

UNCLASSIFIED

Annual Budget Submission

FY 1988

SRI LANKA

BEST AVAILABLE



June 1986

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

UNCLASSIFIED

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PREPARED BY THE A.I.D. FIELD MISSION.**

**IT IS PREPARED ANNUALLY AND USED
FOR PLANNING PURPOSES IN THE FIELD
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**IT DOES NOT REPRESENT
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UNITED STATES A. I. D. MISSION TO SRI LANKA

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June 10, 1986

FORWARDING STATEMENT BY THE AID MISSION DIRECTOR

I am pleased to present the FY 1988 Annual Budget Submission (ABS) for Sri Lanka. The ABS planning levels contained herein are based on AID/W guidance. Though severely reduced from earlier planning levels, they are considered adequate to meet minimum U.S. assistance objectives.

I believe a new U.S. assistance strategy should be developed during FY 1987. An FY 1989 CDSS, (written in FY 87) will be able to address in a timely fashion the development situation as affected by current economic and security concerns and the ability of the United States to respond within reduced budgetary levels and inevitably lower personnel ceilings. Also, the new Mission management team coming this summer will have the opportunity to contribute quickly to the definition of the program. The proposed budgets in this ABS reflect the strategy shifts I think are appropriate at this time. Two major changes are noted below.

The FY 1988 ABS plans a shift towards a broader program approach and away from discrete new smaller projects, particularly those which would be management-intensive for USAID and which would involve substantial foreign technical assistance. Such a program approach would combine several activities or types of support within a sector to be negotiated as a single, more flexible package. It would also involve a higher proportion of budgetary support for specific GSL actions or policy changes. Two such program assistance instruments are planned for FY 1988: a Private Sector Development Program (PDSP), and a Water Management Sector Program, but additional program ideas may be considered. This approach permits us to retain sufficient flexibility in the face of uncertainties while ensuring aid to key Sri Lankan development needs.

This ABS anticipates an even stronger emphasis on private sector development than does the FY 1987 CDSS. The two key pieces of this plan will be the Rural Enterprise Development Sector Project (REDS) to begin in 1987 and the PDSP to begin in 1988. REDS falls clearly within the CDSS emphasis on

off-farm employment and rural enterprise. However, PSDP is conceived of as a program approach incorporating support both to develop private enterprise and to facilitate the privatization of selected government owned business units. There are several additional comments which must preface the program budget tables. First, the Mission no longer expects the Development Management and Training Project (DM&T) to materialize in as complex a design as originally conceived; however, it has been kept in the ABS tables for FY 1987 obligation to allow the Mission flexibility to consider several options, such as converting it to a more simplified project with primary emphasis on participant training in key areas related to the U.S. assistance strategy.

PL 480 Title II recipient levels for FY 1988 through FY 1991 are lower than projected in the 1987 ABS because of a change in a basic assumption. The GSL previously expressed the desire to maintain a beneficiary level of 650,000, while replacing preprocessed Instant Corn Soya Milk (ICSM) with increasing amounts of locally-grown corn and soya. Continuing that beneficiary level would require an increase in the extrusion capacity of the Triposha production plant, because the raw grains require processing. Last year's estimates of commodity requirement during the phaseout period assumed that the GSL would expand the plant's extrusion capacity. However, since the GSL still has not made plans for such an expansion, the maximum beneficiary level is limited by the existing capacity to process raw commodities. The new recipient levels and commodity requirements projected here assume that the Triposha plant will continue to operate at its current maximum capacity and that the phased substitution of local corn and soya for ICSM will continue in the previously planned proportions. The time-frame for the current Title II program phase-out remains the same.

The Mission is currently examining ways to integrate better PL 480 Title II into our program. With the reduction in Development Assistance levels, this examination takes on even more importance. New projects now being developed, such as Rural Enterprise Development Sector and Water Management Sector Program, will give particular attention to the use of Title II as a resource for achieving project objectives. We also have encouraged CARE, the PVO now administering our Title II program, to submit proposals for further Title II efforts in line with our strategic objectives.

The Mission's PL 480 Title II estimates for FY 1986 do not include costs for the milk powder that has been approved for donation to the victims of the breach in the Kantalai irrigation dam. We have excluded them because approved dollar figures have not yet been received from Washington.

For the record, the Mission expects to continue the Housing Guaranty program. Of the original \$100 million program approved for Sri Lanka, only \$60 million has been authorized thus far. We have planned on having the final remaining balance authorized in two \$20 million phases, one in FY 1987 and another in FY 1989. Should new HG authority be extended beyond FY 1986, we would proceed with these additional phases.

