

UNCLASSIFIED

Annual Budget Submission

FY 1988

PORTUGAL

BEST AVAILABLE



June 1986

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

UNCLASSIFIED

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ANNUAL BUDGET SUBMISSION

OVERVIEW

A. PROGRAM STATUS

1. Program Supervision

With no further funds programmed for technical assistance grants, the program supervision responsibilities decline progressively upon conclusion of agreements and contracts for new or revised sub-activities. The contracting phase of project implementation should be completed by the end of FY 1986 for all sub-activities. Nine (9) of eighteen (18) sub-activities will be physically completed in FY 1986, five more by the first quarter of FY 1988 with the remaining four (including Housing) active through FY 1989.

Implementation of the 1984 Base Agreement requires semi-annual cash transfer agreements to fund development activities in the Azores and the Luso-American Development Foundation. These agreements generally are fairly routine and follow the format established in FY 1985.

2. Luso-American Development Foundation (LADF)

The LADF is now in operation. It provides a viable vehicle for financing U.S.-Portugal development activities. Only limited AID involvement is involved, centering principally on semi-annual funding and referral of requests to the LADF.

3. African Programs

Two of the planned three Trilateral Memoranda of Understanding have been signed with the third in final revision form - Implementation of projects under these Trilateral Agreements are coordinated by a senior PSN with basic guidance coming from the African Bureau. The decision not to pursue a developmental relationship with the Portuguese Institute of Economic Cooperation (ICE) has reduced the need for senior U.S. management level assistance in this area.

4. General Administration Management Improvements

Approximately half of the AID Representatives time is consumed in general management and Embassy Liaison duties. An analysis of these tasks reveals that a significant (50%) reduction in this workload could be made through a variety of measures, e.g.: deletion of Lisbon from circular cable and pouch traffic, elimination of duplicate participation in meetings, etc. These steps will be taken with the objective of achieving the 50% reduction by the end of December, 1986.

5. Housing Guaranty Programs

The PRE/H Housing and Urban Development officer assigned to Lisbon has responsibility for the \$75 million Housing Guaranty Loan Program that was included in the 1984 Base Agreement. The program is designed with important policy and institutional objectives that require continued developmental involvement and program supervision. As the program advances to implementation, the Housing Officer should be able to reduce the time required to supervise the housing program and increase time available for other responsibilities either on other PRE/H programs within the region or on supervision of the AID Program in Portugal.

6. Conclusion

Given the reduction of activities involving the AID Representative and advancement of the Housing program, an amalgamation of Housing and AID Program Supervisory duties should be possible during the second quarter of FY 1987. As a result of this amalgamation, the Housing Officer would become AID's Principal Officer and devote approximately 40% of his time to AID program management, 50% to Housing and 10% to other PRE/Private Enterprise activities.

The two officers would begin a transition period in December. From March thru the remainder of FY 87 the combined responsibilities of the two positions would be greater than normal but should be manageable. This arrangement will permit elimination of the AID Representative position by March 31, 1987.

B. PROGRAM MANAGEMENT

1. Scope

There are four (4) major areas of project activity requiring management by USAID/Lisbon Staff namely Project 150-0001, Technical Consultants and Training, Project 150-0023, Agricultural Production Program, AID Centrally Funded Programs and support to African Bilateral and Trilateral Programs.

2. Status

a. Project 150-0001

There are eighteen (18) sub-activities currently active under this umbrella project. Of the eighteen (18), nine (9) will be completed prior to the end of FY 1986. Most of these activities involve minimal monitoring activity on the part of AID project supervisors as they are only awaiting final billings to be closed out. Seven (7) of the remaining nine (9) activities involve a relatively high level of project monitoring. Five (5) of these activities will be completed by December, 1987. Two (2) will continue through September, 1989 (Housing) and December, 1989 (Hospital Cost Control). The remaining two (2) sub-activities (Training and MEREC-II) require less intensive project monitoring.

b. Project 150-0023, Agricultural Production Program

The signing of the PASA Amendment on April 3, 1986, completes the reprogramming reflected in USAID/Lisbon's December, 1985 telegram (Lisbon 12796). While there may be some minor adjustments to be made, the main program lines for the balance of the life of the project have been negotiated and agreed upon. The USAID/Lisbon monitoring role during the remainder of the implementation of the project should be minimal.

c. Centrally Funded Projects

Two central research grants to Portuguese scientists require almost no AID/Lisbon involvement nor would any additional grants of this nature. The MEREC-I centrally funded project runs out in December, 1986 leaving the National Health Survey as the only centrally funded project requiring continuing attention through June, 1988.

