at the beginning of FY 86 (the exchange rate has changed from \$1 = K2.2 in September 1985 to \$1 = K7.00 in May 1986). Subsequent to this action inflation has accelerated and prices on the local market have increased substantially, in many cases by as much as 100% and more. There was an administrative decision made by the Ambassador prior to the beginning of CY 1986 whereby wages for Foreign Service National personnel were increased by 50% to help offset the rapidly escalating cost of living. The wage and price survey team which visited the post in February 1986 found that this increase had been more than justified and has predicted that local salaries and fringe benefits will escalate further in late FY 86 and again in FY 87. To compensate for this contingency we have budgeted a 35% increase in FY 87 and 40% increase in FY 88 for local wages. We have also incorporated provisions for a 30% increase in local prices for both FY 87 and FY 88. As a result, a large proportion of our budget costs have increased by similar percentages.

Since January 1986 the value of the U.S. dollar has declined significantly on the international currency exchange. We anticipate that this adjustment of the over-inflated dollar to free market forces will continue. Therefore, we have built into this budget a 15% rate of inflation for purchases made with U.S. dollars in FY 87 and FY 88. We have also built in a cost of living adjustment for our dollar-funded PSC's.

The only post-initiated increase resulting in increased budget costs after FY 1986 consists of the addition of two PSC positions. One is for an FSN/PSC to serve as a Program Assistant to our General Development Officer. In order to enable the GDO to better manage his time and concentrate his efforts where they are most needed we have determined that an FSN Program Assistant will be necessary. In addition, we are anticipating a vacancy in our Administrative Staff in the General Services Section. This post has been filled in the past by a locally hired TCN and it is anticipated that for personal reasons this individual will be resigning from that position. Thus, we have built in the necessary expenses to bring a U.S. PSC to post to take over supervision of the General Services functions.

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1986

<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>UNIT COST</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>		<u>791.3</u>	<u>---</u>	<u>791.3</u>		
U.S. CITIZENS BASIC PAY	U101	110	418.9	---	418.9	7.8	53.7
PT/TEM U.S. BASIC PAY	U102	112	---	---	---	---	---
DIFFERENTIAL PAY	U103	116	62.8	---	62.8	XXXXX	XXXX
OTHER AID/W FUNDED CODE 11	U104	119	10.0	---	10.0	XXXXX	XXXX
OTHER MISSION FUNDED CODE 11	U105	119	2.1	---	2.1	XXXXX	XXXX
EDUCATION ALLOWANCES	U106	126	76.8	---	76.8	5.0	15.3
RETIREMENT - U.S. DIRECT HIRE	U107	120	29.3	---	29.3	XXXXX	XXXX
LIVING ALLOWANCES	U108	128	---	---	---	XXXXX	XXXX
OTHER AID/W FUNDED CODE 12	U109	129	---	---	---	XXXXX	XXXX
OTHER MISSION FUNDED CODE 12	U110	129	---	---	---	XXXXX	XXXX
POST ASSIGNMENT - TRAVEL	U111	212	47.5	---	47.5	6.0	7.9
POST ASSIGNMENT - FREIGHT	U112	22	67.4	---	67.4	6.0	11.2
HOME LEAVE - TRAVEL	U113	212	16.2	---	16.2	2.0	8.1
HOME LEAVE - FREIGHT	U114	22	7.2	---	7.2	2.0	3.6
EDUCATION TRAVEL	U115	215	10.4	---	10.4	4.0	2.6
R AND R TRAVEL	U116	215	38.3	---	38.3	5.0	7.7
OTHER CODE 215 TRAVEL	U117	215	4.4	---	4.4	4.0	1.1
<u>FOREIGN NATIONAL DIRECT HIRE</u>	<u>U200</u>		<u>12.0</u>	<u>13.9</u>	<u>25.9</u>		
BASIC PAY	U201	114	12.0	13.9	25.9	5.3	4.9
OVERTIME, HOLIDAY PAY	U202	115	---	---	---	---	---
ALL OTHER CODE 11 - FN	U203	119	---	---	---	XXXXX	XXXX
ALL OTHER CODE 12 - FN	U204	129	---	---	---	XXXXX	XXXX
BENEFITS FORMER FN PERSONNEL	U205	13	---	---	---	XXXXX	XXXX
<u>CONTRACT PERSONNEL</u>	<u>U300</u>		<u>179.5</u>	<u>60.1</u>	<u>239.6</u>		
PASA TECHNICIANS	U301	258	---	---	---	---	---
U.S. PSC - SALARY/BENEFITS	U302	113	82.9	8.5	91.4	2.5	36.6
ALL OTHER U.S. PSC COSTS	U303	255	2.5	---	2.5	XXXXX	XXXX
F.N. PSC - SALARY/BENEFITS	U304	113	91.5	51.6	143.1	17.0	8.4
ALL OTHER F.N. PSC COSTS	U305	255	2.6	---	2.6	XXXXX	XXXX
MANPOWER CONTRACTS	U306	259	---	---	---	---	---
JCC COSTS PAID BY AID/W	U307	113	---	---	---	---	---
<u>HOUSING</u>	<u>U400</u>		<u>162.1</u>	<u>44.4</u>	<u>206.5</u>		
RESIDENTIAL RENT	U401	235	145.9	3.6	149.5	8.0	18.7
RESIDENTIAL UTILITIES	U402	235	---	8.2	8.2	XXXXX	XXXX
MAINTENANCE AND RENOVATION	U403	259	---	8.8	8.8	XXXXX	XXXX
QUARTERS ALLOWANCES	U404	127	---	---	---	---	---
RESIDENTIAL FURNITURE/EQUIP.	U405	311	9.0	15.0	24.0	XXXXX	XXXX
TRANS./FREIGHT - CODE 311	U406	22	1.5	---	1.5	XXXXX	XXXX
SECURITY GUARD SERVICES	U407	254	4.2	8.8	13.0	XXXXX	XXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254	0.5	---	0.5	XXXXX	XXXX
REPRESENTATION ALLOWANCES	U409	252	1.0	---	1.0	XXXXX	XXXX