Frank D. Correl

Frank D. Correl
Director

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FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE I: LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)
 Country: 383 SRI LANKA

	FY 1985	FY 1986	----FY 1987----		FY 1988	-----PLANNING PERIOD-----			
	ACTUAL	ESTIMATE	CP	ESTIMATE	AAPL	1989	1990	1991	1992
AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION									
TOTAL	23,956	20,446	19,000	18,800	14,000	15,000	14,955	12,100	13,000
GRANTS	10,710	8,800	6,000	9,646	6,100	7,600	6,954	4,600	
LOANS	13,246	11,646	13,000	9,154	7,900	7,400	8,001	7,500	13,000
POPULATION PLANNING									
TOTAL									
GRANTS									
LOANS									
HEALTH									
TOTAL	10,200	3,200					545	1,000	
GRANTS	4,600	2,300					545	1,000	
LOANS	5,600	900							
EDUCATION AND HUMAN RESOURCES									
TOTAL	200	100					500	700	
GRANTS	200	100					500	700	
LOANS									
SELECTED DEVELOPMENT ACTIVITIES									
TOTAL	306	750	1,000	1,200	6,000	5,000	4,000	6,200	7,000
GRANTS	306	750	1,000	1,200	2,000	1,000	0	1,200	2,000
LOANS					4,000	4,000	4,000	5,000	5,000
SUBTOTAL FUNCTIONAL ACCOUNTS									
TOTAL	34,662	24,496	20,000	20,000	20,000	20,000	20,000	20,000	20,000
GRANTS	15,816	11,950	7,000	10,846	8,100	8,600	7,999	7,500	2,000
LOANS	18,846	12,546	13,000	9,154	11,900	11,400	12,001	12,500	18,000
INTERNATIONAL DISASTER ASSISTANCE									
TOTAL		25							
GRANTS		25							
LOANS									
TOTAL DA ACCOUNT									
TOTAL	34,662	24,521	20,000	20,000	20,000	20,000	20,000	20,000	20,000
GRANTS	15,816	11,975	7,000	10,846	8,100	8,600	7,999	7,500	2,000
LOANS	18,846	12,546	13,000	9,154	11,900	11,400	12,001	12,500	18,000
ECONOMIC SUPPORT FUND									
DA AND ESF TOTAL									
TOTAL	34,662	24,521	20,000	20,000	20,000	20,000	20,000	20,000	20,000
GRANTS	15,816	11,975	7,000	10,846	8,100	8,600	7,999	7,500	2,000
LOANS	18,846	12,546	13,000	9,154	11,900	11,400	12,001	12,500	18,000
PL480									
TITLE I	26,000	26,000	19,000	19,000	19,000	20,000	20,000	20,000	20,000
TITLE III									
TITLE II	3,855	2,746	2,029	2,416	859	552	322	143	
HOUSING GUARANTEES									
	25,000								
TOTAL PERSONNEL									
USDH WORKYEARS		22		19	19				
FWDH WORKYEARS		26		24	24				

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

Country: SRI LANKA

PROJ. NO	PROJECT TITLE	L/G	FY 86 ESTIMATE	FY 87 ESTIMATE	FY 88 AAPL
AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION					
383-0073	Manaweli Basin Development II	G		2,000	
383-0080	Irrigation Systems Management	G	5,800	1,100	
		L	8,046	3,654	
383-0083	Agriculture Planning & Analysis	G	3,000		
		L	3,600		
383-0085	Development Management & Training	G		2,000	
		L		1,500	
383-0090	Rural Enterprise Devel. Sector	G		4,546	4,100
		L		4,000	5,500
383-0092	Water Management Sector Program	G			2,000
		L			2,400
	APPROPRIATION TOTALS		20,446	18,800	14,000
	GRANTS		8,800	9,646	6,100
	LOANS		11,646	9,154	7,900
HEALTH					
383-0060	PVO Co-Financing	G	300		
383-0088	Water Supply & Sanitation	G	2,000		
		L	900		
	APPROPRIATION TOTALS		3,200		
	GRANT		2,300		
	LOAN		900		
EDUCATION AND HUMAN RESOURCES					
383-0060	PVO Co-Financing	G	100		
	APPROPRIATION TOTALS		100		
	GRANTS		100		
	LOANS				
SELECTED DEVELOPMENT ACTIVITIES					
383-0060	PVO Co-Financing	G	750		
383-0085	Development Management & Training	G		1,200	
383-0100	Private Sector Dev. Program	G			2,000
		L			4,000
	APPROPRIATION TOTALS		750	1,200	6,000
	GRANTS		750	1,200	2,000
	LOANS				4,000
	DA ACCOUNT TOTALS		24,496	20,000	20,000
	GRANTS		11,950	10,846	8,100
	LOANS		12,546	9,154	11,900

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TABLE IV - PROJECT BUDGET DATA

