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UNCLASSIFIED

Annual Budget Submission

FY 1988

BANGLADESH

June 1986

Agency for International Development
Washington, D.C.

BEST AVAILABLE

UNCLASSIFIED

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FY 1988 Annual Budget Submission
USAID/Bangladesh

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FY 1988 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT ($000)
Country Bangladesh

	FY 1985 ACTUAL	FY 1986 ESTIMATE	--FY 1987-- CP	FY 1987 ESTIMATE	FY 1988 AAPL	------PLANNING PERIOD---------- 1989	1990	1991	1992
Agriculture, Rural Dev. And Nutrition									
Total	47770	40700	40000	40000	41000	42200	44400	44400	45000
Grants	47770	40700	40000	40000	41000	42200	44400	44400	45000
Loans	-	-	-	-	-	-	-	-	-
Population Planning									
Total	32000	29000	29000	29000	25000	25000	25000	26000	27000
Grants	32000	29000	29000	29000	25000	25000	25000	26000	27000
Loans	-	-	-	-	-	-	-	-	-
(Cent.Proc.Commod.)				(1000)	(7600)				
Health									
Total	-	2000	-	-	1500	1500	1500	1500	2000
Grants	-	2000	-	-	1500	1500	1500	1500	2000
Loans	-	-	-	-	-	-	-	-	-
Child Survival									
Total	5000	2000	2500	2500	1600	1700	1500	1500	1500
Grants	5000	2000	2500	2500	1600	1700	1500	1500	1500
Loans	-	-	-	-	-	-	-	-	-
Education/Human Resources									
Total	300	300	2000	2000	3400	3600	3300	3400	1500
Grants	300	300	2000	2000	3400	3600	3300	3400	1500
Loans	-	-	-	-	-	-	-	-	-
Selected Development Activities									
Total	-	1000	1500	1500	2500	2000	1300	1200	2000
Grants	-	1000	1500	1500	2500	2000	1300	1200	2000
Loans	-	-	-	-	-	-	-	-	-
DA Total									
Total	85070	75000	75000	75000	75000	76000	77000	78000	79000
Grants	85070	75000	75000	75000	75000	76000	77000	78000	79000
Loans	-	-	-	-	-	-	-	-	-
PL 480									
Title III	94500	70000	75000	64000	65000	65000	65000	65000	65000
Title II	13600	14839	19788	16322	16323	16323	16500	17000	17500

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA
ESTIMATED U.S. $ COST ($000)

Country: Bangladesh

Project Title & Number	Grant /Loan	Obligation date Initial	Obligation date Final	Total Cost Authorized	Total Cost Planned	Obligation thru FY85	FY 85 Pipeline	FY 1986 Obligation	FY 1986 Expenditures	FY 1986 Mortgage	FY 1987 Obligation	FY 1987 Expenditures	FY 1988 Proposed	Special Codes
Agriculture, Rural Dev. & Nutrition														
388-0021 Rural Electrification	L	78	80	34000	34000	34000	284	-	-	-	-	-	-	-
388-0024 Fertilizer Dist. Improvement	G	78	83	203000	193210	193210	5484	-	3000	-	-	2484		
	L	78	83	32000	32000	32000	1645	-	1200	-	-	445	-	-
388-0027 Technical Resources	G	79	89	9650	13150	7350	4395	2300	1500	3500	1500	2000	1500	-
388-0037 Rural Finance	G	83	85	75000	75000	75000	2227	-	1500	-	-	727	-	-
388-0042 Rural Industries	G	81	85	5000	4513	4513	2599	-	1500	-	-	1099	-	-
388-0045 PVO Co-Financing II	G	80	85	3179	2572	2572	178	-	178	-	-	-	-	-
388-0046 Agro-Climatic Environmental Monit.	G	81	86	7400	7400	5900	266	1500	500	-	-	1266	-	-
388-0051 Agricultural Research II	G	81	91	27000	53000	22600	5775	4400	5000	26000	5000	6000	6000	-
388-0052 Food For Work II	G	81	85	3175	3169	3169	79	-	79	-	-	-	-	-
388-0054 Rural Electrification II	G	81	85	50000	50000	50000	22592	-	12000	-	-	10000	-	-
388-0056 Feeder Roads Main. & Improvement	G	81	89 1/	9200	21700	9200	2448	5000	1500	7500	3000	3500	2500	-
388-0060 Fertilizer Distribution Imp. II	G	84	89 2/	52000	52000	1000	1000	15000	200	36000	12000	14000	12000	-
	L	84	89	13000	13000	13000	13000	-	13000	-	-	-	-	-
388-0061 Food For Work III	G	85	89	9400	9400	1045	781	1500	1500	6855	1500	1500	2600	PVO
388-0062 Homestead Agro-Forestry Res.&Extn.	G	86	91	-	18000	-	-	3000	200	15000	3000	4000	3000	FR
388-0067 Enterprise Policy Reform	G	85	86	3000	3000	1500	1498	1500	1400	-	-	1200	-	-
388-0070 Rural Electrification III	G	86	90	-	60000	-	-	6500	-	53500	13200	10000	12500	EY
388-0072 PVO Co-Financing	G	87	91	-	3500	-	-	-	-	3500	800	300	900	PVO
Appropriation Total				536004	648614	456059	64251	40700	44257	151855	40000	58521	41000	
Grant				457004	569614	377059	49322	40700	30057	151855	40000	58076	41000	
Loan				79000	79000	79000	14929	-	14200	-	-	445	-	
Population Planning														
388-0050 Family Planning Services	G	81	86	153336	144778	115778	41299	29000	32500	-	-	30000	-	PVO
388-0071 Family Planning & Health Services	G	87	92 3/	-	140000	-	-	-	-	140000	29000	3000	25000	PVO
Appropriation Total				153336	284778	115778	41299	29000	32500	140000	29000	33000	25000	
Grant				153336	284778	115778	41299	29000	32500	140000	29000	33000	25000	
Loan				-	-	-	-	-	-	-	-	-	-	