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1986
(continued)

<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>UNIT COST</u>
<u>OFFICE OPERATIONS</u>	<u>U500</u>		<u>158.1</u>	<u>158.2</u>	<u>316.3</u>		
OFFICE RENT	U501	234	18.0	10.7	28.7	XXXXX	XXXX
OFFICE UTILITIES	U502	234	1.3	4.3	5.6	XXXXX	XXXX
BUILDING MAINT/RENOVATION	U503	259	---	4.8	4.8	XXXXX	XXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	10.5	---	10.5	XXXXX	XXXX
VEHICLES	U505	312	16.0	---	16.0	XXXXX	XXXX
OTHER EQUIPMENT	U506	319	---	---	---	XXXXX	XXXX
TRANSPORTATION/FREIGHT	U507	22	1.5	---	1.5	XXXXX	XXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	8.9	11.7	20.6	XXXXX	XXXX
COMMUNICATIONS	U509	230	6.2	56.4	62.6	XXXXX	XXXX
SECURITY GUARD SERVICES	U510	254	---	5.1	5.1	XXXXX	XXXX
PRINTING	U511	24	---	1.2	1.2	XXXXX	XXXX
RIG/II OPERATIONAL TRAVEL	U512	210	---	---	---	---	---
SITE VISITS-MISSION PERSONNEL	U513	210	9.1	8.1	17.2	18.0	1.0
SITE VISITS-AID/W PERSONNEL	U514	210	5.5	---	5.5	1.0	5.5
INFORMATION MEETINGS	U515	210	4.0	3.4	7.4	5.0	1.5
TRAINING ATTENDANCE	U516	210	5.5	---	5.5	4.0	1.4
CONFERENCE ATTENDANCE	U517	210	3.2	1.0	4.2	4.0	1.1
OTHER OPERATIONAL TRAVEL	U518	210	13.8	---	13.8	4.0	3.5
SUPPLIES AND MATERIALS	U519	26	30.8	21.3	52.1	XXXXX	XXXX
FAAS	U520	257	---	16.0	16.0	XXXXX	XXXX
CONSULTING SVCS - CONTRACTS	U521	259	---	---	---	XXXXX	XXXX
MGT./PROF.SVCS. - CONTRACTS	U522	259	---	---	---	XXXXX	XXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259	---	---	---	XXXXX	XXXX
ALL OTHER CODE 25	U524	259	<u>23.8</u>	<u>14.2</u>	<u>38.0</u>	XXXXX	XXXX
TOTAL OE BUDGET			1,233.6	276.6	1,579.6	XXXXX	XXXX
RECONCILIATION			<u>521.0</u>	---	<u>521.0</u>	XXXXX	XXXX
OPERATING BUDGET REQUIREMENTS			782.0	276.6	1,058.6	XXXXX	XXXX
636C REQUIREMENTS	<u>U600</u>	32	---	---	---	XXXXX	XXXX
TOTAL ALLOWANCE REQUIREMENTS	<u>U000</u>		<u>782.0</u>	<u>276.6</u>	<u>1,058.6</u>	XXXXX	XXXX
<u>LOCAL COST SUPPORT COST DATA</u>							
F.N. PSC - SALARY/BENEFITS	U304	113	91.5	51.6	143.1		
ALL OTHER F.N. PSC COSTS	U305	255	2.6	---	2.6		
MANPOWER CONTRACTS	U306	259	---	---	---		
SITE VISITS - RIG PERSONNEL	U512	210	---	---	---		
SITE VISITS - MISSION PERSONNEL	U512	210	9.1	8.1	17.2		

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES None
EXCHANGE RATE USED (MARCH 31, 1986) - \$1.00 = ZK6.75