d. African Programs

Two (2) Memoranda of Understanding (MOUs) have been signed (Guinea Bissau and S. Tome and Principe). A third MOU for Mozambique is in the final revision stage. No other MOUs are anticipated at this time. The AID/Lisbon role in support of African programs will shift from planning to implementation as country programs move from the MOU to implementation stage.

e. Housing Programs

The Program Agreement for the first phase \$25 million has been signed, some 7,000 units have been started, and contracting of the first Housing Guaranty Loan is expected this fiscal year. Authorization of the second and, subject to HG availability, third phases are programmed for FY 86 and 87 respectively with HG loan contracting scheduled as work advances thru FY 88 or FY 89 (completion is currently projected for December 31, 1989).

f. Conclusion

Management of the Housing area is shared by the Housing Officer and a PSC engineer. One U.S. PSC advisor is contracted thru June, 1988 with RHUDO/Tunis expected to fund extensions to allow regional work thru December, 1988. Their level of effort in this area is fairly constant as successive Investment Guaranty agreements are negotiated and move into the contracting or implementation stage.

Three employees carry the balance of the program management workload of activities in the implementation stage. The Training Assistant shares her time in the implementation of training activities in all projects including third country training for Africa Projects. One PSC Program Specialist has been involved basically with Agricultural Programs which phase out in 1987 and the design and development of U.S. support to Trilateral activities.

As the USAID/Lisbon portfolio declines and as AID support to African bilateral and trilateral activities moves from the planning to implementation, USAID/Lisbon will become increasingly involved in the implementation of AID financed African projects. The duties of the three employees will be combined which will permit elimination of one FSN contract position by May, 1987.

USAID/LISBON SUPPORT TO AFR BILATERAL/TRILATERAL PROGRAM

1. Country Programs

A. Cape Verde

In the Sahel Human Resources Development project paper there is a marked emphasis on in-country and third country training. The Agriculture Research Center is planning to send participants to Portugal for short term technical skills training. The duration of the training will range from 2 weeks to 2 months and is expected to begin in FY 87. Projected number of participants is from 7 to 10 for each Fiscal Years 1987 and 1988.

B. Guinea-Bissau

Under the terms of the trilateral umbrella agreement, a broad training program is being implemented in Guinea-Bissau targeted at strengthening and expanding Guinea-Bissau's private sector. The existing technical skills training project has 8 sub-activities with only minimal provision for AID financed third country training. Assuming this first stage is successful, an Agro-Industrial Development Fund will be established; AID will contribute up to \$4 million with Portugal and Guinea-Bissau contributing smaller amounts.

C. Sao Tome and Principe

\$50,000 has been approved for S. Tome under the regional African Manpower Development Program (AMDP). A proposal has been made to increase the funding level to \$100,000. While the specific activities have not been finalized, participant training in Portugal is not envisioned, therefore, USAID/Lisbon involvement will not be required.

Under the trilateral program, one project for S. Tome is currently in the design stage. Participant training will not be a major component and will probably be managed by the GOP. There is, however, the expectation that USAID/Lisbon will play an advisory role in the implementation stage. The extent of that advisory role will depend upon the capability and availability of the person selected to backstop that activity. While it is not possible at this time to quantify the amount of time involved in this advisory role, it will require an individual with professional contract management skills.

D. Mozambique

The draft Memorandum of Understanding, as revised by ICE, is now under review by USAID/Maputo and AID/W. AID/W and USAID/Maputo projects only limited USAID/Lisbon involvement in support of the Mozambique program.

2. Accounting and Administrative Support Required

A. Technical Services

When USAID/Lisbon becomes involved in the early (advertising) stages of contracting for service(s) the GOP looks to USAID/Lisbon for continuing advice and assistance in satisfying AID contracting requirements, e.g. bid analysis, pricing, etc. This continued advisory role would increase AID/Lisbon's workload as the portfolio grows.

B. Commodities

AID/Lisbon has had some limited involvement in procurement of project and administrative commodities for AFR Missions. In these instances all of the accounting steps/processes involved under services contracts are duplicated with the added responsibilities inherent in procurement, e.g. obtaining quotations and selection of supplier, getting approval/concurrence for commitment of funds, preparing and forwarding purchase order to supplier, following up on delivery date, picking up commodities and preparing them for shipment. As AID/Lisbon's capacity in this area is limited, reliance would have to be placed on Embassy GSO services which, again, are obtained through FAAS agreement.

C. Participants

The placement and maintenance of third country participants is the most labor intensive of the support functions extended to the AFR Missions. Programs have to be arranged, tuitions negotiated, monthly maintenance payments issued and training materials funded. Training activities is currently projected for four (4) countries (Cape Verde, Guinea Bissau, and Sao Tome and Principe). Past programs have involved some 6-10 participants per year. With regard to increased participant training activities, it appears that Cape Verde is projecting a maximum of 20 TCNs to be trained in Portugal through FY 88. In projects in Guinea Bissau and S. Tome and Principe, minimal AID financed training is planned.