COUNTRY: 383 SRI LANKA

PROJECT NUMBER AND TITLE	OBLIG DATE	TOTAL COST	ESTIMATED U.S. DOLLAR COST (\$000)		MORTGAGE AS OF 09.30.86	FY 1987		FY 88	SPECIAL ITEM
			OBLIG THRU FY 85	PIPE- LINE		OBLIG- ATIONS	EXPEND- ITURES		
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION									
383-0044	Development Services and Training								
G	78 84	6,500	5,750	327					
383-0049	Agricultural Education Development								
G	78 82	7,500	7,500	830					
383-0055	Reforestation & Watershed Management								
G	80 83	1,450	1,450	466			126		FR 5413
383-0055	Reforestation & Watershed Management								
L	80 85	9,000	6,843	5,382			2,320		FR 5414
383-0056	Mahaweli Basin Development I								
L	80 80	10,000	10,000	4,604			1,300		WA 6730
383-0057	Water Management								
G	79 84	5,100	4,800	565					JA 6731
383-0057	Water Management								
L	79 83	10,800	8,800	1,736					WA 6732
383-0058	Diversified Agriculture Research								
G	84 85	7,900	7,900	7,831			1,840		5421
383-0058	Diversified Agriculture Research								
L	84 85	3,500	3,500	3,487			445		6733
383-0060	PVO Co-Financing								
G	79 85	2,500	2,500	1,983			700		PVO 5428
383-0073	Mahaweli Basin Development II								
G	84 87	3,000	3,000	2,698			2,000	2,000	WA 7512
383-0073	Mahaweli Basin Development II								
L	81 85	107,000	107,000	24,748			4,964		WA 5412
383-0075	Mahaweli Environment Protection								
G	82 84	5,000	5,000	4,509			1,750		6737

Table IV (continued): Project Budget Data

NUMBER AND TITLE	OBLIG DATE	INIT FIN	AUTH PLAN	TOTAL COST	OBLIG THRU FY 85	ESTIMATED U.S. DOLLAR COST (\$000)		FY 1986 EXPENDITURES	FY 1987 EXPENDITURES	FY 88 AAPL	SPECIAL ITEM CODES	NO
						PIPE LINE	MORTGAGE AS OF 09.30.86					
Irrigation Systems Management	G 86 87		6,900				1,100	1,100	1,630		WA	5422
Irrigation Systems Management	L 86 87		11,700				3,654	3,654	2,970		WA	5423
Private Enterprise Promotion	G 83 83		1,500	1,500	1,051				501		PRZ	6739
Agriculture Planning & Analysis	G 86 86		3,000						600			9069
Agriculture Planning & Analysis	L 86 86		3,600						700			9631
Development Management and Training	G 87 87		2,000				2,000	2,000	88			5427
Development Management and Training	L 87 87		1,500				1,500	1,500	90			9632
Rural Enterprise Dev. Sector	G 87 90		11,000				11,000	4,546	4,100			9853
Rural Enterprise Dev. Sector	L 87 90		17,500				17,500	4,000	5,500			9855
Water Management Sector Program	G 88 91		5,500				5,500		2,000		WA	
Water Management Sector Program	L 88 92		20,000				20,000		2,400		WA	
APPROPRIATION-ARDN												
TOTAL			180,750	260,243	175,543	60,217	20,446	30,070	21,374	14,000		
GRANTS			40,450	69,800	39,400	20,260	8,800	5,661	8,585	6,100		
LOANS			140,300	190,443	136,143	39,957	11,646	24,409	9,154	7,900		

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Table IV (continued): Project Budget Data

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)										
	OBLIG DATE	TOTAL COST	OBLIG THRU FY 85	PIPE LINE	OBLIG- ATIONS FY 1986	EXPEND- ITURES FY 1986	MORTGAGE AS OF 09.30.86	OBLIG- ATIONS FY 1987	EXPEND- ITURES FY 1987	FY 88 AAPL	SPECIAL ITEM CODES NO
HEALTH											
383-0043	Malaria Control										
G	84 85	3,000	3,000	2,293		SUBCAT HECS 453			648		6726
383-0043	Malaria Control										
L	78 85	26,000	25,500	5,534		SUBCAT HECS 2,600			2,934		5426
383-0060	PVO Co-Financing										
G	79 86	1,224	1,224	924	492	SUBCAT HEDH 75			200		5429
383-0062	National Institute of Health Sc., Kalutara										
G	80 82	2,200	1,900	1,900		SUBCAT HEDH 1,390			270		6734
383-0063	Market Town Water Supply, Jaffna										
L	80 82	6,000	5,100	1,791		SUBCAT HEWS 1,658					
383-0088	Water Supply & Sanitation Sector										
G	84 86	5,000	5,000	2,391		SUBCAT HEWS 1,400			1,500		5424
383-0088	Water Supply & Sanitation Sector										
L	84 86	7,300	7,300	6,350		SUBCAT HEWS 900 1,600			3,000		5425
APPROPRIATION-HEALTH											
TOTAL		50,724	49,024	45,824	20,511	3,200	9,236		8,552		
GRANTS		11,424	11,124	8,824	6,836	2,300	3,318		2,618		
LUANS		39,300	37,900	37,000	13,675	900	5,918		5,934		
EDUCATION AND HUMAN RESOURCES											
383-0060	PVO Co-Financing										
G	80 86	959	959	859	407	SUBCAT EHVT 75			225		5431
APPROPRIATION-EHR											
TOTAL		959	959	859	407	100	75		225		
GRANTS		959	959	859	407	100	75		225		
LOANS											