Health															
388-0045 PVO Co-Financing II	G	80	85	950	499	499	148	-	148	-	-	-	-	PVO
388-0050 Family Planning Services	G	81	86	1530	1530	1530	258	-	258	-	-	-	-	PVO
388-0071 Family Planning & Health Services	G	87	92	-	8000	-	-	-	-	8000	-	-	1500	PVO
388-0073 Urban Volunteer Program	G	86	87	-	2000	-	-	2000	300	-	-	700	-	PVO
Appropriation Total				2480	12029	2029	406	2000	706	8000	-	700	1500	
Grant				2480	12029	2029	406	2000	706	8000	-	700	1500	
Loan				-	-	-	-	-	-	-	-	-	-	
Child Survival Fund															
388-0050 Family Planning Services	G	81	86	5000	5000	5000	4992	-	1500	-	-	2000	-	PVO
388-0071 Family Planning & Health Services	G	87	92	-	7000	-	-	-	-	7000	2000	1000	1600	PVO
388-0073 Urban Volunteer Program	G	86	87	-	2500	-	-	2000	200	500	500	500	-	PVO
Appropriation Total				5000	14500	5000	4992	2000	1700	7500	2500	3500	1600	
Grant				5000	14500	5000	4992	2000	1700	7500	2500	3500	1600	
Loan				-	-	-	-	-	-	-	-	-	-	
Education/Human Resources															
388-0027 Technical Resources	G	79	89	1350	1550	1050	563	300	150	200	-	200	200	-
388-0068 Development & Management Trng	G	87	92 4/	-	15000	-	-	-	-	15000	2000	500	3000	-
388-0072 PVO Co-Financing	G	87	91	-	1000	-	-	-	-	1000	-	-	200	PVO
Appropriation Total				1350	17550	1050	563	300	150	16200	2000	700	3400	
Grant				1350	17550	1050	563	300	150	16200	2000	700	3400	
Loan				-	-	-	-	-	-	-	-	-	-	
Selected Development Activities															
388-0018 Karnaphuli Third Unit	G	76	81	700	700	700	198	-	198	-	-	-	-	EY
388-0066 Enterprise Development	G	86	91	-	8000	-	-	1000	100	7000	1000	700	2000	PVO
388-0072 PVO Co-Financing	G	87	91	-	1500	-	-	-	-	1500	500	300	500	PVO
Appropriation Total				700	10200	700	198	1000	298	8500	1500	1000	2500	
Grant				700	10200	700	198	1000	298	8500	1500	1000	2500	
Loan				-	-	-	-	-	-	-	-	-	-	
Country Total				698870	987671	580616	111709	75000	79611	332055	75000	97421	75000	
Grant				619870	908671	501616	96780	75000	65411	332055	75000	96976	75000	
Loan				79000	79000	79000	14929	-	14200	-	-	445	-	

1/ FY of final obligation changed from FY 87 CP due to increase in LOP funding
2/ FY of final obligation changed due to reduced AAPL levels
3/ FY of final obligation changed due to reduced AAPL level
4/ FY of final obligation changed due to increase in proposed LOP funding

AID PROGRAM IN FY 1988
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT 388 BANGLADESH

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	PROGRAM APPROP	FUNDING ($000) INCR	CUM
1.	0071	Family Planning & Health Services	C	G	PN	20,000	20,000
2.	0070	Rural Electrification III	C	G	FN	10,000	30,000
3.	0061	Food For Work III	C	G	FN	2,600	32,600
4.	PL 480	Title II (Non-Add)			P2	(16,323)	32,600
5.	PL 480	Title III (Non-Add)			P3	(65,000)	32,600
6.	0051	Agricultural Research II	C	G	FN	6,000	38,600
7.	0060	Fertilizer Distribution Improvement II	C	G	FN	10,000	48,600
8.	0056	Feeder Roads	C	G	FN	2,500	51,100
9.	0068	Development & Management Training	C	G	EHR	3,000	54,100
10.	0071	Family Planning & Health Services	C	G	HE/CS	3,100	57,200
11.	0066	Enterprise Development	C	G	SD	2,000	59,200
12.	0027	Technical Resources	C	G	FN	1,500	60,700
13.	0062	Homestead Agro-Forestry	C	G	FN	3,000	63,700
14.	0072	PVO Co-Financing	C	G	FN	900	64,600
15.	0072	PVO Co-Financing	C	G	SD	500	65,100
16.	0072	PVO Co-Financing	C	G	EHR	200	65,300
17.	0027	Technical Resources	C	G	EHR	200	65,500
18.	0070	Rural Electrification II (Increment II)	C	G	FN	2,500	68,000
19.	0071	Family Planning & Health Services (Increment II)	C	G	FN	5,000	73,000
20.	0060	Fertilizer Distribution Improvement II (Increment II)	C	G	FN	2,000 75,000	75,000

FY 1988 ANNUAL BUDGET SUBMISSION
Table VI: Expenditures of Local Currency Generations
(all in the U.S. dollar equivalents, and in $ millions)

Source/Purpose	1985 ACTUAL	1986 EST.	1987 Planned	1988 PROP.
I. ECONOMIC SUPPORT FUND				
A. Public Dev. Activities				
1. e.g. Agriculture Research, irrigation, rural infra structure (also indicate the amount of this counter part which is in direct support of AID projects)				
2.				
B. Private Sector Programs				
1.				
2.				
C. Public Sector Recurrent Budget				
1.				
2.				
D. AID Operating Expenses (Trust Fund)				
II. DEVELOPMENT ASSISTANCE				
A. Public Development Activities				
1.				
2.				
E. Private Sector Programs, Small Enterprise Credit (also include type of organization, e.g., PVO, Coop, Business, Other)				
1. e.g., PVO, Small Enterprise Development				
2. e.g., Coop, Housing				
C. Public Sector Recurrent Budget				
1.				
2.				
D. AID Operating Expenses (Trust Funds)				
SUBTOTAL ESF & DA				

FY 1988 ANNUAL BUDGET SUBMISSION
Table VI: Expenditures of Local Currency Generations
(all in the U.S. dollar equivalents, and in $ millions)

Source/Purpose	1985 ACTUAL	1986 EST.	1987 Planned	1988 PROP.
II. PL 480				
A. Public Development Activities				
1. Agriculture Sector .	22.2	41.3	60.0	75.0
2. Rural Development .	0	0.7	10.0	10.0
B. Private Sector Programs				
1.				
2.				
C. Public Sector Recurrent Budget				
1. e.g., Child Survival (also indicate the amount of this counterpart which is in direct support of AID projects)				
2. Agriculture or other subsidies				
D. AID Operating Expenses (Trust Funds)				
TOTALS	22.2	42.0	70.0	85.0

LOCAL CURRENCY USE PLAN

Sales proceeds of Title III commodities generated since FY1979 following the signing of the first PL 480 Title III agreement on August 2, 1978, have mostly been used for carrying out agricultural development activities. A small portion of the sales proceeds was utilized for the purpose of building foodgrain warehouses with a view to improving the Bangladesh Government's capability to support its domestic foodgrain procurement program so as to encourage farmers to adopt high yielding variety technology for foodgrain production.

Both the purposes for which Title III local proceeds have been used conform to the specific program objectives of the USAID development stragety of 1) increasing crop yields and land use intensity as established in the Mission's Action Plan, and 2) improving food policies. The Title III local proceeds generated so far have been used primarily for implementation of irrigation development and foodgrain warehouse construction projects. The amount of local proceeds used for these purposes totalled $235 million worth of Taka at the end of BDG FY1985 (as of June 30, 1985). Of this amount $22.2 million worth of local proceeds was used during BDG FY1985. All this amount was utilized for implementation of tubewell and low lift pump irrigation projects. The amount of disbursement declined as the number of projects undertaken for implementation fell from 11 in FY1984 to only 6 in FY1985. The Mission has, however, identified 11 agricultural and rural development projects for Title III local currency funding during BDG FY1986. Title III local currency expenditure for these projects has been budgeted at $42 million. A considerable portion of the budgeted amount (over 60 percent) will be spent for ground and surface water development projects that are critical to achieving our agricultural production objectives. The remainder of the local proceeds will be used for other rural and agricultural development related projects.