Accounting support involves voucher preparation, verification, approval, certification, and transmittal to Paris for check issuance. Once check is received from Paris, it is controlled; delivery to payee is receipted; control card is filed; payment posted, AOC is prepared and forwarded to Abidjan or Mbabane (Regional Accounting Stations), and at the end of the month a U101 report is prepared and sent to AID/W.

Under current Mission/Embassy operating procedures a financial transaction requires action(s) by 6 people; 4 AID staff (Training Assistant, Accountant, Accounting Clerk, Approving Official); the Embassy Certifying Officer and for cash payments, the Embassy B&F/Cashier (Embassy services for these functions are obtained through FAAS agreement).

When insurance for participants is involved a separate procurement action is also required to provide/obtain necessary coverage.

3. Conclusion

Based on the foregoing, it is obvious that the requirement for USAID/Lisbon accounting and management services for AFR bilateral and trilateral programs will continue. We estimate this support to be up to 1/4 person year. Added to this are the program support services estimated at 3/4 to one person year for a total of one to 1 1/4 person years.

Programs in Mozambique are still in the preliminary planning stages, thus definitive figures are unavailable. Until more is known about the scope of activity in connection with the Mozambique program, it is difficult to project an increased/sustained workforce demand on USAID/Lisbon.

SECRETARIAL/CLERICAL SUPPORT

USAID/Lisbon currently has four (4) employees whose primary functions are secretarial/clerical in nature. A plan has been developed which will allow a progressive reduction of this staff consonant with program needs. Cross training is underway and steps are being taken to reduce the inflow of AID/W cable and pouch material which consumes over one-half a person year. A reduction of one person in each FY (1987, 88, 89 and 90) is projected.

AGRICULTURE PRODUCTION PROGRAM
(Project 150-0023)

The agriculture production project is scheduled to be completed by December, 1987 (first quarter FY 88). There are two resident USDA team members in Portugal, and there is an extensive network of short-term advisors (contractors) who periodically work with Portuguese counterparts on specific activities. Administrative and clerical support is provided by four (4) Portuguese employees: a Training Officer, two Secretaries and a Driver/Interpreter.

1. Program Administration and OICD Coordination

Given the PACD of December 31, 1987, the PASA Chief anticipates that declining program administration and coordination activities will permit his departure in August or September, 1987. The OICD Administrative Coordinator will remain through December, 1987 to provide continuity, coordinate project phase down/close out, arrange for transfer of equipment to Ministry of Agriculture and provide support to consultants. There is no planned decrease in consultant activity. Commitments have already been made for consultant services through December, 1987. As the project winds down, there will be a corollary decrease in budget planning, procurement and training activities. When the project is completed, Procalfer will be absorbed by the Ministry of Agriculture and all equipment currently being used by Procalfer will revert to the Ministry. In this connection, as less time is spent on procurement, more time will be spent on arranging for the equipment transfer.

2. Administrative Support

Workload projections for the two (2) Secretaries reflect no planned decrease in activities as part of their duties involve support to PROCALFER staff and to the short-term consultants.

3. Participant Training

With the selection of 26 participants for long-term academic training in U.S. (MA level programs), all funds for long term training have been allocated. Since no additional funds are available to support this activity, it appears that by end of FY 86 a significant decrease in workload will occur. Without the U.S. participant training activity, the Training Assistant's workload will drop. With regard to short-term technical training requirements, participant selection and processing, assistance, if needed, could be provided by USAID/Lisbon staff. Therefore the USDA/OICD/PASA Training Assistant can be eliminated by the end of FY 1986.

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

	FY 1985	FY 1986	--FY 1987--	FY 1988	-----PLANNING PERIOD-----			
	ACTUAL	ESTIMATE	CP ESTIMATE	AAPL	1989	1990	1991	1992
<u>FUNCTIONAL ACCOUNTS</u>					N/A			
<u>DA ACCOUNT</u>					NONE			
<u>ECONOMIC SUPPORT FUND</u>								
TOTAL	80000	76560	80000	80000	80000	80000	80000	80000
GRANTS	80000	76560	80000	80000	80000	80000	80000	80000
LOANS	---	---	---	---	---	---	---	---
<u>DA AND ESP TOTAL</u>								
TOTAL	80000	76560	80000	80000	80000	80000	80000	80000
GRANTS	80000	76560	80000	80000	80000	80000	80000	80000
LOANS	---	---	---	---	---	---	---	---
<hr/>								
<u>PL 480</u>					NONE			
<u>HOUSING GUARANTEES</u>								
			*					
	(25000)	(25000)	(---	(---	(---	(---	(---	(---

* The \$75 million HG financing included in 1984 Base Agreement was originally programmed for authorization in 3 phases: FY 85, 86 and 87. Authorization of the third phase in FY 87 is now subject to the continued availability of Housing Guaranty Authority.