Table IV (continued): Project Budget Data

NUMBER AND TITLE	OBLIG DATE	TOTAL COST	ESTIMATED U.S. DOLLAR COST (\$000)		FY 1986		FY 1987		FY 88	SPECIAL ITEM	
			OBLIG THRU	PIPE-	OBLIG- EXPEND-	OBLIG- EXPEND-	AS OF	ATIONS			ITURES
L	INIT FIN	AUTH PLAN	FY 85	LINE	ATIONS	ITURES	ATIONS	ITURES	AAPL	CODES	NO
DEVELOPMENT ACTIVITIES											
PVO Co-Financing					SUBCAT	SDIL					
G 79	86	1,856	1,106	841	750	170		600		PVO	5433
Private Enterprise Promotion											
G 83	83	1,500	1,500	1,106		550		556		PRZ	6740
Private Enterprise Promotion											
L 83	83	1,000	1,000	749		349		400		PRZ	6741
Development Management & Training											
G 87	87	1,200					1,200	87			9633
Private Sector Development Program											
G 88	92	4,700					4,700		2,000	PRZ	
Private Sector Development Program											
L 88	92	22,000					22,000		4,000	PRZ	
APPROPRIATION-SDA											
TOTAL		4,356	3,606	2,696	750	1,069	27,900	1,200	1,643	6,000	
GRANTS		3,356	2,606	1,947	750	720	5,900	1,200	1,243	2,000	
LOANS		1,000	1,000	749		349	22,000		400	4,000	
COUNTRY TOTAL											
TOTAL		236,789	342,482	225,832	83,831	24,496	92,154	20,000	31,794	20,000	
GRANTS		56,189	91,139	51,689	29,450	9,774	27,500	10,846	12,671	8,100	
LOANS		180,600	251,343	174,143	54,381	12,546	64,654	9,154	19,123	11,900	

New Project Description

1. Project Title and Number: Rural Enterprise Development Sector
(383-0090)

2. AID Funding (\$000)

	<u>FY 1987 Funding</u>	<u>FY 1988 Funding</u>	<u>LOP Funding</u>	<u>Appropr. Account</u>
Total:	8,546	9,600	28,500	ARDN
Grant:	4,546	4,100	11,000	
Loan:	4,000	5,500	17,500	

3. Project Purpose: The purpose of the project is to increase rural employment and raise net farm and off-farm incomes. The project will be carried out in the special irrigation and resettlement areas under the Mahaweli Authority of Sri Lanka and will serve as a testing ground for rural enterprise development strategies applicable throughout the country.
4. Problems to be Addressed: The project will promote the development of a variety of private sector rural enterprises providing goods and services to the Mahaweli settler community and marketing and processing agricultural products from the Mahaweli farms. It will address such constraints to investment in Mahaweli-based enterprises as the inadequate dissemination of accurate price and market information, government policies affecting markets and prices, availability of credit/equity finance for investment projects, and investor concern about risk and feasibility in untried and unfamiliar Mahaweli areas.

Pilot projects for product development/test marketing of promising crops, investment action grants, and investment feasibility studies will be supported on a cost-shared basis. At the national level, the institutional capacity will be developed within the Mahaweli Authority of Sri Lanka (MASL) to design and implement comprehensive sets of policies, incentives and programs to promote private sector investment.

The lack of established demand (or accessible markets) in the newly settled Mahaweli areas for subsidiary field crops, agro-forestry products, and livestock products will be addressed by the stimulation of agro-processing industries and trading enterprises creating links to the larger national and international economy.

The project will also provide downstream support in irrigation management and adaptive agriculture research necessary both to establish viable and profitable new Mahaweli farms and settler households and to generate the agricultural surpluses necessary to drive the local off-farm economy. Assistance will be provided in irrigation systems operations and management so that water is supplied to farmers predictably and in a manner consistent with the needs of diversified cropping systems. Optimum cropping sequences will be identified and made available to farmers, many of whom are farming their own land for the first time. The project will build on the considerable investment in Mahaweli infrastructure to ensure that sustained economic growth occurs.

5. Target Group: Off-farm and farm settler households in five Mahaweli Special Areas, viz. System B Left Bank, System C, System G, System H, and Uda Walawe.
6. PID Approval: The PID will be submitted to AID/W for review in July 1986.
7. Special Concerns: Private sector development.
8. Participant Training: Short-term, 24 person-months.