The Mission is contemplating to diversify use of Title III sales proceeds from the beginning of FY1987. The four major objectives behind diversification of uses are: 1) supporting the Mission's strategy of increasing agricultural productivity through effective maintenance of a floor (procurement) price for foodgrains; 2) development of essential rural infrastructure through construction of bridges and culverts on Food for Work roads; 3) developing new improved varieties and cultural practices for crops through increased support for agricultural research activities; and 4) provision of a more balanced diet to the rural poor by developing crops other than foodgrains that contain high protein, fat and other essential ingredients. In addition, emphasis will be given to programming of Title III sales proceeds for carrying out further research in the area of agriculture and food policy with a view to better management of the public food distribution system. This is intended to help the BDG in developing a set of food and agriculture policies that will ensure improved overall food security in the country through 1) less wastage of foodgrains in the handling, transportation and storage process; 2) optimum utilization of government foodgrain stock by redirecting foodgrains from the privileged groups to the truly needy rural groups; and 3) stabilization of foodgrain prices by effectively operating the

domestic foodgrain procurement program during the harvest seasons and the OMS program during lean seasons. A total of $305 million worth of local currency has been programmed for implementation of development projects and for carrying out other activities over FY1987 to FY1989 that will further the policy thrusts of the new multi-year agreement to be authorized early in FY1987. The break-down of local proceeds to be used for specific areas of activities are: 1) Agricultural Development Activities: $127 million, 2) Price Stabilization Financing: $60 million, 3) Agricultural Research: $34 million, 4) Crop Diversification: $30 million, 5) Bridges and Culverts: $30 million, 6) Commodity Use Offset: $13 million, and 7) Food Policy Planning and Pilot Activities: $11 million. Of this amount, $70 million and $85 million have been programmed for FY1987 and FY1988 respectively. Allocation of local proceeds among different activities for the two years will be worked out before signing the next multi-year agreement.

However, achievement of the proposed level of funding in FY1987 and 1988 or over the three year period (FY1987-FY1989) will depend greatly on initiatives to be taken by the BDG for augmenting sales through authorized channels. The Mission will put a great deal of emphasis on improving the design of the Modified Rationing channel during negotiation sessions on the next multi-year agreement with the BDG so that the objective of delivering subsidized foodgrains to the intended beneficiaries - the poor, lacking purchasing power - is achieved via this channel. The Mission will authorize sale of Title III wheat through the Modified Rationing if that channel is improved substantially and addresses the food needs of the poor. The estimated per annum average sales through this channel will be around 400,000 MT. Sales through the Open Market Sales (OMS) program will also be augmented enabling the BDG to generate increased amount of local currency if positive steps are taken to quickly eliminate the channels providing subsidized foodgrains to privileged groups - who can afford to buy foodgrains at maraket prices - as this will increase demand of foodgrains sold in the open market.

TABLE VIII - FY 1986
Operating Expense Summary

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	FUNCTION CODE
U.S. DIRECT HIRE	U100					
U.S. CITIZENS BASIC PAY	U101	110	1,700.0		1,700.0	35.0
PT/TEMP U.S. BASIC PAY	U102	112	70.0		70.0	1.0
DIFFERENTIAL PAY	U103	116	400.0		400.0	
OTHER AID/W FUNDED CODE 11	U104	119	4.0		4.0	
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126	111.3		111.3	20.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	122.0		122.0	
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129	190.0		190.0	
OTHER MISSION FUNDED CODE 12	U110	129	31.9		31.9	
POST ASSIGNMENT - TRAVEL	U111	212	39.3		39.3	4.0
POST ASSIGNMENT - FREIGHT	U112	22	107.8		107.8	4.0
HOME LEAVE - TRAVEL	U113	212	123.8		123.8	13.0
HOME LEAVE - FREIGHT	U114	22	66.8		66.8	13.0
EDUCATION TRAVEL	U115	215	38.5		38.5	14.0
R AND R TRAVEL	U116	215	73.1		73.1	21.0
OTHER CODE 215 TRAVEL	U117	215	45.0		45.0	20.0
FOREIGN NATIONAL DIRECT HIRE	U200					
BASIC PAY	U201	114	224.0		224.0	58.0
OVERTIME, HOLIDAY PAY	U202	115	10.2		10.2	2.0
ALL OTHER CODE 11 - FN	U203	119	9.6		9.6	
ALL OTHER CODE 12 - FN	U204	129	26.4		26.4	
BENEFITS FORMER FN PERSONNEL	U205	13	17.5		17.5	
CONTRACT PERSONNEL	U300					
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	65.0		65.0	2.0
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113		9.5	9.5	2.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400					
RESIDENTIAL RENT	U401	235	304.5	58.0	362.5	26.0
RESIDENTIAL UTILITIES	U402	235	179.9		179.9	
MAINTENANCE AND RENOVATION	U403	259	12.6		12.6	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	204.0		204.0	
TRANS./FREIGHT - CODE 311	U406	22	151.4		151.4	
SECURITY GUARD SERVICES	U407	254	124.0		124.0	
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	1.5		1.5	

TABLE VIII - FY 1986
Operating Expense Summary

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	FUNCTION CODE
OFFICE OPERATIONS	U500					
OFFICE RENT	U501	234	103.0	120.0	223.0	
OFFICE UTILITIES	U502	234	24.8		24.8	
BUILDING MAINT./RENOVATION	U503	259	24.8	26.6	51.4	
OFFICE FURNITURE/EQUIPMENT	U504	310	120.2		120.2	
VEHICLES	U505	312	75.0		75.0	
OTHER EQUIPMENT	U506	319	60.0		60.0	
TRANSPORTATION/FREIGHT	U507	22	100.0		100.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259				
COMMUNICATIONS	U509	230	45.0		45.0	
SECURITY GUARD SERVICES	U510	254	12.0		12.0	
PRINTING	U511	24	1.0	3.3	4.3	
SITE VISITS - RIG PERSONNEL	U512	210				
SITE VISITS-MISSION PERSONNEL	U513	210	5.0		5.0	70.0
SITE VISITS-AID/W PERSONNEL	U514	210		6.1	6.1	10.0
INFORMATION MEETINGS	U515	210				
TRAINING ATTENDANCE	U516	210	54.4		54.4	20.0
CONFERENCE ATTENDANCE	U517	210	35.0		35.0	15.0
OTHER OPERATIONAL TRAVEL	U518	210	25.0		25.0	10.0
SUPPLIES AND MATERIALS	U519	26	12.0	1.3	13.3	
FAAS	U520	257	550.0		550.0	
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	50.0	.2	50.2	
TOTAL O.E. BUDGET			5,751.3	225.0	5,976.3	
RECONCILIATION			3,036.0	225.0	3,261.0	
OPERATING BUDGET REQUIREMENTS			2,715.3		2,715.3	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000		2,715.3		2,715.3	

LOCAL COST SUPPORT COST DATA

F.N. PSC - SALARY/BENEFITS	U304	113	50.0		50.0
ALL OTHER F.N. PSC COSTS	U305	255			
MANPOWER CONTRACTS	U306	259			
SITE VISITS - RIG PERSONNEL	U512	210			
SITE VISITS-MISSION PERSONNEL	U512	210	33.8		33.8