Country PORTUGAL

FY 1988 ANNUAL SUPPORT SUBMISSION
TABLE IV - PROJECT SUPPORT DATA

PROJECT NUMBER AND TITLE	ORLIO DATE	-TOTAL COST- ADTM PLAN	ORLIO TY 85	PIPE- LINS	ORLIO- ACTIONS	ESTIMATED U.S. DOLLAR COST (\$000)		ORLIO- ACTION	ORLIO- ACTION	TY 88- PROPOSED	SPECIAL CODES	ITEM NO
						TY 1986 EXPEND- ITURES	MORTGAGE ITURES					
ECONOMIC SUPPORT FUND												
150K610 CASH TRANSFER (LADF)							SUBCAT: ESCT	ZPVO:				
G 86 86	20000	36560	---	---	36560	36560	---	---	---	---	N/A	10714
150K611 CASH TRANSFER (AZORES)							SUBCAT: ESCT	ZPVO:				
G 86 86	20000	40000	---	---	40000	40000	---	---	---	---	N/A	10715
1500001 TECHNICAL CONSULTANTS AND TRAINING							SUBCAT: EHSP	ZPVO: 7				
G 75 85	12750	12750	2702	---	1100	---	---	---	900	---	FR PVO	EY PRZ 6598
1500023 AGRICULTURE PRODUCTION PROGRAM							SUBCAT: FNEK	ZPVO:				
G 80 80	10000	10000	10000	3456	---	1600	---	---	1600	---	N/A	6599
1508004 CASH TRANSFER							SUBCAT: ESCT	ZPVO:				
G 87 87	---	80000	---	---	---	80000	80000	80000	80000	---	N/A	10035
1508005 CASH TRANSFER							SUBCAT: ESCT	ZPVO:				
G 88 88	---	80000	---	---	---	80000	---	---	---	---	80000	0988 N/A
APPROPRIATION												
TOTAL	62750	259310	22750	6158	76560	79260	160000	80000	82500	80000		
GRANT	62750	259310	22750	6158	76560	79260	160000	80000	82500	80000		
LOAN	---	---	---	---	---	---	---	---	---	---		
COUNTRY TOTAL												
TOTAL	62750	259310	22750	6158	76560	79260	160000	80000	82500	80000		
GRANT	62750	259310	22750	6158	76560	79260	160000	80000	82500	80000		
LOAN	---	---	---	---	---	---	---	---	---	---		

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

DECISION UNIT

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	PROGRAM APPROP	FUNDING (\$000) INCR	CUM
------	---------	-------	--------------	----------------	-------------------	----------------------------	-----

N/APPLICABLE

FY 1988 ANNUAL BUDGET SUBMISSION

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

<u>Source/Purpose</u>	<u>1985</u> <u>ACTUAL</u>	<u>1986</u> <u>EST.</u>	<u>1987</u> <u>Planned</u>	<u>1988</u> <u>PROP.</u>
I. <u>ECONOMIC SUPPORT FUND</u>	The Azores Base Agreement ESF Cash Transfers do not generate local currency. The transfers are used for economic development support to the Azores (\$40 million per year) and for capitalization of the Luso-American Development Foundation \$38 million in FY 1985 and \$37.56 in FY 1986 with \$40 million programmed in FY 1987 through 1992.			
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)

<u>Source/Purpose</u>	<u>1985</u> <u>ACTUAL</u>	<u>1986</u> <u>EST.</u>	<u>1987</u> <u>Planned</u>	<u>1988</u> <u>PROP.</u>
II. <u>PL 480</u>				
A. Public Development Activities				
1.				
2.				
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