New Project Description

1. Project Title and Number:

Water Management Sector Program (383-0092)

2. AID Funding (\$000):

	<u>FY 1987</u> <u>Funding</u>	<u>FY 1988</u> <u>Funding</u>	<u>LOP</u> <u>Funding</u>	<u>Appropriation</u> <u>Account</u>
Total	-	4,400	25,500	ARDN
Grant	-	2,000	5,500	
Loan	-	2,400	20,000	

3. Project Purpose:

To increase the production and incomes of small farmers in existing irrigation schemes, including small tank (under 200 acre), medium-sized (201-1000 acre), and large (over 1000 acre) schemes. This sector program is in accordance with the Agency's commitment to agricultural and irrigation development and supports the improved agricultural productivity and farm income thrust of the approved FY 1987 CDSS.

4. Problems to be Addressed:

Sri Lanka has much farm land irrigated by existing irrigation schemes of varying size. In addition to the several large scale schemes constructed in recent years under the Accelerated Mahaweli Program, there are approximately 180 large and medium scale schemes (i.e., over 200 acres), and 30,000 small scale schemes. In most irrigation schemes, farm incomes are inadequate and productivity is considerably below potential.

There are many reasons for the unrealized agricultural potential, though these are not of equal importance in different types of irrigation schemes. At the system level, operations and maintenance, financial management, monitoring and organization of water users are often inadequate. Water distribution, particularly in larger schemes, is often not responsive to the timing needs of farmers; it usually assumes the double cropping of rice, though this is not now very profitable for the farmer. There is little interaction of agencies responsible for the flow of irrigation water and those concerned with different agricultural production systems; the former have limited knowledge about agricultural requirements and the latter have limited knowledge about irrigation systems. There is only limited coordination between those responsible for irrigation systems and those responsible for agricultural research.

In many irrigation schemes, there is no system for ongoing maintenance and scheduled rehabilitation using local resources. There is often little attention to the inter-relationships of small irrigation schemes with the larger water system of which it is a part (including other connected irrigation schemes, the watershed, inflows to and outflows from the scheme).

At the irrigation turnout level, when users organizations are weak or non-existent, water is often inequitably distributed. At the farm level, water is often inefficiently used. Various institutional supports are often lacking so that information about alternate cropping systems which could be more profitable to the farmers is not provided.

This program will take a sectoral approach to irrigation combining assistance for the different types of schemes (with different types of management) through a single assistance instrument. It will take a systemic approach to irrigated farming, concerned with the larger water systems of which a scheme is a part and with agricultural support systems including agricultural research to achieve diversified and optimal production on farmers fields. This project will be closely coordinated with USAID's Diversified Agricultural Research project. One focus of the project will be the development of small tank schemes, which are often community-managed. Support will shift increasingly to medium scale and large schemes as the Irrigation Systems Management Project winds down.

A major emphasis will be placed on building strong water users organizations which assume greater management authority, and on establishing improved planning capabilities and improved interaction between farmers and officers managing the larger systems. Another emphasis will be on establishing routine maintenance and rehabilitation. Major construction will not be supported through the program, though minor physical rehabilitation could be.

Though water management development is likely to involve a degree of foreign technical assistance, ways will be sought to give direct budgetary support for identifiable GSL actions or achievements consistent with the project purpose.

5. Target Group:

Small farm families who farm land in existing irrigation schemes.

6. Research:

The project will support Sri Lankan hydrologic and agronomic, as well as socio economic, research related to irrigation and irrigated farming.

7. PID Approval:

The PID will be submitted to AID/W in March 1987 for review.

8. Participant Training: The program will support approximately 120 man-months of long-term training and 50 man-months of short-term training.

9. Special Concerns: In order for the Sector Program to cover irrigation schemes of all sizes, the assistance instrument will have to be negotiated with and deal with several government agencies.

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New Project Description

1. Project Title and Number:

Private Sector Development Program (383-0100)

2. AID Funding:

	<u>FY 1987 Funding</u>	<u>FY 1988 Funding</u>	<u>LOP Funding</u>	<u>Appropriation Account</u>
Total	-	6,000	26,700	SDA
Grant	-	2,000	4,700	
Loan	-	4,000	22,000	

3. Project Purpose: To assist the GSL in privatizing state enterprises and developing the private sector.

4. Problems to be Addressed: When the current government came to power in Sri Lanka in 1977, it liberalized the economy and made the creation of jobs its central focus. While the GSL has made significant progress in these areas, over 30 percent of Sri Lanka's GDP is still created by the state sector. State enterprises have received subsidies on the order of \$1.5 billion since 1977, about the same as the cost of the entire Mahaweli program thus far. In his latest budget speech, the Minister of Finance noted that the losses incurred by the state enterprises are greater than the entire sum spent annually on food stamps, free education and health. The Minister stressed the need to get government out of businesses that could be better run by the private sector. The GSL is serious in its desire to privatize state enterprises, and the finance ministry has already analyzed more than ninety state enterprises and has placed them into four categories: those which would be retained due to security reasons, those that are profit making, those incurring losses but which can be rehabilitated and those which are beyond rehabilitation and need to be closed.