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

TABLE VIII - FY 1987
Operating Expense Summary

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	FUNCTION CODE
U.S. DIRECT HIRE	U100					
U.S. CITIZENS BASIC PAY	U101	110	1,700.0		1,700.0	34.0
PT/TEMP U.S. BASIC PAY	U102	112	70.0		70.0	2.0
DIFFERENTIAL PAY	U103	116	400.0		400.0	
OTHER AID/W FUNDED CODE 11	U104	119	4.0		4.0	
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126	146.0		146.0	24.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	122.0		122.0	
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129	190.0		190.0	
OTHER MISSION FUNDED CODE 12	U110	129	49.2		49.2	
POST ASSIGNMENT - TRAVEL	U111	212	55.9		55.9	7.0
POST ASSIGNMENT - FREIGHT	U112	22	119.1		119.1	7.0
HOME LEAVE - TRAVEL	U113	212	157.9		157.9	31.0
HOME LEAVE - FREIGHT	U114	22	78.6		78.6	31.0
EDUCATION TRAVEL	U115	215	38.5		38.5	14.0
R AND R TRAVEL	U116	215	87.5		87.5	13.0
OTHER CODE 215 TRAVEL	U117	215	47.0		47.0	20.0
FOREIGN NATIONAL DIRECT HIRE	U200					
BASIC PAY	U201	114	280.0		280.0	58.0
OVERTIME, HOLIDAY PAY	U202	115	14.9		14.9	2.0
ALL OTHER CODE 11 - FN	U203	119	14.0		14.0	
ALL OTHER CODE 12 - FN	U204	129	38.5		38.5	
BENEFITS FORMER FN PERSONNEL	U205	13	25.6		25.6	
CONTRACT PERSONNEL	U300					
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	55.0		55.0	2.0
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	111.0		111.0	28.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400					
RESIDENTIAL RENT	U401	235	404.4		404.4	28.0
RESIDENTIAL UTILITIES	U402	235	197.9		197.9	
MAINTENANCE AND RENOVATION	U403	259	30.0		30.0	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	150.0		150.0	
TRANS./FREIGHT - CODE 311	U406	22	50.0		50.0	
SECURITY GUARD SERVICES	U407	254	142.6		142.6	
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	1.5		1.5	

TABLE VIII - FY 1987
Operating Expense Summary
(continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	FUNCTION CODE
OFFICE OPERATIONS	U500					
OFFICE RENT	U501	234		200.0	200.0	
OFFICE UTILITIES	U502	234	27.5		27.5	
BUILDING MAINT./RENOVATION	U503	259	30.0		30.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	205.0		205.0	
VEHICLES	U505	312	80.0		80.0	
OTHER EQUIPMENT	U506	319	75.0		75.0	
TRANSPORTATION/FREIGHT	U507	22	36.9		36.9	
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	20.0		20.0	
COMMUNICATIONS	U509	230	49.5		49.5	
SECURITY GUARD SERVICES	U510	254	13.8		13.8	
PRINTING	U511	24	10.0		10.0	
SITE VISITS-MISSION PERSONNEL	U512	210	55.0		55.0	600.0
SITE VISITS-AID/W PERSONNEL	U513	210	5.0		5.0	25.0
INFORMATION MEETINGS	U514	210				
TRAINING ATTENDANCE	U515	210	63.0		63.0	25.0
CONFERENCE ATTENDANCE	U517	210	15.0		15.0	7.0
OTHER OPERATIONAL TRAVEL	U518	210	40.0		40.0	20.0
SUPPLIES AND MATERIALS	U519	26	50.0	25.0	75.0	
FAAS	U520	257	700.0		700.0	
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	50.0		50.0	
TOTAL O.E. BUDGET			6,306.8	225.0	6,531.8	
RECONCILIATION			3,186.0	225.0	3,411.0	
OPERATING BUDGET REQUIREMENTS			3,120.8		3,120.8	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000		3,120.8		3,120.8	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	1,570.0
EXCHANGE RATE USED (MARCH 31,1986)	30.2387

Estimated Wage Increase - FY 1986 to FY 1987	25%
Estimated Price Increase - FY 1986 to FY 1987	5%-30%

TABLE VIII - FY 1988
Operating Expense Summary

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	FUNCTION CODE
U.S. DIRECT HIRE	U100					
U.S. CITIZENS BASIC PAY	U101	110	1,700.0		1,700.0	34.0
PT/TEMP U.S. BASIC PAY	U102	112	70.0		70.0	2.0
DIFFERENTIAL PAY	U103	116	400.0		400.0	
OTHER AID/W FUNDED CODE 11	U104	119	4.0		4.0	
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126	215.0		215.0	31.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	122.0		122.0	
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129	190.0		190.0	
OTHER MISSION FUNDED CODE 12	U110	129	46.3		46.3	
POST ASSIGNMENT - TRAVEL	U111	212	87.8		87.8	13.0
POST ASSIGNMENT - FREIGHT	U112	22	252.6		252.6	13.0
HOME LEAVE - TRAVEL	U113	212	129.4		129.4	15.0
HOME LEAVE - FREIGHT	U114	22	42.3		42.3	15.0
EDUCATION TRAVEL	U115	215	58.5		58.5	18.0
R AND R TRAVEL	U116	215	147.0		147.0	17.0
OTHER CODE 215 TRAVEL	U117	215	60.0		60.0	25.0
FOREIGN NATIONAL DIRECT HIRE	U200					
BASIC PAY	U201	114	349.5		349.5	58.0
OVERTIME, HOLIDAY PAY	U202	115	18.6		18.6	2.0
ALL OTHER CODE 11 - FN	U203	119	17.5		17.5	
ALL OTHER CODE 12 - FN	U204	129	48.1		48.1	
BENEFITS FORMER FN PERSONNEL	U205	13	32.0		32.0	
CONTRACT PERSONNEL	U300					
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	58.0		58.0	2.0
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	131.0		131.0	28.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400					
RESIDENTIAL RENT	U401	235	544.5		544.5	30.0
RESIDENTIAL UTILITIES	U402	235	248.4		248.4	
MAINTENANCE AND RENOVATION	U403	259	38.0		38.0	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	100.0		100.0	
TRANS./FREIGHT - CODE 311	U406	22	30.0		30.0	
SECURITY GUARD SERVICES	U407	254	171.1		171.1	
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	1.5		1.5	

TABLE VIII - FY 1988
Operating Expense Summary
(continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	FUNCTION CODE
OFFICE OPERATIONS	U500					
OFFICE RENT	U501	234		200.0	200.0	
OFFICE UTILITIES	U502	234	33.0		33.0	
BUILDING MAINT./RENOVATION	U503	259	40.0		40.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	100.0		100.0	
VEHICLES	U505	312	80.0		80.0	
OTHER EQUIPMENT	U506	319	50.0		50.0	
TRANSPORTATION/FREIGHT	U507	22	50.0		50.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	25.0		25.0	
COMMUNICATIONS	U509	230	54.0		54.0	
SECURITY GUARD SERVICES	U510	254	16.6		16.6	
PRINTING	U511	24	10.0		10.0	
SITE VISITS-MISSION PERSONNEL	U512	210	60.0		60.0	600.0
SITE VISITS-AID/W PERSONNEL	U513	210	2.0		2.0	10.0
INFORMATION MEETINGS	U514	210				
TRAINING ATTENDANCE	U515	210	50.0		50.0	20.0
CONFERENCE ATTENDANCE	U517	210	40.0		40.0	17.0
OTHER OPERATIONAL TRAVEL	U518	210	22.0		22.0	10.0
SUPPLIES AND MATERIALS	U519	26	50.0	25.0	75.0	30.0
FAAS	U520	257	700.0		700.0	
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	50.0		50.0	
OTAL O.E. BUDGET			6,745.7	225.0	6,970.7	
RECONCILIATION			3,186.0	225.0	3,411.0	
OPERATING BUDGET REQUIREMENTS			3,559.7		3,559.7	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000		3,559.7		3,559.7	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	1,941.0
EXCHANGE RATE USED (MARCH 31,1986)	30.2387