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1987

<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>UNIT COST</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>		<u>850.5</u>	<u>---</u>	<u>850.5</u>		
U.S. CITIZENS BASIC PAY	U101	110	446.0	---	446.0	8.0	55.8
PT/TEM U.S. BASIC PAY	U102	112	---	---	---	---	---
DIFFERENTIAL PAY	U103	116	66.9	---	66.9	XXXXX	XXXX
OTHER AID/W FUNDED CODE 11	U104	119	10.6	---	10.6	XXXXX	XXXX
OTHER MISSION FUNDED CODE 11	U105	119	---	---	---	XXXXX	XXXX
EDUCATION ALLOWANCES	U106	126	59.2	---	59.2	4.0	14.8
RETIREMENT - U.S. DIRECT HIRE	U107	120	31.2	---	31.2	XXXXX	XXXX
LIVING ALLOWANCES	U108	128	---	---	---	XXXXX	XXXX
OTHER AID/W FUNDED CODE 12	U109	129	---	---	---	XXXXX	XXXX
OTHER MISSION FUNDED CODE 12	U110	129	---	---	---	XXXXX	XXXX
POST ASSIGNMENT - TRAVEL	U111	212	27.5	---	27.5	3.0	9.2
POST ASSIGNMENT - FREIGHT	U112	22	64.1	---	64.1	3.0	21.4
HOME LEAVE - TRAVEL	U113	212	50.2	---	50.2	4.0	12.6
HOME LEAVE - FREIGHT	U114	22	22.4	---	22.4	4.0	5.6
EDUCATION TRAVEL	U115	215	11.1	---	11.1	4.0	2.8
R AND R TRAVEL	U116	215	46.0	---	46.0	5.0	9.2
OTHER CODE 215 TRAVEL	U117	215	15.3	---	15.3	12.0	1.3
<u>FOREIGN NATIONAL DIRECT HIRE</u>	<u>U200</u>		<u>1.8</u>	<u>32.2</u>	<u>34.0</u>		
BASIC PAY	U201	114	1.8	29.9	31.7	6.0	5.2
OVERTIME, HOLIDAY PAY	U202	115	---	2.3	2.3	1.0	2.3
ALL OTHER CODE 11 - FN	U203	119	---	---	---	XXXXX	XXXX
ALL OTHER CODE 12 - FN	U204	129	---	---	---	XXXXX	XXXX
BENEFITS FORMER FN PERSONNEL	U205	13	---	---	---	XXXXX	XXXX
<u>CONTRACT PERSONNEL</u>	<u>U300</u>		<u>227.2</u>	<u>62.7</u>	<u>289.9</u>		
PASA TECHNICIANS	U301	258	---	---	---	---	---
U.S. PSC - SALARY/BENEFITS	U302	113	119.9	8.6	128.5	3.5	36.7
ALL OTHER U.S. PSC COSTS	U303	255	26.8	---	26.8	XXXXX	XXXX
F.N. PSC - SALARY/BENEFITS	U304	113	76.5	50.7	127.2	17.0	7.5
ALL OTHER F.N. PSC COSTS	U305	255	4.0	3.4	7.4	XXXXX	XXXX
MANPOWER CONTRACTS	U306	259	---	---	---	---	---
JCC COSTS PAID BY AID/W	U307	113	---	---	---	---	---
<u>HOUSING</u>	<u>U400</u>		<u>301.2</u>	<u>49.6</u>	<u>350.8</u>		
RESIDENTIAL RENT	U401	235	222.3	4.6	226.9	9.0	25.2
RESIDENTIAL UTILITIES	U402	235	---	10.6	10.6	XXXXX	XXXX
MAINTENANCE AND RENOVATION	U403	259	---	11.4	11.4	XXXXX	XXXX
QUARTERS ALLOWANCES	U404	127	---	---	---	---	---
RESIDENTIAL FURNITURE/EQUIP.	U405	311	70.9	---	70.9	XXXXX	XXXX
TRANS./FREIGHT - CODE 311	U406	22	6.5	6.5	13.0	XXXXX	XXXX
SECURITY GUARD SERVICES	U407	254	---	16.5	16.5	XXXXX	XXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254	0.5	---	0.5	XXXXX	XXXX
REPRESENTATION ALLOWANCES	U409	252	1.0	---	1.0	XXXXX	XXXX

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1987
(continued)

<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>UNIT COST</u>
<u>OFFICE OPERATIONS</u>	<u>U500</u>		<u>294.0</u>	<u>195.3</u>	<u>489.3</u>		
OFFICE RENT	U501	234	20.7	13.9	34.6	XXXXX	XXXX
OFFICE UTILITIES	U502	234	---	7.1	7.1	XXXXX	XXXX
BUILDING MAINT/RENOVATION	U503	259	---	6.2	6.2	XXXXX	XXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	69.8	---	69.8	XXXXX	XXXX
VEHICLES	U505	312	27.6	---	27.6	XXXXX	XXXX
OTHER EQUIPMENT	U506	319	25.0	---	25.0	XXXXX	XXXX
TRANSPORTATION/FREIGHT	U507	22	5.0	3.0	8.0	XXXXX	XXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	13.0	7.0	20.0	XXXXX	XXXX
COMMUNICATIONS	U509	230	---	68.0	68.0	XXXXX	XXXX
SECURITY GUARD SERVICES	U510	254	---	5.8	5.8	XXXXX	XXXX
PRINTING	U511	24	---	2.0	2.0	XXXXX	XXXX
SITE VISITS-MISSION PERSONNEL	U512	210	18.1	4.9	23.0	21.0	1.1
SITE VISITS-AID/W PERSONNEL	U513	210	8.8	---	8.8	2.0	4.4
INFORMATION MEETINGS	U514	210	4.7	5.7	10.4	7.0	1.5
TRAINING ATTENDANCE	U515	210	6.7	1.5	8.2	8.0	1.0
CONFERENCE ATTENDANCE	U517	210	4.9	1.0	5.9	4.0	1.5
OTHER OPERATIONAL TRAVEL	U518	210	31.0	1.0	32.0	10.0	3.2
SUPPLIES AND MATERIALS	U519	26	35.4	27.7	63.1	XXXXX	XXXX
FAAS	U520	257	---	20.1	20.1	XXXXX	XXXX
CONSULTING SVCS - CONTRACTS	U521	259	---	---	---	XXXXX	XXXX
MGT./PROF.SVCS. - CONTRACTS	U522	259	---	---	---	XXXXX	XXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259	---	---	---	XXXXX	XXXX
ALL OTHER CODE 25	U524	259	<u>23.3</u>	<u>20.4</u>	<u>43.7</u>	XXXXX	XXXX
TOTAL OE BUDGET			1,674.7	339.8	2,014.5	XXXXX	XXXX
RECONCILIATION			<u>554.7</u>	---	<u>554.7</u>	XXXXX	XXXX
OPERATING BUDGET REQUIREMENTS			1,120.0	339.8	1,459.8	XXXXX	XXXX
636C REQUIREMENTS	<u>U600</u>	32	---	---	---		XXXXX
XXXX							
TOTAL ALLOWANCE REQUIREMENTS	<u>U000</u>		<u>1,120.0</u>	<u>339.8</u>	<u>1,459.8</u>	XXXXX	XXXX