The Mission plans to assist the GSL in its move towards privatizing the state-owned enterprises and further development of the private sector. The Mission proposes a sector assistance program whereby budgetary and balance of payment support is provided in relation to GSL policy changes and actions on privatization of government enterprises and further private sector development. The extent to which the Mission would be involved in negotiations regarding which enterprises would be privatized would be decided at the program design stage. The uses of the foreign exchange would be unspecified, but some of the local currencies generated by such an effort could be transferred to the Development Finance Corporation

of Ceylon or, selectively, to private banks to establish a fund to be used to finance the private sector's purchase of the state enterprises. A portion of the PL 480 local currency generations could also be allocated to such an effort.

Assistance would be tranced and disbursements tied to actual privatization or closing of public enterprises. While the sector program would be loan funded, grant funds would be provided for technical assistance leading to actual privatization decisions and actions, such as determination of the enterprises that are to be transferred to the private sector and the actual terms, conditions, and procedures for such transfers.

The Mission will also develop new ways to assist in the development of the private sector on completion of our current Private Enterprise Promotion Project. The Mission foresees continued support for the Sri Lankan Business Development Center for work in investor services, business and economic policy analysis, management training and entrepreneur development. Other areas for selected development support would include but not be limited to credit, export promotion, equity market development and co-financing.

5. Target Group: The Sri Lankan private sector.
6. PID approval: The Mission will submit the PID for AID/W approval in December 1986.
7. Research Activities: Research and analysis would be conducted to determine which enterprise to privatize as well as how best to carry out the procedure.
8. Special Concerns: Private sector.
9. Participant Training: Short-term, 24 person months.

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE V: PRIORITY RANKING OF 1988 OBLIGATIONS
 Country: Sri Lanka

PRIORITY RANK	PROJECT NUMBER	PROJECT TITLE	NEW/CONT	L/G	APPROP	PROGRAM FUNDING (\$000)	
						FY 88 INCR	CUMULATIVE TOTAL
1	383-0090	Rural Enterprise Development Sector	O	L	FN	5,500	5,500
2	383-0100	Private Sector Dev. Program	N	G	SD	2,000	7,500
3	383-0100	Private Sector Dev. Program	N	L	SD	4,000	11,500
4	383-0090	Rural Enterprise Development Sector	O	G	FN	4,100	15,600
5	383-0092	Water Management Sector Program	N	G	FN	2,000	17,600
6	383-0092	Water Management Sector Program	N	L	FN	2,400	20,000

LOCAL CURRENCY USE PLAN

Source of Funding:	PL 480 Title I	
	FY 1986:	\$26.0 million
	FY 1987:	\$19.0 million
	FY 1988:	\$19.0 million
	FY 1989:	\$20.0 million
	FY 1990:	\$20.0 million
	FY 1991:	\$20.0 million
	FY 1992:	\$20.0 million

Local currency generations are deposited into a GSL budget account and disbursed for projects, subsectoral areas and administrative support for the program. The specific annual budgets representing planned allocations of local currency generations are directed towards projects and areas of highest priority to the GSL in the agriculture/rural development sector (based on the National Agriculture, Food and Nutrition Strategy) and supportive and complementary to USAID's programs in the sector. Programs in agricultural diversification, research, planning and marketing will be the primary focus. The local currency resources will support the USAID objectives of improved agricultural productivity and farm incomes and increased rural employment and enterprise. The new rural enterprise effort seeks to establish private enterprises in the Mahaweli special areas based on the agricultural production from the area. We will also be adding a new privatization focus whereby it is intended that a portion of local currency generations will be directed through an intermediate financial institution to be loaned to buyers of state enterprises consistent with program guidance supplied by AID/W.

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

Source/Purpose	1985 <u>ACTUAL</u>	1986 <u>ESTIMATE</u>	1987 <u>PLANNED</u>	1988 <u>PROPOSED</u>
I. <u>ECONOMIC SUPPORT FUND</u>				
A. Public Development Activities				
1. E.g., Agricultural Research (also indicate the amount of this counterpart which is in direct support of AID Projects)				
2.				
B. Private Sector Programs				
1.				
2.				
C. Public Sector Recurrent Budget				
1.				
2.				
D. AID Operating Expenses (Trust Funds)				
II. <u>DEVELOPMENT ASSISTANCE</u>				
A. Public Development Activities				
1.				
2.				
B. Private Sector Programs (also include type of organization, e.g., PVO, Co-op., Business, other)				
1. Privatization of government owned enterprises				4.0
C. Public Sector Recurrent Budget				
1.				
2.				
D. AID Operating Expenses (Trust Funds)				
<hr/>				
SUB TOTAL ESF 7 DA				