Estimated Wage Increase - FY 1987 to FY 1988	30%
Estimated Price Increase - FY 1987 to FY 1988	10%-30%

TABLE VIII(a)
Information on U.S. PSC Costs

Position Title/Description	FY 1986	FY 1987	FY 1988
Systems Analyst	$ 35,000 (5/86-4/87)	$ 35,000 (5/87-4/88)	$ 38,000 (5/88-4/89)
Secretary	5,000 (6/86-8/86)	5,000 (6/87-8/87)	5,000 (6/88-8/88)
Asst Mgmt Officer	20,000 (7/86-6/87)	15,000 (7/87-6/88)	15,000 (7/88-6/89)

TABLE VIII(b)
All Other Code 25 Detail

Description	FY 1986	FY 1987	FY 1988

Justification for Funding Changes

Changes in Budget FY 86 to FY 87

A. Function Level 100

Home Leave Travel/Freight	-	FY 87	$ 236.5
	-	FY 86	190.6
Increase			$ 45.9

The USAID has budgeted for 31 trips in this F.C. in FY 87 versus 13 in FY 86.

Education Allowance	-	FY 87	$ 146.0
	-	FY 86	111.3
Increase			$ 34.7

The USAID anticipates 24 school age children in FY 87 versus 20 in FY 86.

Post Assignment Travel/Freight	-	FY 87	$ 175.0
	-	FY 86	140.1
Increase			$ 34.9

The USAID anticipates 2 transfers to AID/W and 5 assignments to post in FY 87 versus four assignments to post in FY 86.

B. Function Level 200

FSN Basic Salary	-	FY 87	$ 280.0
	-	FY 86	224.0
Increase			$ 56.0

Washington recently approved an average 40% increase in wages as a result of a full wage/price survey. The USAID anticipates a further increase in FY 87 of 25%.

C. Function Level 300

FSN PSCs	-	FY 87	$ 111.0
	-	FY 86	0
Increase			$ 111.0

In FY 86, FSN PSCs salary/benefits were charged to program development support funds. The USAID anticipates funding these expenses from the O.E. budget in FY 87.

D. Function Level 500

Site Visits -Mission Personnel	-	FY 87	$ 55.0
	-	FY 86	5.0
Increase			$ 45.0

In FY 86, local travel costs were charged to program development and support (PD&S) funds. The USAID anticipates funding these expenses from the O.E. budget in FY 87.

Office Furniture	-	FY 87	$ 205.0
	-	FY 86	120.2
Increase			$ 74.8

The USAID will be moving in early FY 88 to the new Embassy compound. A significant portion of the USAID's office furniture will be replaced at that time. The current office furniture has been utilized in excess of its useful life, e.g.office desks and conference room furniture are over 8 years old, and require replacement. The USAID will order the new furniture in FY 87 to ensure its arrival for the move to our new Chancery.

Changes in Budget FY 87 to FY 88

A. Function Level 100

Post Assignment Travel/Freight	-	FY 88	$ 340.4
	-	FY 87	175.0
Increase			$ 165.4

The USAID will have only seven people assigned to post or transfer in FY 87 versus thirteen in FY 88.

Education Allowances	-	FY 88	215.0
		FY 87	146.0
Increase			$ 69.0

The USAID will have only 24 school age children in FY 87 versus 31 anticipated enrollments in FY 88. The USAID has also budgeted for an increase in tuition and capital levy fees.

R & R	-	FY 88	$ 147.0
		FY 87	87.5
Increase			$ 59.5

In FY 87,13 families are eligible for R & R vs 17 in FY 88. The increased airfare cost for change in R&R point from Athens/U.S.to Australia/U.S. is also budgeted.

B. Function Level 200

FSN Basic Salary	-	FY 88	$ 349.5
	-	FY 87	280.0
Increase			$ 160.1

In early FY 86, the FSNs received an average 40% increase in salaries. The USAID anticipates a further increase in FY 87 of 25% and 30% in FY 88.

C. Function Level 300

Residential Rent	-	FY 88	$ 544.5
	-	FY 87	404.4
Increase			140.1

USAID has 10-12 leases expiring in FY 88 which will require renegotiation. Rents on leases currently being negotiated have almost doubled. USAID expects that lease costs for these new leases will approximate $25,000/Year.

Management Improvements

This USAID has reviewed extensively our operating expense levels and made several changes in operations to effect costs. For example:

FAAS - The FAAS is extensively analyzed and all line items questioned. Each charge is thoroughly substantiated prior to AID approving the FAAS budget. In FY 86, the USAID requested over $600,000 in proposed charges to the FAAS budget be eliminated.

Procurement - To the extent practical, USAID has purchased residential furniture, vehicles, and office equipment/furniture locally, in a third country, or directly from the overseas suppliers to effect cost savings both for purchase price and freight costs. Estimated savings FY 86 total $80,000.00.

Post Assignment - The USAID actively seeks tandem couples for assignment to Bangladesh. In FY 86, the USAID will have three couples on tandem assignment with corresponding savings of over $100,000.

Project Funded PSCs - The USAID has begun to rely increasingly on U.S., local & third- country project funded PSCs to augment USDH staff in the management of our portfolio, e.g population, human resources and PVO activities. The use of local & third-country PSCs is estimated to save $100,000 over the cost of USDH.

Trust Funds:

USAID/Bangladesh has a trust fund of approximately $225,000 which is used to finance local operating expenses of such as travel, residential and office leases, and small value procurement.

The USAID has requested an increase in trust funds levels, but a favorable response is not expected. The BDG is one of the poorest developing countries in the world and does not have the financial resources to increase the trust fund level.

TABLE VIII(c)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS

FY 1986

1. Capital Investment

A. Purchase of Hardware

Description	Model	Vendor	$
5 VS Archiving Workstations	4250	Wang	17,110.00
6 Professional Computers	PC-XC3	Wang	24,440.00
6 PC Daisy Printers	PM015	Wang	4,350.00
1 Daisy Printer for VS 65	DWOS-55	Wang	4,000.00

B. Purchase of Software

Description	Vendor	$
MS-DOS	IBM	315.00
dBase III	Ashton Tate	798.00
Lotus 1-2-3	Wang	1,305.00

C. Site Facility

SUBTOTAL $ 52,318.00

2. Personnel

A. Compensation, Benefits and Travel $ 40,000.00

B. Workyears

3. Equipment Rental, Space, and Other Operating Costs None

A. Lease of Equipment

B. Space

C. Supplies and Other Material

D. Non-Commercial Training

4. Commercial Services None

A. Computer Time

B. Leased Telecommunication Services

TABLE VIII(c)
OBLIGATIONS FOR ACQUISITION, OPERATION AND USE OF INFORMATION TECHNOLOGY SYSTEMS

FY 1987

1. Capital Investment

A. Purchase of Hardware

Description	Model	Vendor	$
1 VS 65 CPU	VS 65-1X	Wang	16,800.00
1 Fixed(147MB)& 1 RSD(76MB)	2295V-C4	Wang	22,000.00
7 VS Workstations	4230	Wang	17,500.00
2 Daisy Printers for VS 65	DWOS-55	Wang	8,000.00