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES: NONE
EXCHANGE RATE USED (March 31, 1986): \$1.00 = ZK6.75

	<u>Foreign Exchange</u>	<u>Local Currency</u>
Estimated Wage Increase FY 1986 to FY 1987	4%	35%
Estimated Price Increase - FY 1986 to FY 1987	15%	30%

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1988

<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>UNIT COST</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>		<u>938.6</u>	<u>0.0</u>	<u>938.6</u>		
U.S. CITIZENS BASIC PAY	U101	110	446.0	---	446.0	8.0	55.8
PT/TEM U.S. BASIC PAY	U102	112	---	---	---	---	---
DIFFERENTIAL PAY	U103	116	66.9	---	66.9	XXXXX	XXXX
OTHER AID/W FUNDED CODE 11	U104	119	10.6	---	10.6	XXXXX	XXXX
OTHER MISSION FUNDED CODE 11	U105	119	---	---	---	XXXXX	XXXX
EDUCATION ALLOWANCES	U106	126	101.8	---	101.8	7.0	14.5
RETIREMENT - U.S. DIRECT HIRE	U107	120	31.2	---	31.2	XXXXX	XXXX
LIVING ALLOWANCES	U108	128	---	---	---	XXXXX	XXXX
OTHER AID/W FUNDED CODE 12	U109	129	---	---	---	XXXXX	XXXX
OTHER MISSION FUNDED CODE 12	U110	129	---	---	---	XXXXX	XXXX
POST ASSIGNMENT - TRAVEL	U111	212	31.7	---	31.7	3.0	10.6
POST ASSIGNMENT - FREIGHT	U112	22	73.7	---	73.7	3.0	24.6
HOME LEAVE - TRAVEL	U113	212	42.0	---	42.0	3.0	14.0
HOME LEAVE - FREIGHT	U114	22	33.0	---	33.0	3.0	11.0
EDUCATION TRAVEL	U115	215	12.7	---	12.7	4.0	3.2
R AND R TRAVEL	U116	215	71.4	---	71.4	5.0	14.3
OTHER CODE 215 TRAVEL	U117	215	17.6	---	17.6	12.0	1.5
<u>FOREIGN NATIONAL DIRECT HIRE</u>	<u>U200</u>		<u>---</u>	<u>49.3</u>	<u>49.3</u>		
BASIC PAY	U201	114	---	45.6	45.6	6.0	7.6
OVERTIME, HOLIDAY PAY	U202	115	---	3.7	3.7	0.5	7.4
ALL OTHER CODE 11 - FN	U203	119	---	---	---	XXXXX	XXXX
ALL OTHER CODE 12 - FN	U204	129	---	---	---	XXXXX	XXXX
BENEFITS FORMER FN PERSONNEL	U205	13	---	---	---	XXXXX	XXXX
<u>CONTRACT PERSONNEL</u>	<u>U300</u>		<u>240.3</u>	<u>82.0</u>	<u>322.3</u>		
PASA TECHNICIANS	U301	258	---	---	---	---	---
U.S. PSC - SALARY/BENEFITS	U302	113	122.5	8.9	131.4	3.5	37.5
ALL OTHER U.S. PSC COSTS	U303	255	30.0	---	30.0	XXXXX	XXXX
F.N. PSC - SALARY/BENEFITS	U304	113	81.8	73.1	154.9	17.0	9.1
ALL OTHER F.N. PSC COSTS	U305	255	6.0	---	6.0	XXXXX	XXXX
MANPOWER CONTRACTS	U306	259	---	---	---	---	---
JCC COSTS PAID BY AID/W	U307	113	---	---	---	---	---
<u>HOUSING</u>	<u>U400</u>		<u>345.2</u>	<u>62.6</u>	<u>407.8</u>		
RESIDENTIAL RENT	U401	235	255.7	6.0	261.7	9.0	29.1
RESIDENTIAL UTILITIES	U402	235	---	13.8	13.8	XXXXX	XXXX
MAINTENANCE AND RENOVATION	U403	259	---	14.8	14.8	XXXXX	XXXX
QUARTERS ALLOWANCES	U404	127	---	---	---	---	---
RESIDENTIAL FURNITURE/EQUIP.	U405	311	81.5	---	81.5	XXXXX	XXXX
TRANS./FREIGHT - CODE 311	U406	22	6.5	6.5	13.0	XXXXX	XXXX
SECURITY GUARD SERVICES	U407	254	---	21.5	21.5	XXXXX	XXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254	0.5	---	0.5	XXXXX	XXXX
REPRESENTATION ALLOWANCES	U409	252	1.0	---	1.0	XXXXX	XXXX

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1988
(continued)