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

Source/Purpose	1985 <u>ACTUAL</u>	1986 <u>ESTIMATE</u>	1987 <u>PLANNED</u>	1988 <u>PROPOSED</u>
III. <u>PL 480</u>				
A. Public Development Activities				
1. Food and Agriculture Policy	2.8	-	-	-
2. Agricultural Dev. & Research	3.7	13.4	5.0	5.0
3. Irrigation/Water Management	-	10.1	6.0	6.0
4. Reforestation and Land & Water Conservation	-	1.4	-	-
5. Resource Management	16.5	-	-	-
6. Development of Diversified Agriculture	-	-	6.0	5.0
7. Integrated Rural Development	1.0	-	-	-
B. Private Sector Programs				
1. Rural Enterprise Development	1.0	1.1	2.0	3.0
C. Public Sector Recurrent Budget				
1. E.g., Family Planning Delivery Personnel	-	-	-	-
2. Agriculture or other Subsidies	-	-	-	-
D. AID Operating Expenses (Trust Funds)				
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TOTALS	26.0	26.0	19.0	19.0

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII- FY 86
SRI LANKA

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST
U S DIRECT HIRE	U100		2,115.4	0.0	2,115.4		
U.S. CITIZENS BASIC PAY *	U101	110	1,183.6		1,183.6	22.9	51.7
PT/TEMP US BASIC PAY *	U102	112	43.5		43.5	0.9	48.3
DIFFERENTIAL PAY *	U103	116	236.7		236.7		
OTHER AID/M FUNDED CODE 11 *	U104	119			0.0		
OTHER MISSION FUNDED CODE 11	U105	119			0.0		
EDUCATION ALLOWANCES	U106	126	68.6		68.6	18.0	3.8
RETIREMENT- US DIRECT HIRE *	U107	120	110.4		110.4		
LIVING ALLOWANCES	U108	128			0.0		
OTHER AID/M FUNDED CODE 12	U109	129	24.5		24.5		
OTHER MISSION FUNDED CODE 12	U110	129	47.6		47.6		
POST ASSIGNMENT- TRAVEL	U111	212	47.0		47.0	10.0	4.7
POST ASSIGNMENT- FREIGHT	U112	22	155.0		155.0	10.0	15.5
HOME LEAVE- TRAVEL	U113	212	54.8		54.8	16.0	3.4
HOME LEAVE- FREIGHT	U114	22	93.3		93.3	16.0	5.8
EDUCATION TRAVEL	U115	215	8.0		8.0	4.0	2.0
R AND R TRAVEL	U116	215	24.4		24.4	26.0	0.9
OTHER CODE 215 TRAVEL	U117	215	18.0		18.0	16.0	1.1
FOREIGN NATIONAL DIRECT HIRE	U200		106.7	0.0	106.7		
BASIC PAY	U201	114	62.5		62.5	21.6	2.9
OVERTIME, HOLIDAY PAY	U202	115	1.3		1.3		
ALL OTHER CODE 11- FN	U203	119	9.6		9.6		
ALL OTHER CODE 12- FN	U204	129	33.3		33.3		
BENEFITS FORMER FN PERSONNEL	U205	13			0.0		
CONTRACT PERSONNEL	U300		112.2	0.0	112.2		
PASA TECHNICIANS	U301	258			0.0		
US PSC- SALARY/BENEFITS	U302	113	98.4		98.4	2.3	42.8
ALL OTHER US PSC COSTS	U303	255	13.8		13.8		
FN PSC- SALARY/BENEFITS	U304	113			0.0		
ALL OTHER FN PSC COSTS	U305	255			0.0		
MANPOWER CONTRACTS	U306	259			0.0		
JCC COSTS PAID BY AID/M *	U307	113			0.0		
HOUSING	U400		585.0	0.0	585.0		
RESIDENTIAL RENT	U401	235	222.8		222.8	24.0	9.3
RESIDENTIAL UTILITIES	U402	235	121.6		121.6		
MAINTENANCE AND RENOVATION	U403	259	44.8		44.8		
QUARTERS ALLOWANCE	U404	127			0.0		
RESIDENTIAL FURNITURE/EQUIP	U405	311	99.7		99.7	3.0	33.2
TRANS/FREIGHT- CODE 311	U406	22	18.9		18.9		
SECURITY GUARD SERVICES	U407	254	75.0		75.0		
OFFICIAL RESIDENCE ALLOWANCES	U408	254			0.0		
REPRESENTATION ALLOWANCES	U409	252	2.2		2.2		