B. Purchase of Software

Description	Vendor	$
COBOL Compiler	Wang	2,700.00
FORTRAN Compiler	Wang	2,700.00
VS Word Processing	Wang	1,800.00

C. Site Facility

SUBTOTAL $ 71,500.00

2. Personnel

A. Compensation, Benefits and Travel $ 42,000.00

B. Workyears

3. Equipment Rental, Space, and Other Operating Costs None

A. Lease of Equipment

B. Space

C. Supplies and Other Material

D. Non-Commercial Training

4. Commercial Services None

A. Computer Time

B. Leased Telecommunication Services

TABLE VIII(c)
OBLIGATIONS FOR ACQUISITION, OPERATION AND USE OF INFORMATION TECHNOLOGY SYSTEMS

FY 1988

1. Capital Investment

A. Purchase of Hardware

Description	Model	Vendor	$
5 VS Workstations	4230	Wang	13,650.00
2 Daisy Printers for VS 65	DWOS-55	Wang	8,000.00
2 Matrix Printers for VS 65	5577	Wang	4,300.00

B. Purchase of Software

Description	Vendor	$
FORTRAN Compiler	Wang	2,700.00
dBase III	Ashton Tate	798.00

C. Site Facility

SUBTOTAL $29,448.00

2. Personnel

A. Compensation, Benefits and Travel $45,000.00

B. Workyears

3. Equipment Rental, Space, and Other Operating Costs None

A. Lease of Equipment

B. Space

C. Supplies and Other Material

D. Non-Commercial Training

4. Commercial Services None

A. Computer Time

B. Leased Telecommunication Services

TABLE VIII(c)
OBLIGATIONS FOR ACQUISITION, OPERATION AND USE OF INFORMATION TECHNOLOGY SYSTEMS

FY 1989

1. Capital Investment

A. Purchase of Hardware

Description	Model	Vendor	$
3 Professional Computers	PC-XC3	Wang	12,820.00
3 PC Daisy Printers	PM015	Wang	2,180.00
1 Daisy Printer for VS	DW OS-55	Wang	3,550.00
2 Matrix Printers for VS 65	5577	Wang	4,300.00

B. Purchase of Software

Description	Vendor	$
dBase III	Ashton Tate	1,000.00
Lotus 1-2-3	Wang	980.00

C. Site Facility

SUBTOTAL $24,830.00

2. Personnel $48,000.00

A. Compensation, Benefits and Travel

B. Workyears

3. Equipment Rental, Space, and Other Operating Costs None

A. Lease of Equipment

B. Space

C. Supplies and Other Material

D. Non-Commercial Training

4. Commercial Services None

A. Computer Time

B. Leased Telecommunication Services

TABLE VIII(c)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS

FY 1990

1. Capital Investment

A. Purchase of Hardware

Description	Model	Vendor	$
None			

B. Purchase of Software

Description	Vendor	$
None		

C. Site Facility

SUBTOTAL

2. Personnel

A. Compensation, Benefits and Travel $ 50,000.00

B. Workyears

3. Equipment Rental, Space, and Other Operating Costs None

A. Lease of Equipment

B. Space

C. Supplies and Other Material

D. Non-Commercial Training

4. Commercial Services None

A. Computer Time

B. Leased Telecommunication Services

Information Technology Narrative

USAID Dhaka currently has the following Microcomputers:

a) Eight Apple IIe
b) Two Compaq plus
c) One IBM PC
d) 7 WANG PCs

Each of the Apple Microcomputers has two floppy disk drives and CP/M and 80 column capability. The Compaqs use MS-DOS and are equiped with a hard disk. Each Wang PC has a 10 MB hard disk and a 360 Kb diskette drive.

In addition, USAID Dhaka has recently installed a Wang VS 65 mini computer. The break up of the VS and peripherals is as follows:

a) One CPU with 1MB memory and a 360Kb diskette drive
b) One 147 MB fixed disk drive
c) One 76 MB removable disk drive
d) One 9 track 1600 BPI tape drive
e) 12 Wang 4230 series workstations

In addition to the above,in complying with DOS regulations, USAID Dhaka has the following redundant equipment:

a) One CPU
b) One 147 MB fixed disk drive
c) One 76 MB removable disk drive

Section A - Information Processing Needs

The USAID's highest priority for the VS 65 is the computerized Mission Accounting and Control System. Lower priorities have been accorded to Contract/Grant/Loan Management, PTMS and Word Processing.

Usage of equipment can be broadly classified as follows:

VS -65

i) More than half the memory of the Wang VS has been dedicated for use by the Controller's Office to run their Mission Accounting and Control System (MACS).

ii) The remaining memory is being used for word processing functions by all divisions of the Mission and management of USAID resources by the Office of Management/Contracts.

iii) AID/Dhaka is installing the Wang VS telecommunications option. This will enable the Mission to directly link up with AID/Washington's computer system thus making information transfer between the Mission more effective and less time consuming.

WANG PCS

i) The Wang PCs,which can also be used as VS Workstations through the local communications option,are being used to run word processing.The Mission is also beginning to use software such as LOTUS 1-2-3, dBase III,PTMS and the Contracting Officer's applications.

ii) The Apples and Compaqs are being used for spreadsheet calculation (Lotus, Supercalc and Multiplan), statistical analysis (Microstat) in the areas of economics, demography, family planning service statistics, and agriculture. The Office of the Economist,in particular,is using the micros for economic analysis and for maintaining an economic and social data base.

With the installation of the Wang PCs more and more project data is being transferred from the Apple and Compaq computers to the Wang PCs.

Section B - Operation and Management of Automation Equipment

The Controller's Office has recently added a new section called Information Support Services. This section is headed by a Systems Analyst. The Systems Analyst is in charge of day-to-day operations of the computer system as well as the management of all automation equipment and systems. All divisions in the Mission work closely with the Systems Analyst who analyzes both their software and hardware requirements prior to approving requests for additional equipment/software. The Analyst is responsible for the installation of all hardware/software and ensures routine maintenance and upkeep is performed. The Analyst in conjunction with the Management Office, is responsible for establishing rules for equipment use, scheduling training for users, etc.

Section C - Training Programs

The Systems Analyst has instituted training programs to educate users of the Wang PCs and the VS 65 workstations. Users have been trained to use Wang word processing facilities and MACs. As a result of the extensive training thus far,more and more users have switched to Wang word processing to take advantage of Spelling Verifier and the easily used WP system.

The Systems Analyst is also training personnel in the Office of Program,Participant Training section to use PTMS (dBase III software). The Population and Health office has also requested a full analysis of their automation needs as well as development of automated Data/Services Statistics program. Other offices have

begun learning LOTUS 1-2-3 under the direction of the Systems Analyst.

As the training programs are being conducted, users are being initiated into the art and science of effective computer use. It is hoped that the effective automation program that the Mission has now embarked upon will result in improved quality, timeliness and efficiency in producing Mission reports and documents.

Section D - Information Management Plan

The Mission is planning to promote data base management programs (using dBase II and DBase III) for organizing and retreiving various types of information. The system will be used for logistics management (including tracking of family planning, agricultural and rural electrification commodities and programs) as well as for personnel management, leave scheduling and post property control.