TABLE VIII - FY 1986
Operating Expense Summary

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		(85.1)		(85.1)	
U.S. CITIZENS BASIC PAY	U101	110	71.7		71.7	1.0
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116				
OTHER AID/W FUNDED CODE 11	U104	119				
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126				
RETIREMENT - U.S. DIRECT HIRE	U107	120	5.0		5.0	
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129	1.3		1.3	
OTHER MISSION FUNDED CODE 12	U110	129	5.5		5.5	
POST ASSIGNMENT - TRAVEL	U111	212				
POST ASSIGNMENT - FREIGHT	U112	22				
HOME LEAVE - TRAVEL	U113	212				
HOME LEAVE - FREIGHT	U114	22				
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215				
OTHER CODE 215 TRAVEL	U117	215	1.6		1.6	4.0
<u>FOREIGN NATIONAL DIRECT HIRE</u>	U200		(60.2)		(60.2)	
<u>BASIC PAY</u>	U201	114	50.4		50.4	4.0
OVERTIME, HOLIDAY PAY	U202	115	4.6		4.6	.3
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129	5.2		5.2	
BENEFITS FORMER FN PERSONNEL	U205	13				
<u>CONTRACT PERSONNEL</u>	U300		(67.9)		(67.9)	
<u>PASA TECHNICIANS</u>	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113				
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	32.3		32.3	1.3
ALL OTHER F.N. PSC COSTS	U305	255	2.0		2.0	
MANPOWER CONTRACTS	U306	259	33.6		33.6	3.2
JCC COSTS PAID BY AID/W	U307	113				
<u>HOUSING</u>	U400		(19.4)		(19.4)	
<u>RESIDENTIAL RENT</u>	U401	235				
RESIDENTIAL UTILITIES	U402	235				
MAINTENANCE AND RENOVATION	U403	259	.3		.3	
QUARTERS ALLOWANCES	U404	127	18.6		18.6	1.0
RESIDENTIAL FURNITURE/EQUIP.	U405	311				
TRANS./FREIGHT - CODE 311	U406	22				
SECURITY GUARD SERVICES	U407	254				
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	.5		.5	

TABLE VIII - FY 1986
Operating Expense Summary

<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>OFFICE OPERATIONS</u>	U500		(110.0)		(110.0)	
OFFICE RENT	U501	234	.7		.7	
OFFICE UTILITIES	U502	234				
BUILDING MAINT./RENOVATION	U503	259				
OFFICE FURNITURE/EQUIPMENT	U504	310	2.0		2.0	
VEHICLES	U505	312				
OTHER EQUIPMENT	U506	319	4.0		4.0	
TRANSPORTATION/FREIGHT	U507	22	.5		.5	
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	7.3		7.3	
COMMUNICATIONS	U509	230	13.1		13.1	
SECURITY GUARD SERVICES	U510	254				
PRINTING	U511	24	.7		.7	
SITE VISITS - RIG PERSONNEL	U512	210				
SITE VISITS-MISSION PERSONNEL	U513	210	14.7		14.7	20.0
SITE VISITS-AID/W PERSONNEL	U514	210	11.5		11.5	4.0
INFORMATION MEETINGS	U515	210				
TRAINING ATTENDANCE	U516	210	3.2		3.2	2.0
CONFERENCE ATTENDANCE	U517	210	4.3		4.3	3.0
OTHER OPERATIONAL TRAVEL	U518	210				
SUPPLIES AND MATERIALS	U519	26	10.0		10.0	
FAAS	U520	257	25.0		25.0	
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	13.0		13.0	
TOTAL O.E. BUDGET			342.6		342.6	
RECONCILIATION			103.0		103.0	
OPERATING BUDGET REQUIREMENTS			239.6		239.6	
636C REQUIREMENTS	U600	32	-		-	
TOTAL ALLOWANCE REQUIREMENTS	U000		239.6		239.6	
<u>LOCAL COST SUPPORT COST DATA</u>						
F.N. PSC - SALARY/BENEFITS	U304	113	32.3		32.3	
ALL OTHER F.N. PSC COSTS	U305	255	2.0		2.0	
MANPOWER CONTRACTS	U306	259	33.6		33.6	
SITE VISITS - RIG PERSONNEL	U512	210	-		-	
SITE VISITS-MISSION PERSONNEL	U512	210	5.4		5.4	
DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES				164.8		
EXCHANGE RATE USED (MARCH 31,1986)				152.18		

REMARKS:

Exchange Rate on March 31, 1986 was PE 152.18 = US\$ 1.00. However, the average Exchange Rate for March was PE 148.368 = US\$ 1.00 and for April PE 150.087 = US\$ 1.00. For May is currently PE 146.300 = US\$ 1.00