<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>UNIT COST</u>
<u>OFFICE OPERATIONS</u>	<u>U500</u>		<u>298.4</u>	<u>257.0</u>	<u>555.4</u>		
OFFICE RENT	U501	234	23.8	18.0	41.8	XXXXX	XXXX
OFFICE UTILITIES	U502	234	---	9.2	9.2	XXXXX	XXXX
BUILDING MAINT/RENOVATION	U503	259	---	8.1	8.1	XXXXX	XXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	66.4	---	66.4	XXXXX	XXXX
VEHICLES	U505	312	31.7	---	31.7	XXXXX	XXXX
OTHER EQUIPMENT	U506	319	---	---	---	XXXXX	XXXX
TRANSPORTATION/FREIGHT	U507	22	10.0	5.0	15.0	XXXXX	XXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	15.0	9.1	24.1	XXXXX	XXXX
COMMUNICATIONS	U509	230	---	88.4	88.4	XXXXX	XXXX
SECURITY GUARD SERVICES	U510	254	---	7.5	7.5	XXXXX	XXXX
PRINTING	U511	24	---	2.6	2.6	XXXXX	XXXX
RIG/II OPERATIONAL TRAVEL	U512	210	---	---	---	---	---
SITE VISITS-MISSION PERSONNEL	U513	210	23.5	11.2	34.7	23.0	1.5
SITE VISITS-AID/W PERSONNEL	U514	210	10.0	---	10.0	2.0	5.0
INFORMATION MEETINGS	U515	210	11.8	9.2	21.0	10.0	2.1
TRAINING ATTENDANCE	U516	210	10.6	3.6	14.2	10.0	1.4
CONFERENCE ATTENDANCE	U517	210	11.5	1.0	12.5	8.0	1.6
OTHER OPERATIONAL TRAVEL	U518	210	19.6	1.5	21.1	12.0	1.8
SUPPLIES AND MATERIALS	U519	26	38.9	36.1	75.0	XXXXX	XXXX
FAAS	U520	257	---	23.1	23.1	XXXXX	XXXX
CONSULTING SVCS - CONTRACTS	U521	259	---	---	---	XXXXX	XXXX
MGT./PROF.SVCS. - CONTRACTS	U522	259	---	---	---	XXXXX	XXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259	---	---	---	XXXXX	XXXX
ALL OTHER CODE 25	U524	259	<u>25.6</u>	<u>23.4</u>	<u>49.0</u>	XXXXX	XXXX
TOTAL OE BUDGET			1,822.5	450.9	2,273.4	XXXXX	XXXX
RECONCILIATION			<u>554.7</u>	---	<u>554.7</u>	XXXXX	XXXX
OPERATING BUDGET REQUIREMENTS			1,267.8	450.9	1,718.7	XXXXX	XXXX
636C REQUIREMENTS	<u>U600</u>	32	---	---	---	XXXXX	XXXX
TOTAL ALLOWANCE REQUIREMENTS	<u>U000</u>		<u>1,267.8</u>	<u>450.9</u>	<u>1,718.7</u>	XXXXX	XXXX

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES
EXCHANGE RATE USED (March 31, 1986)

NONE
\$1.00 = ZK6.75

Foreign Exchange Local Currency

Estimated Wage Increase FY 1987 to FY 1988
Estimated Price Increase - FY 1987 to FY 1988

4% 40%
15% 30%

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII (a) - INFORMATION ON U.S. P.S.C. COSTS

TITLE/POSITION DESCRIPTION	FY 1986	FY 1987	FY 1988
HUMAN RESOURCES DEVELOPMENT OFFICER	\$63,431 (10/85-9/86)	\$53,785 (10/86-9/87)	\$66,334 (10/87-9/88)
ADMINISTRATIVE SPECIALIST	\$22,000 (10/85-9/86)	\$22,967 (10/86-9/87)	\$23,996 (10/87-9/88)
LIBRARIAN	\$ 8,500 (3/86-9/86)	\$ 8,622 (10/86-9/87)	\$ 8,880 (10/87-9/88)
GENERAL SERVICES OFFICER	---	\$69,905 (5/87-9/87)	\$62,205 (10/87-9/88)

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII (b) - ALL OTHER CODE 25 DETAIL

DESCRIPTION OF SERVICES	FY 86	FY 87	FY 88
Miscellaneous Contractual Services	\$38,000 (10/85-9/86)	\$43,700 (10/86-9/87)	\$49,000 (10/87-9/88)
TOTAL	\$38,000	\$43,700	\$49,000

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII(c) - INFORMATION TECHNOLOGY NARRATIVE

Section A

During FY 1986 six additional work stations arrived that had been procured with FY 1985 funds. This brings the total number of work stations to ten. Distribution between professional users and clerical users is equal. Five are being utilized for word processing functions, while the other five are divided among professionals, including those in the Economic Section, the Regional Food For Peace Section, the Controller Section, and the Administrative Section, with one kept in reserve as a redundant unit which is utilized almost exclusively by TDY personnel.

Utilization of the PC's computer capabilities is still in its infant stage. However, as the Mission's professionals become more and more accustomed to using the machines their use for such things as spread sheets, statistical analysis and compilation of social and economic data grows. The Executive Office has started to put its machine to use for such purposes as automatic document preparation, filing systems, audit evaluation and follow-up, inventory control, the Mission library, automatic tickler systems for leases and other contracts, inventory control, and personnel. The training office has ordered a software package for participant tracking. The Controller Section will start being automated some time in June or July, with their machines being used extensively for purposes of Mission accounting and budget preparation.

In order of importance to the Mission, following are the primary uses of the automation equipment:

- word processing;
- statistical analysis;
- spreadsheets;
- administrative document preparation;
- participant tracking;
- automatic tickler system;
- compilation of economic social data; and
- inventory control.

Section B

The responsibility for the operation and management of the word-processing equipment lies with the Executive Office. Some problems have been experienced with maintaining the systems. Of late, however, this situation seems to have improved and as of the date of

this submission all units are on line. Some reasonably successful in-house training programs have taken place to train new personnel on the machines. Other courses have been arranged for personnel in Washington and the Mission will be requesting contractor support from RFMC/Nairobi to provide additional training during FY 86 and FY 87. As users become more familiar with the equipment a trend towards increasing requests for additional software packages has been noted. This is an encouraging sign that the computers are becoming more and more integrated as a basic work tool in the everyday operations of the Mission and it is anticipated that this trend will continue.