AID/Dhaka has already written a software program to monitor and evaluate the USAID's compliance with the 50/50 shipping requirements. In addition the Mission is using the Wang equipment for preparing the Project Implementation Reports (PIR). Output is stored on diskettes and sent to AID/Washington for review.and distribution to the necessary offices. The USAID has also utilized the Wang to prepare the Mission Action Plan, Title III project paper, as well as the ABS.

The USAID has also benefitted significantly from conversion of the accounting records to MACS. Reports are easily generated and project management as well as internal controls have been greatly strengthened.

The USAID computer operation is operating 100% at this time and USAID is developing a total Information Management Plan.

Table 1
Mission Planned Purchases

FY 86

Hardware

5 Wang Vs Archiving Workstations	$17,110.00	
6 Wang PCs (with options)	24,440.00	
6 PC PM015 Daisy Printers	4,350.00	
1 DW OS 55 Printer	4,000.00	
Total Hardware Costs		$49,900.00

Software

IBM MS-DOS	$ 315.00	
d BASE III	798.00	
Lotus 1-2-3	1,305.00	
Total Software Costs		$ 2,418.00
Supplies (FAAS Contribution)		$35,000.00
Shipping		24,000.00
Maintenance		30,000.00
Spare Parts		5,000.00
Total 1986 Costs		$146,318.00

FY 87

Hardware

1 Wang Vs 65 CPU	$16,800.00	
1 147 Mb Fixed Disk &	22,000.00	
1 76 Mb Removable Disk		
7 Wang VS Workstations	17,500.00	
2 DWOS55 Printers	8,000.00	
Total Hardware Costs		$64,300.00

Software

Cobol Compiler	$ 2,700.00	
FORTRAN Compiler	2,700.00	
VS Word Processing	1,800.00	
Total Software Costs		$ 7,200.00

Supplies (FAAS Contribution)		$ 27,000.00
Shipping		20,000.00
Maintenance		38,000.00
Spare Parts		30,000.00
Total 1987 Costs		$186,500.00

FY 88

Hardware
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5 Wang Vs Workstations	$13,650	
2 DW OS55	8,000	
2 5577 Printers	4,300	
Total Hardware Costs		$25,950.00
FORTRAN Compiler	$ 2,700.00	
dBase III (Wang)	798.00	
Total Software Costs		$ 3,498.00
Supplies (FAAS Contribution)		$ 30,000.00
Shipping		20,000.00
Maintenance		40,000.00
Spare Parts		5,000.00
Total 1988 Costs		$124,448.00

FY 89

Hardware
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3 PCS with Printers	$15,000.00	
1 DW OS 55 Printers	3,550.00	
2 5577 Printers	4,300.00	
Total Hardware Costs		$ 22,850.00

Software

Lotus 1-2-3	$ 980.00	
dBase III (Wang)	1,000.00	
Total Software Costs		$ 1,980.00
Supplies (FAAS Contribution)		$ 29,700.00
Shipping		20,000.00
Maintenance		42,000.00
Spare Parts		5,000.00
Total 1989 Costs		$121,530.00

FY 90

Hardware (none)	
Software (none)	
Supplies	$33,000.00
Shipping	10,000.00
Maintenance	46,000.00
Spare Parts	2,000.00
Total 1990 Costs	$ 91,000.00

Table 2 - User-Workstation Ratio in the Mission

Table - 2

FY	# Workstations	# Potential Users	Ratio # Users/ Workstation
86	30	170	5.6
87	37	185	5.0
88	42	195	4.6
89	45	205	4.5
90	45	205	4.5

Country/Office BANGLADESH

FY 1988 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 Title I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

	Actual FY 1986		Estimated FY 1987		Projected FY 1988	
	$	MT	$	MT	$	MT
COMMODITIES						
Title I						
Wheat	40.0	342.0	40.0	310.0	45.0	349.0
Rice	10.0	35.0	5.0	18.0	0	0
Vegetable Oil (CDSO)	10.0	25.5	10.0	19.0	10.0	19.0
Cotton	10.0	33.3 (Bales)	9.0	32.0 (Bales)	9.0	32.0 (Bales)
Maize/Sorghum	0	0	0	0	1.0	9.0
Total	70.0		64.0		65.0	
of which Title III						
Wheat	40.0	342.0	40.0	310.0	45.0	349.0
Rice	10.0	35.0	5.0	18.0	0	0
Vegetable Oil (CDSO)	10.0	25.5	10.0	19.0	10.0	19.0
Cotton	10.0	33.3 (Bales)	9.0	32.0 (Bales)	9.0	32.0 (Bales)
Maize/Sorghum	0	0	0	0	1.0	9.0
Total	70.0		64.0		65.0	

COMMENT: The first tranche of wheat shipment totalling 102,000 MT arrived in April, 1986. Remainder of wheat shipments are expected in July/August, 1986. About 10,000 MT of CDSO arrived during end of May. Instructions have been given for shipment of the remaining CDSO in August for tentative arrival in September/October, 1986. Rice is programmed to arrive in September, 1986. Tender for purchase of cotton is expected to be floated sometime in July, 1986. Shipments are expected to arrive during October/November, 1986. Total quantity of each commodity to be shipped in FY1986 is still estimated as purchases of all the commodities have not yet been completed.

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country BANGLADESH

Sponsor's Name CARE

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

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

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

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

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

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

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

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
5,000	WHEAT	120,000	16,323
Total Food for Work		120,000	16,323

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

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

II. Sponsor's Name _____

USAID/DHAKA PRIVATIZATION PLAN

Background. The newly formed nation of Bangladesh emerged from the 1971 civil war with a strong socialist bias and a decimated managerial class. It vigorously pursued a set of policies that encouraged large-scale nationalization of Pakistani-owned industries, regulation of private trade, and subsidies that encompassed, inter alia, food grains, credit, and agricultural inputs. Public sector control and management of the economy was pervasive.

Against this backdrop, the success of Bangladesh's efforts over the past decade to denationalize public enterprises, remove the impediments to the free play of market forces, and generally increase the scope of private sector participation in the economy have been remarkable. The case of Bangladesh is perhaps unique among the poorest developing countries, especially in contrast with sub-Saharan Africa, where the growth of the public sector following independence--manifested in the expansion of parastatal and state-owned enterprises--has been rapid, and their influence pervasive. Described by Elliot Berg as a "unique case" in the inexorable trend toward greater state control, Bangladesh was recently* characterized as a "champion performer in the world of privatization and divestiture...far and away the leader of the divestiture parade in the less developed world."

The nationalization trend in Bangladesh was reversed by a confluence of events. First, the set of economic policies that emerged from liberation resulted in woefully inefficient allocation and use of scarce resources, increased the budgetary

*Speech presented at the International Conference on Privatization, AID/W, February 17-19, 1986.

burden on the government, and diverted scarce resources from productive investments and greatly needed development activities. Second, the donors who collectively had committed a massive amount of funds for relief and rehabilitation activities were shifting their focus towards development assistance activities.