TABLE VIII - FY 1987
Operating Expense Summary

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		(64.6)		(64.6)	
U.S. CITIZENS BASIC PAY	U101	110	35.9		35.9	.5
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116				
OTHER AID/W FUNDED CODE 11	U104	119				
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126				
RETIREMENT - U.S. DIRECT HIRE	U107	120	2.5		2.5	
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129	1.5		1.5	
OTHER MISSION FUNDED CODE 12	U110	129	9.6		9.6	
POST ASSIGNMENT - TRAVEL	U111	212	2.8		2.8	1.0
POST ASSIGNMENT - FREIGHT	U112	22	6.4		6.4	1.0
HOME LEAVE - TRAVEL	U113	212				
HOME LEAVE - FREIGHT	U114	22				
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215				
OTHER CODE 215 TRAVEL	U117	215	5.9		5.9	4.0
<u>FOREIGN NATIONAL DIRECT HIRE</u>	U200		(66.8)		(66.8)	
BASIC PAY	U201	114	55.3		55.3	3.0
OVERTIME, HOLIDAY PAY	U202	115	6.5		6.5	.3
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129	5.0		5.0	
BENEFITS FORMER FN PERSONNEL	U205	13				
<u>CONTRACT PERSONNEL</u>	U300		(73.3)		(73.3)	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113				
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	68.1		68.1	4.3
ALL OTHER F.N. PSC COSTS	U305	255	5.2		5.2	
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
<u>HOUSING</u>	U400		(16.4)		(16.4)	
RESIDENTIAL RENT	U401	235				
RESIDENTIAL UTILITIES	U402	235				
MAINTENANCE AND RENOVATION	U403	259	.7		.7	
QUARTERS ALLOWANCES	U404	127	15.2		15.2	1.0
RESIDENTIAL FURNITURE/EQUIP.	U405	311				
TRANS./FREIGHT - CODE 311	U406	22				
SECURITY GUARD SERVICES	U407	254				
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	.5		.5	

TABLE VIII - FY 1987
Operating Expense Summary
(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>
OFFICE OPERATIONS	U500		(115.6)		(115.6)	
OFFICE RENT	U501	234	.8		.8	
OFFICE UTILITIES	U502	234				
BUILDING MAINT./RENOVATION	U503	259				
OFFICE FURNITURE/EQUIPMENT	U504	310	3.0		3.0	
VEHICLES	U505	312				
OTHER EQUIPMENT	U506	319	2.0		2.0	
TRANSPORTATION/FREIGHT	U507	22	.5		.5	
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	15.4		15.4	
COMMUNICATIONS	U509	230	15.3		15.3	
SECURITY GUARD SERVICES	U510	254				
PRINTING	U511	24	.8		.8	
SITE VISITS-MISSION PERSONNEL	U512	210	14.6		14.6	18.0
SITE VISITS-AID/W PERSONNEL	U513	210	10.4		10.4	3.0
INFORMATION MEETINGS	U514	210	1.7		1.7	1.0
TRAINING ATTENDANCE	U515	210				
CONFERENCE ATTENDANCE	U517	210	3.3		3.3	2.0
OTHER OPERATIONAL TRAVEL	U518	210				
SUPPLIES AND MATERIALS	U519	26	10.6		10.6	
FAAS	U520	257	25.0		25.0	
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	12.2		12.2	
TOTAL O.E. BUDGET			336.7	-	336.7	
RECONCILIATION			64.1	-	64.1	
OPERATING BUDGET REQUIREMENTS			272.6	-	272.6	
636C REQUIREMENTS	U600	32	-	-	-	
TOTAL ALLOWANCE REQUIREMENTS	U000		272.6	-	272.6	
DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES					170.2	
EXCHANGE RATE USED (MARCH 31,1986)					152.18	
Estimated Wage Increase - FY 1986 to FY 1987					20%	
Estimated Price Increase - FY 1986 to FY 1987					20%	

TABLE VIII - FY 1988
Operating Expense Summary

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100					
U.S. CITIZENS BASIC PAY	U101	110				
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116				
OTHER AID/W FUNDED CODE 11	U104	119				
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126				
RETIREMENT - U.S. DIRECT HIRE	U107	120				
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129				
OTHER MISSION FUNDED CODE 12	U110	129				
POST ASSIGNMENT - TRAVEL	U111	212				
POST ASSIGNMENT - FREIGHT	U112	22				
HOME LEAVE - TRAVEL	U113	212				
HOME LEAVE - FREIGHT	U114	22				
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215				
OTHER CODE 215 TRAVEL	U117	215				
<u>FOREIGN NATIONAL DIRECT HIRE</u>	U200		(66.7)		(66.7)	
BASIC PAY	U201	114	61.8		61.8	3.0
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129	4.9		4.9	
BENEFITS FORMER FN PERSONNEL	U205	13				
<u>CONTRACT PERSONNEL</u>	U300		(30.5)		(30.5)	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113				
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	30.0		30.0	2.3
ALL OTHER F.N. PSC COSTS	U305	255	.5		.5	
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
<u>HOUSING</u>	U400		(.5)		(.5)	
RESIDENTIAL RENT	U401	235				
RESIDENTIAL UTILITIES	U402	235				
MAINTENANCE AND RENOVATION	U403	259				
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311				
TRANS./FREIGHT - CODE 311	U406	22				
SECURITY GUARD SERVICES	U407	254				
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	.5		.5	

TABLE VIII - FY 1988
Operating Expense Summary
(continued)