Section C

Including the extensive TDY coverage provided by RFMC, REDSO/ESA and AID/W, the ratio of users to stations is approximately 3.0 to 1.

Procurement of some of the previously budgeted support equipment for these computers has been deferred. Basically, this equipment consisted of special furniture designed for the work stations and filing of the equipment for the disks. The decision to defer this procurement was made for two reasons. The first was that there were severe funding restrictions in FY 86. The second has to do with our ability to develop a more realistic analysis of the Mission's actual requirements. It is now felt that it would be best to defer procurement until such time as the users have had more time to work with the machines and can more readily quantify their needs. This will be followed up closely during the coming fiscal year and we anticipate that next year's budget submission will have additional requirements for supporting equipment for the individual work stations. For the long term we also anticipate additional hardware. In order to more effectively develop a Mission-based development information system we feel that a data bank accessible to all of the peripheral units would be useful. Therefore, we envisage the possible purchase of a VIS within the Mission's four year ADP procurement program.

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE VIII(c)
 OBLIGATIONS FOR ACQUISITION, OPERATION
 AND USE OF INFORMATION TECHNOLOGY SYSTEMS

<u>ITEM AND EXPLANATION</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
1. <u>Capital Investment</u>			
A. <u>Purchase of Hardware</u>			
Wang PC Work Station including PC-SI-2 CPU with Winchester drive, graphics card and memory expansion card. PC-PM004 monitor with arm, PC PM 014 Daisywheel Printer (four)	---	\$25,000	---
B. <u>Purchase of Software</u>			
Microstat - AID/W	---	3,500	---
C. <u>Site Facility</u>			
Purchase of special purpose furniture	---	12,000	---
SUBTOTAL	---	<u>\$40,500</u>	---

2. Personnel

Mission will provide requirement below
 for personnel involved in the information
 technology functions, such as systems
 development and operation, and the percentage
 of management and secretarial personnel also
 involved. Personnel that use systems will
 not be included.

	---	---	---
A. <u>Compensation, Benefits and Travel</u>	---	---	---
B. <u>Workyears</u>	---	---	---

TABLE VIII(c)
(Continued)

<u>ITEM AND EXPLANATION</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
3. <u>Equipment Rental, Space and Other Operating Costs</u>			
A. <u>Lease of Equipment</u>			
Obligations for lease and maintenance of non-government owned equipment (rented equipment).	---	---	---
B. <u>Space</u>			
Obligations for lease of space to house automation equipment, office space for personnel (direct-hire and contractor) involved in the information technology function (See 2A & 2B) including basic utilities and house-keeping services.	---	---	---
C. <u>Supplies and Other Material</u>			
Obligations for supplies and other materials.	\$2,500	\$3,000	\$3,450
D. <u>Non-Commercial Training</u>			
Obligations for planning and conducting government operated training to prepare users to make effective use of resources	---	---	---
SUBTOTAL	<u>\$2,500</u>	<u>\$3,000</u>	<u>\$3,450</u>

4. <u>Commercial Services</u>			
This includes obligations for services where payments are made to private industry	---	---	---
A. <u>Computer Time</u>			
Obligations to fund contracts with a private firm to provide computer time to the Mission.	---	---	---
B. <u>Leased Telecommunications Services</u>			
Obligations for leased telephone lines and other telecommunications services to obtain data from other computers or to transmit data. For Missions, where applicable include, but identify separately the lease of local telephone lines and modems to reach the American Embassy's Office of Communications for the purpose of transmission of data to and from AID/W.	---	---	---

TABLE VIII(c)
(Continued)

<u>ITEM AND EXPLANATION</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
<u>C. Operations and Maintenance</u>			
<u>(1) Operations</u> Include funds to be obligated for contractor services to operate a WANG VS computer or an OIS system (System administrator and staff, not workstation operators).	---	---	---
<u>(2) Maintenance</u> 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	\$5,058	\$ 6,000	\$ 6,900
<u>D. Systems Analysis and Programming</u> Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing systems	---	---	---
<u>E. System Design and Engineering</u> (NOT REQUIRED BY AID MISSIONS)			
<u>F. Studies and Other</u> Obligations for management and feasibility studies, requirement definitions, and commercial training.	---	\$ 4,960	\$ 5,704
SUB TOTAL	\$5,058	\$10,960	\$12,604

5. TOTAL DOLLARS	\$7,558	\$54,460	\$16,054
TOTAL WORK YEARS (From item 2a)	---	---	---

<u>6. MISSION ALLOWANCE LEVELS</u>			
A. Amounts included in Mission allowances for existing systems (includes 2A, 3, and 4). (Services for equipment in place only.)	\$7,558	\$13,960	\$16,054
B. Amounts included in Mission allowances for new or expanded systems (includes 1, 2A, 3, and 4). (Equipment and services for new efforts beginning during the FY.)	---	\$40,500	---

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE VIII (d) - INFORMATION ON U.S. DIRECT HIRE STAFFING