Beginning in 1975, the BDG began to give a greater role to the private sector and gradually began to return a number of small businesses to private hands. The number of industries reserved for the public sector was reduced to eighteen. Under this policy, 116 units were turned over to the private sector between 1976 and 1982. The process was greatly accelerated by the New Industrial Policy (NIP), announced in June 1982 by the new Chief Martial Law Administration (CMLA). Under the NIP, exclusive public-sector activity was limited to only six areas, many nationalized jute and textile mills were returned to their former Bangladeshi owners, and government divested its holdings of many abandoned (Pakistani-owned) industries that had been nationalized. A number of newspapers and magazines, a government-owned fishing fleet, selected public chemical and food processing corporations, as well as a substantial percentage of the public steel and engineering corporation, were all divested. Two of the six nationalized commercial banks were returned to the private sector. Thus far, 110 public sector units have been divested. As a result of the large-scale denationalization and the rapid growth of the private sector at the same time, the public sector currently owns only about 40% of fixed assets (as against 90% of fixed assets in 1972) and employs not more than 20% of the labor force in modern manufacturing. Only about 160 industrial units remain in the public sector.* This sweeping reform occurred with remarkable speed, lack of disruption in production and little public protest.

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*See IBRD, Bangladesh: Recent Economic Development and Medium Term Prospects, March 17, 1986, for greater discussion of BDG progress in divestment/denationalization.

In addition to the denationalization thrust of the NIP, the BDG began to implement a broad range of economic reforms that facilitated more efficient use of public and private resources, and have encouraged the expansion of private enterprises. These include: (1) the reduction of subsidies, including those on rationed food grains, agricultural inputs, energy and credit; (2) gradual encouragement of domestic and foreign private investment; and (3) increased reliance on the private sector for the delivery of goods and services.

The critical role that USAID has played in support of these policy initiatives is well understood and amply documented. Over the past years, USAID has been able to commit successfully a large portion of its portfolio to programs that have increased the scope of private sector participation in the economy and encouraged the free flow of market forces. Specifically, we have encouraged policy and administrative reforms in key areas of the economy--fertilizer marketing, banking and finance, and food grain pricing and marketing. In addition, we have encouraged competition between the public and private sectors in the delivery of crucial family planning services through the Social Marketing Project, AID's largest and most successful contraceptive retail sales program. Most recently, we have introduced private sales of oral rehydration solution (ORS) through the SMP. The specific policy achievements are discussed in the USAID Policy Dialogue Plan (FY 1987 ABS) and the FY 1987 Action Plan.

USAID Privatization Objectives and Strategy.

In the absence of a commonly accepted definition of privatization, the USAID believes that the term encompasses not only the denationalization of state enterprises, but equally important, the removal of impediments to the free play of market forces, including deregulation of prices, development of competitive markets, and generally, reform of the macro-economic policy environment that will encourage the expansion of private enterprise. Privatization, broadly conceived, is the removal of policy, institutional and physical

constraints that impede expansion of private enterprise. This will be USAID's working definition.

We are reluctant to formulate discrete objectives, since we consider privatization as a means, rather than an end, to address the USAID's program objectives of increasing agricultural productivity, and, most importantly, expanding employment opportunities. The strategy we employ to address these goals are almost exclusively within the broad definition of privatization. For example, our efforts in the Fertilizer Distribution Improvement (FDI) program have focussed on expanding the role of the private sector in fertilizer retail and wholesale marketing, deregulating prices, injecting of competition between the public and private sector in the distribution of agricultural inputs, and ultimately, encouraging the divestiture of most of the functions of the parastatal established to market all agricultural inputs, the Bangladesh Agricultural Developmenht Corporation (BADC). The ultimate goal of the FDI program is the increased availability of fertilizer and its more efficient use, as well as the more efficient use of scarce government resources.

Similarly, our PL 480 Title III program seeks to privatize the food grain trade by curtailing the government's role in grain rationing; introducing policy measures to strengthen the private grain trade; maintaining incentive prices to farmers; reducing the government's role in the food grain market to one of maintaining and managing reserves to meet food security requirements for the nutritionally vulnerable groups and in times of national emergency; promoting private marketing and processing of edible oils; stimulating the development of the private cotton spinning industries; and facilitating private sector imports of wheat directly by the private flour millers' association.

USAID's primary privatization objective will be to catalyze the indigenous (and where possible, foreign) private sector to expand productive employment opportunities, one of Bangladesh's most urgent development priorities. The strategy addresses the

policy, institutional, infrastructural, managerial and credit constraints to private enterprise development. In addition, we intend to assist the BDG in its effort to divest additional public enterprises, stimulate competitive delivery of goods and services by both the public and private sectors, and respond to targets of opportunity to encourage access to foreign capital, technology and marketing experience.

The USAID's Employment and Enterprise Strategy, drafted as an annex to the CDSS, was approved by AID/W last year. Briefly, the strategy addresses key constraints to the growth of small, labor-intensive private enterprises, indirectly by (1) helping create a healthy policy and institutional environment in which private enterprise can flourish; (2) creating a reliable physical infrastructure that stimulates market development; and (3) strengthening the management capabilities of entrepreneurs and administrators. Directly, USAID will promote specific labor-intensive enterprises that introduce either innovative technologies or non-traditional exports.

Clearly, the USAID must focus its attention on the broader macro-economic, institutional, physical and managerial environment that will permit entrepreneurs to invest their skills and resources, and ultimately, create jobs. Certainly, "getting the prices right", eliminating market regulations, building appropriate infrastructure, and creating a pool of skilled managers are all prerequisites for efficient privatization. Yet, acknowleding that the overall climate for domestic business development and, especially, foreign investment is still limited, there are a number of discrete activities the USAID will explore over the next year to spur growth of indigenous small, labor-intensive private enterprises and promote foreign investment.

First, the extremely rapid push to denationalize public enterprises that began in 1982 has recently abated, partly as a result of the recent elections, and perhaps because the "easy" industries have already been targeted. While the MLA still proclaims its renewed support for further privatization through

disinvestment of the remaining nationalized commercial banks (NCBs), conversion of public corporations into holding companies, and permitting 49% shares in the equity capital of certain public enterprises, including the fertilizer and jute industries, the recent steps taken have been more tentative than in the past. A Revised New Industrial Plan (RNIP) that would provide more fiscal and other incentives to investors has been hotly debated in government circles. USAID, in collaboration with CIDA, is currently proposing to the BDG a "divestiture study"; technical assistance to explore the methods and techniques of moving a corporation from the public to the private sector. The study will focus on such technical issues as asset evaluation, appropriate accounting principles, identification of relevant legal issues, and methods of issuing stocks and bonds. The study would review past experience of public-to-private sector transfer and would also examine the approaches employed in other developing countries.

Second, USAID will support a fledgling U.S.-Bangladesh Business Council. The recent creation of this Council, founded as a BDG initiative, would take advantage of growing interest in the development of U.S. commercial and investment opportunities in Bangladesh. We recognize that prospects for significant U.S. investment in Bangladesh are limited and that the BDG commitment to foreign investement is ambivalent. Despite these reservations, we believe there is an opportunity for "consciousness-raising", both in the U.S. and Bangladesh to educate American businessmen about economic opportunities in Bangladesh and provide BDG policy-makers with a clearer idea of what motivates foreign investors. We intend to support the Business Council through the provision of short-term technical assistance to develop a plan of action. The Council can provide a useful forum to educate and facilitate investment promotion activities in Bangladesh.

Third, USAID is interested in promoting labor-intensive contract farming systems, and we will soon attempt to identify local individuals or groups who would be interested in learning more about certain groups in Thailand (e.g. Adams Int'l or

Charoen Phoxphand) conduct business. We plan to use PRE as an intermediary to discuss with these Thai groups their interest in establishing commercial linkages and/or sharing their experiences with interested Bangladeshi entrepreneurs.