<u>EXPENSE CATEGORY</u>	FUNC. CODE	OBJECT CLASS	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>
OFFICE OPERATIONS	U500		(96.5)		(96.5)	
OFFICE RENT	U501	234	1.0		1.0	
OFFICE UTILITIES	U502	234				
BUILDING MAINT./RENOVATION	U503	259				
OFFICE FURNITURE/EQUIPMENT	U504	310				
VEHICLES	U505	312				
OTHER EQUIPMENT	U506	319				
TRANSPORTATION/FREIGHT	U507	22				
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	11.8		11.8	
COMMUNICATIONS	U509	230	17.5		17.5	
SECURITY GUARD SERVICES	U510	254				
PRINTING	U511	24				
SITE VISITS-MISSION PERSONNEL	U512	210	9.6		9.6	12.0
SITE VISITS-AID/W PERSONNEL	U513	210	8.3		8.3	2.0
INFORMATION MEETINGS	U514	210				
TRAINING ATTENDANCE	U515	210				
CONFERENCE ATTENDANCE	U517	210	1.9		1.9	1.0
OTHER OPERATIONAL TRAVEL	U518	210				
SUPPLIES AND MATERIALS	U519	26	9.7		9.7	
FAAS	U520	257	25.0		25.0	
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	11.7		11.7	
TOTAL O.E. BUDGET			194.2		194.2	
RECONCILIATION			25.0		25.0	
OPERATING BUDGET REQUIREMENTS			169.2		169.2	
636C REQUIREMENTS	U600	32	-		-	
TOTAL ALLOWANCE REQUIREMENTS	U000		169.2		169.2	
DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES					121.3	
EXCHANGE RATE USED (MARCH 31,1986)					152.18	
Estimated Wage Increase - FY 1987 to FY 1988					15%	
Estimated Price Increase - FY 1987 to FY 1988					15%	

TABLE VIII - NARRATIVE

Section A. Management Improvements

Two major areas of Management Improvement were undertaken during FY 1986. The first relates to administration of a \$10,000,000 USDA PASA managed project in Agricultural Production and the second with overall mission operations.

1. Agricultural Production PASA

The management of this PASA was complicated by duplication of effort on the part of AID and USDA staff, particularly in the personnel and financial management areas. A step-by-step review of the project was undertaken in October, 1985 with recommendations developed for project implementation and management improvement actions to be taken both in Lisbon and in USDA/OICD/W on or before April 1, 1986. The PASA is now operating with clear lines of authority and with only the minimal USAID/Lisbon oversight required to meet AID project management standards. The principal savings were in improved efficiency with some contracting, vouchering and procurement services transferred from the OE budget to a program funded USDA/OICD FAAS arrangement with State.

2. Overall Operating Expense Budget

The FY 1987 ABS projected a program approach which was not in accordance with subsequent program decisions by AA/ANE and DA/AID. A major adjustment in this program approach was made during the second half of FY 86 and a thorough program review and work force planning exercise undertaken with TDY assistance from AID/W. This effort led to the following OE funded personnel reductions:

	<u>Person Months</u>		<u>Gross Savings (\$000)^{3/}</u>	
	<u>U.S.</u>	<u>FSN</u>	<u>U.S.^{1/}</u>	<u>FSN^{2/}</u>
FY 1987/88	18	33	151	49
FY 1989	12	51	104	87

1/ Based on actual costs

2/ Based on average FSN costs

3/ These savings help offset the decline in exchange rate from 172 used in the FY 1987 ABS to 152 in the FY 1988 ABS.

Section B. Trust Funds

During the 11 years of USAID/Lisbon mission existence through FY 1985 it was impossible to negotiate a trust fund agreement with Portugal in view of Portuguese financial restrictions. With mission phase out commencing in FY 1986 the negotiating climate is not conducive to developing such an agreement. An apparently acceptable alternative is the ESF-PD&S approach used in FY 1986.

Section C. Justification for Funding Changes

In general the overall savings resulting from the phase down of the AID operation in Portugal offset the estimated wage and price increases for FY 1987 and FY 1988. Changes of 5 percent or more at summary function levels are briefly commented upon below:

1. Changes Between FY 1986 and 1987

a) Function levels U100 and U400 reduction of more than 5 percent due to projected mid year departure of the AID Representative.

2. Changes Between FY 1987 and 1988

a) Function levels U100 and U400 reduction to zero due to the elimination of the AID Representative position.

b) Function level U200 increase due to the projected overall wage increase for FNDH.

c) Function level U300 reduction due to the decrease from 4.3 to 2.3 person years.

d) Function level U500 reduction due to the overall phase down of Mission operations.