POS NO.	POSITION TITLE	PROGRAM MANAGEMENT RESPONSIBILITY	FY 86	FY 87	FY 88
6111005	AID Director	All	1.0	1.0	1.0
6111014	AID Assistant Director	All	1.0	1.0	1.0
6111017	General Development Officer	-- Ag. Training, Planning and Institutional Development, 611-0075	1.0	1.0	1.0
		-- Human and Institutional Resources Development, 611-0206			
		-- Small Scale Enterprise Development, 611-0209			
		-- Africa Manpower Development Program, 698-0433			
6111043	Agricultural Development Officer	-- Ag. Development: Research and Extension, 611-0201	1.0	1.0	1.0
		-- Chama Area Development, 611-0204			
		-- Western Province Small Farmer Production, 611-0205			
		-- Ag. Development: Research and Extension, 611-0208			
		-- Zambia Cooperative Financial Training and Advisory Project, 611-0210			
6111052	Executive Officer	None	1.0	1.0	1.0
6111075	Regional Food for Peace Officer	PL 480 Programs, Food for Progress	1.0	1.0	1.0
6111080	Agricultural Economist	Zambia Auction Program Support, 611-0757	1.0	0	0
New	Program Economist	Zambia Auction Program Support II, 611-0211	0	1.0	1.0
6111090	Commodity Management Officer	-- Commodity Import Program, 611-0070	0.8	1.0	1.0
		-- Zambia Multi-Channel Agricultural Marketing, 611-0747			
		-- Zambia Regional Transport and Storage Development, Phase II (Kafue-Chirundu Road Rehabilitation), 690-0209			
		-- Regional Transport Development Project (Zambia Railways), 690-0231			
		TOTAL	7.8	8.0	8.0

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII (e) - INFORMATION ON IDI STAFFING

CODE TITLE	FY 86	FY 87	FY 88
None	---	---	---

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE VIII (f) - INFORMATION ON FN AND TCN STAFFING

FSN/ TCN	DESCRIPTIVE JOB TITLE	FUND SOURCE	FY 86	FY 87	FY 88
FSN-DH	Training Specialist	OE/TF	1.0	1.0	1.0
FSN-DH	Agriculture Assistant (PL 480)	TF	1.0	1.0	1.0
FSN-DH	Agriculture Assistant	TF	1.0	1.0	1.0
FSN-DH	Accountant	TF	.3	1.0	1.0
FSN-DH	Secretary	TF	1.0	1.0	1.0
FSN-DH	Driver	TF	1.0	1.0	1.0
	TOTAL		<u>5.3</u>	<u>6.0</u>	<u>6.0</u>
FN-PSC	Financial Analyst	OE	1.0	1.0	1.0
FN-PSC	Program Assistant	TF	0.0	1.0	1.0
FN-PSC	Maintenance Manager	OE/TF	1.0	0.0	0.0
FN-PSC	Administrative Clerk	TF	1.0	1.0	1.0
FN-PSC	Secretary	OE/TF	1.0	1.0	1.0
FN-PSC	Secretary	OE/TF	1.0	1.0	1.0
FN-PSC	Secretary	TF	1.0	1.0	1.0
FN-PSC	Receptionist	TF	1.0	1.0	1.0
FN-PSC	Warehouse Clerk	TF	1.0	1.0	1.0
FN-PSC	Carpenter	TF	1.0	1.0	1.0
FN-PSC	Painter	TF	1.0	1.0	1.0
FN-PSC	Maintenance Helpers (3)	TF	3.0	3.0	3.0
FN-PSC	Drivers (3)	TF	3.0	3.0	3.0
	TOTAL		<u>16.0</u>	<u>16.0</u>	<u>16.0</u>
TCN-PSC	Financial Analyst	OE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
TOTAL (FSN, TCN, DH, PSC)			<u>22.3</u>	<u>23.0</u>	<u>23.0</u>

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII (g) - INFORMATION ON PART-TIME STAFFING

US/FSN TCN	DESCRIPTIVE JOB TITLE	FUND SOURCE	FY 86	FY 87	FY 88
US-PSC	Librarian	TF	.5	.5	.5

Country/Office: USAID/Zambia

FY 1988 ANNUAL BUDGET SUBMISSION

TABLE XI

PL 480 TITLE I/III REQUIREMENTS

(Dollars in millions, tonnages in thousands)

	Actual FY 1986		Estimated FY 1987		Projected FY 1988	
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>						
Wheat	5.0	37.0	2.5	18.5	2.5	18.5
Vegoil	5.0	6.9	7.5	10.5	7.5	10.5
<u>Total</u>	<u>10.0</u>	<u>43.9</u>	<u>10.0</u>	<u>29.0</u>	<u>10.0</u>	<u>29.0</u>
Of Which Title III:	(---)	(---)	(---)	(---)	(---)	(---)
<u>Total</u>	<u>10.0</u>	<u>43.9</u>	<u>10.0</u>	<u>29.0</u>	<u>10.0</u>	<u>29.0</u>

Comment: None

PM&R REQUIREMENTS FOR FY 1987

(ESF Funding)

A. Activity Title: Agricultural Development: Research and Extension
(611-0201)

Activity Type: Project Paper (Phase II)

Dates: PP design begins 11/86, ends 12/86 (4 weeks)

Design Skills Required: USAID/Zambia ADO and Ag Assistant; REDSO Project
Development Officer, REDSO Ag Officer; and a
Contract Social Scientist Analyst

PM&R Dollars Needed: \$18,000

B. Activity Title: Human and Institutional Resources Development
(611-0206)

Activity Type: Internal Evaluation

Dates: Begins: 12/86 Ends: 1/87 (3 weeks)

Skills Required: USAID/Zambia GDO and Human Resources Officer;
REDSO Project Development Officer; and Contract
Management Specialist with experience in LDC
manpower planning and policy analysis.

PM&R Dollars Needed: \$13,000

C. Activity Title: Small Scale Enterprise Development (611-0209)

Activity Type: Conduct various studies to further identify and
analyze major constraints to small scale
enterprise development in Zambia and program
utilization of counterpart funds.

Dates: Begin: 11/86 End: 6/87

PM&R Dollars Needed: \$30,000

Total PM&R Requirements: \$61,000

1988 ANNUAL BUDGET SUBMISSION

ANNEX K
AGENCY SYSTEM ON RESEARCH

1. Project Number: 611-0201

Appropriation: AG Circle Loan or **Grant**

Type Research: (Circle A, B, D or I):

A - Applied: B - Basic: D - Development: I - Instit. Bloq.

Office Name: USAID/Zambia

Office Symbol: AGR

Project Title: Agricultural Development: Research and Extension

Project Officer: Cook, W.

2. Purpose of Research:

- A. Develop improved seeds technology.
- B. Increase production of small scale farmers thus increasing total food available.
- C. Increase the small scale farmers' income.

3. Progress Statement:

- A. Two open pollinated, high yielding varieties of maize released.
- B. Inoculum developed and produced to meet domestic requirements.
- C. Two free nodulating soybeans and higher oil content sunflower released.

4. Date Progress Statement Submitted: 5/13/86

5. Life of Project Research Cost (Thousands of Dollars)

- A. Authorized: \$4,550
- B. Planned: \$4,550

Allocation of Research Funds by Fiscal Year

6. Research Budget by Fiscal Year (Thousands of Dollars)

FY 85	\$966
FY 86	\$739
FY 87	\$739
FY 88	\$171

7. Research Categories (Percentage of Item 6, Budget by FY)

Category	#1 <u>AG12</u>	#2 <u>AG15</u>
FY 85	34%	66%
FY 86	34%	66%
FY 87	34%	66%
FY 88	34%	66%

8. Project Sites (Percentage of Item 6, Budget by FY)

Geographic Code:	#1	<u>ZA</u>
FY85		100%
FY86		100%
FY87		100%
FY88		

9. Implementing Agencies and Type of Agency (Percentage of Item 6, Budget by FY)

Agency: UC10
Agency Type

FY 85	37%
FY 86	28%
FY 87	28%
FY 88	7%

1988 ANNUAL BUDGET SUBMISSION

ANNEX K
AGENCY SYSTEM ON RESEARCH

1. Project Number: 611-0202

Appropriation: AG Circle Loan or **Grant**

Type Research: (Circle A, B, D or I):

A - Applied: B - Basic: **D** - Development: I - Instit. Blog.

Office Name: USAID/Zambia

Office Symbol: AGR

Project Title: Agricultural Development: Research and Extension

Project Officer: Cook, W.

2. Purpose of Research:

- A. Increasing production of small scale farmers thus increasing total food available.
- B. Increase the small scale farmers income.
- C. Adoption of relevant technology to small scale farming conditions.

3. Progress Statement:

- A. Conducted 35 research experiments and 18 test demonstrations on 337 small scale farms testing varieties, planting techniques, fertilizer levels, weeding, planting dates, insect control, 0-tillage, etc.

4. Date Progress Statement Submitted: 5/14/86

5. Life of Project Research Cost (Thousands of Dollars)

A. Authorized: \$3,826

B. Planned: \$3,826

Allocation of Research Funds by Fiscal Year

6. Research Budget by Fiscal Year (Thousands of Dollars)

FY 85	\$739
FY 86	\$738
FY 87	\$739
FY 88	\$170

7. Research Categories (Percentage of Item 6, Budget by FY)

Category	#1 <u>AG 12</u>	#2 <u>AG 15</u>
FY 85	34%	66%
FY 86	34%	66%
FY 87	34%	66%
FY 88	34%	66%

8. Project Sites (Percentage of Item 6, Budget by FY)

Geographic Code: #1 ZAU2

FY85	100%
FY86	100%
FY87	100%
FY88	100%

9. Implementing Agencies and Type of Agency (Percentage of Item 6, Budget by FY)

Agency: UC10

Agency Type

FY 85	31%
FY 86	31%
FY 87	31%
FY 88	7%

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ANNEX K
AGENCY SYSTEM ON RESEARCH

1. Project Number: 611-0201

Appropriation: AG Circle Loan or Grant

Type Research: (Circle A, B, D or I):

A - Applied: B - Basic: D - Development: I - Instit. Bldg.

Office Name: USAID/Zambia

Office Symbol: AGR

Project Title: Agricultural Development: Research and Extension

Project Officer: Cook, W.

2. Purpose of Research:

A. To help the GRZ strengthen the agricultural research capacity through long and short term training, in-service training in order to increase production by small scale farmers, and provision of research equipment.

3. Progress Statement:

A. Established a soils microbiology lab; inoculum production unit; equipped a maize, soybean, and sunflower lab; provided farm equipment; 38 participants gone for degree training, 19 returned.

4. Date Progress Statement Submitted: 5/14/86

5. Life of Project Research Cost (Thousands of Dollars)

A. Authorized: \$3,142

B. Planned: \$3,142

Allocation of Research Funds by Fiscal Year

6. Research Budget by Fiscal Year (Thousands of Dollars)

FY 85 \$580
FY 86 \$429
FY 87 \$534
FY 88 \$278

7. Research Categories (Percentage of Item 6, Budget by FY)

Category	#1 AG 12	#2 AG 15
FY 85	34%	66%
FY 86	34%	66%
FY 87	34%	66%
FY 88	34%	66%

8. Project Sites (Percentage of Item 6, Budget by FY)

Geographic Code: #1 US

FY85	100%
FY86	100%
FY87	100%
FY88	100%

9. Implementing Agencies and Type of Agency (Percentage of Item 6, Budget by FY)

Agency: UC10

Agency Type

FY 85	32%
FY 86	24%
FY 87	29%
FY 88	15%