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

<u>Position Title/Description</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
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N/APPLICABLE

TABLE VIII(b)
All Other Code 25 Detail

<u>Description</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
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N/APPLICABLE

TABLE VIII(c)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS
(\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
1. Capital Investment			
A. Purchase of Hardware			
Purchase of automation equipment by the Mission; such as WANG VS mini-computer, WANG OIS System, WANG WP equipment and micro-computers and their associated workstations and terminals, printers and telecommunications modems. List on one line, each item of equipment separately, by vender name, name of item and model number. Show cost of acquisition under appropriate fiscal year.			
B. Purchase of Software			
Purchase of software by the Mission to operate existing or new automation equipment (hardware) such as CP/M, Multiplan, DBASE and Microstat, LOTUS 1-2-3, etc. List on one line, each item of software separately, by vender name, name of item and brief description. Show cost of acquisition under appropriate fiscal year.	4.5	2.5	-
C. Site Facility			
Cost of proposed site construction to prepare for setting up a WANG VS or WANG OIS automation system, such as raised floors, walls, air conditioning and un-interruptible power sources.			
SUBTOTAL	<u>4.5</u>	<u>2.5</u>	<u>-</u>
<hr/>			
2. Personnel			
Mission will provide requirements 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. Compensation, Benefits and Travel			
	-	-	-
B. Workyears			
	-	-	-

TABLE VIII(c)
(Continued)

<u>ITEM AND EXPLANATION</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
<u>3. Equipment Rental, Space and Other Operating Costs</u>			
<u>A. Lease of Equipment</u> Obligations for lease and maintenance of non-government owned equipment (rented equipment).			
<u>B. 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.			
<u>C. Supplies and Other Material</u> Obligations for supplies and software rental (not included in a rental contract for equipment).			
<u>D. Non-Commercial Training</u> Obligations for planning and conducting government operated training to prepare users to make effective use of resources.			
SUBTOTAL	-	-	-
<hr/>			
<u>4. Commercial Services</u> This includes obligations for services where payments are made to private industry.			
<u>A. Computer Time</u> Obligations to fund contracts with a private firm to provide computer time to the Mission.			
<u>B. 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> Include obligations for contracts to maintain government-owned equipment (hardware) and software that is currently in place and that is to be acquired in 1A and 1B above.	2.0	5.0	6.0
<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.			
SUBTOTAL	2.0	5.0	6.0
<hr/>			
5. TOTAL DOLLARS	6.5	7.5	6.0
TOTAL WORKYEARS (From item 2A)	-	-	-
<hr/>			
6. <u>MISSION ALLOWANCE LEVELS</u>			
<u>A. Amounts included in Mission allowances for existing systems (includes 2A, 3, and 4). (Services for equipment in place only.)</u>	6.5	7.5	6.0
<u>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.)</u>	-	-	-

Information Technology Narrative
(Attachment to Table VIII c))

Mission has presently a PC-XC2, a PC-XC3-2 and a OIS alliance workstation.

Current ratio of workstations to users is 5. Due to the phase down of Mission operations in Portugal no more workstations will be purchased. However, Mission intends to purchase some software, namely DBase III, to improve the utilization of the existing PCs on the management and financial areas.

Because the Program is phasing out, no new Mission initiatives in privatization are planned. However, following the A.I.D. International Conference on Privatization in February, PRE Bureau consultants were asked to survey Portugal and provide advice to the Government on strategies and U.S. assistance that could be provided, possibly thru the Luso-American Development Foundation.

Mission plans are strictly short-term and focused on follow-up to the consultant services that have already been provided. In addition to discussion of the report and recommendations with the Government, this may include additional consultant visits funded by PRE to work with local institutions in the development of specific proposals for assistance funded thru the Foundation or by the Government of Portugal directly.

Assistance needs tentatively identified include the following:

a) Assistance in the design of a Capital Market Authority; assessment of similar organizations in Europe and short term training in the management and operations of such authorities. Such assistance would be designed in coordination with the IFC which is also encouraging the establishment of an authority;

b) Specialized assistance to IPE, a state owned holding company, in asset valuation, portfolio management, and marketing strategies for divestiture of government holdings in private companies;

c) a survey of nationalized companies to assess eventual potential for liquidation or privatization and assistance to most likely candidates in reorganization or improvements in efficiency that would make them more saleable once that becomes possible;

d) Workshop with the Municipality of Lisbon on contracting for municipal services and assistance in the design of initial projects;

e) Assessment with Labor Union Groups of the potential for worker ownership programs and employee stock options.

f) Assistance in the development of entrepreneurial capabilities thru design of intrapreneurship programs, design of strategies to recruit back to Portugal experienced middle managers who left during the revolution, reinforcement of a program established by the Banco Portugues do Atlantico to select and develop promising entrepreneurs, and assistance in the development of U.S. modeled centers for entrepreneurial management.

After review with the Government of the consultant report, the next steps to be undertaken by PRE consultants are specific identification of the institutions to which such assistance could be provided, selection of the most likely to attract funding from the Foundation or the Government, and then development of specific proposals and action plans.