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII- FY 86
SRI LANKA

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST
OFFICE OPERATIONS	U500		520.6	0.0	520.6		
OFFICE RENT	U501	234	5.6		5.6		
OFFICE UTILITIES	U502	234			0.0		
BUILDING MAINT/ RENOVATION	U503	259	38.4		38.4		
OFFICE FURNITURE/EQUIPMENT	U504	310	17.8		17.8		
VEHICLES	U505	312	7.0		7.0	1.0	7.0
OTHER EQUIPMENT	U506	319			0.0		
TRANSPORTATION/ FREIGHT	U507	22	3.3		3.3		
FURN/EQUIP/VEHICLE REPAIR	U508	259	31.0		31.0		
COMMUNICATIONS	U509	230	9.9		9.9		
SECURITY GUARD SERVICES	U510	254	1.5		1.5		
PRINTING	U511	24	0.6		0.6		
SITE VISITS-MISSION PERSONNEL	U512	210	11.8		11.8	8.0	1.5
SITE VISITS- AID/W PERSONNEL	U513	210	17.8		17.8	6.0	3.0
INFORMATION MEETINGS	U514	210	3.6		3.6	1.0	3.6
TRAINING ATTENDANCE	U515	210	21.3		21.3	12.0	1.8
CONFERENCE ATTENDANCE	U516	210	12.1		12.1	8.0	1.5
OTHER OPERATIONAL TRAVEL	U517	210			0.0		
SUPPLIES AND MATERIALS	U518	26	156.5		156.5		
FAAS *	U519	257	142.9		142.9		
CONSULTING SERVICES- CONTRACTS	U520	259			0.0		
MGT/PROF SVCS- CONTRACTS	U521	259			0.0		
SPEC. STUDIES/ANALYSES CONT.	U522	259			0.0		
ALL OTHER CODE 25	U523	259	39.5		39.5		
TOTAL O.E. BUDGET			3,439.9	0.0	3,439.9		
RECONCILIATION			1,741.6	0.0	1,741.6		
636C REQUIREMENTS	U600	32					
TOTAL ALLOWANCE REQUIREMENTS *	U000		1,698.3	0.0	1,698.3		
LOCAL COST SUPPORT DATA							
F.N. PSC- SALARY/BENEFITS	U304	113	94.6		94.6	41.6	2.3
ALL OTHER F.N. PSC COSTS	U305	255	4.0				
MANPOWER CONTRACTS	U306	259	14.6		14.6	4.7	3.1
SITE VISITS-MISSION PERSONNEL	U512	210	11.8		11.8	270.0	.0
DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES			1,219.8				
EXCHANGE RATE USED (MARCH 31, 1986)							Rs. 27.38 = \$1.00

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE VIII- FY 87
 SRI LANKA

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST
U S DIRECT HIRE	U100		1,844.0	0.0	1,844.0		
U.S. CITIZENS BASIC PAY *	U101	110	1,056.2		1,056.2	21.3	49.6
PT/TEMP US BASIC PAY *	U102	112	70.0		70.0	1.0	38.9
DIFFERENTIAL PAY *	U103	116	211.2		211.2		
OTHER AID/W FUNDED CODE 11 *	U104	119			0.0		
OTHER MISSION FUNDED CODE 11	U105	119			0.0		
EDUCATION ALLOWANCES	U106	126	82.9		82.9	17.0	4.9
RETIREMENT- US DIRECT HIRE *	U107	120	101.4		101.4		
LIVING ALLOWANCES	U108	128			0.0		
OTHER AID/W FUNDED CODE 12 *	U109	129	22.5		22.5		
OTHER MISSION FUNDED CODE 12	U110	129	50.9		50.9		
POST ASSIGNMENT- TRAVEL	U111	212	20.4		20.4	4.0	5.1
POST ASSIGNMENT- FREIGHT	U112	22	57.4		57.4	4.0	14.4
HOME LEAVE- TRAVEL	U113	212	36.0		36.0	13.0	2.8
HOME LEAVE- FREIGHT	U114	22	53.2		53.2	13.0	4.1
EDUCATION TRAVEL	U115	215	8.4		8.4	4.0	2.1
R AND R TRAVEL	U116	215	55.9		55.9	28.0	2.0
OTHER CODE 215 TRAVEL	U117	215	17.6		17.6	16.0	1.1
FOREIGN NATIONAL DIRECT HIRE	U200		111.3	0.0	111.3		
BASIC PAY	U201	114	63.5		63.5	23.6	2.7
OVERTIME, HOLIDAY PAY	U202	115	1.3		1.3		
ALL OTHER CODE 11- FN	U203	119	11.1		11.1		
ALL OTHER CODE 12- FN	U204	129	35.4		35.4		
BENEFITS FORMER FN PERSONNEL	U205	13			0.0		
CONTRACT PERSONNEL	U300		183.8	0.0	183.8		
PASA TECHNICIANS	U301	258			0.0		
US PSC- SALARY/BENEFITS	U302	113	73.0		73.0	2.3	31.7
ALL OTHER US PSC COSTS	U303	255			0.0		
FN PSC- SALARY/BENEFITS	U304	113	87.6		87.6	40.6	2.2
ALL OTHER FN PSC COSTS	U305	255	2.5		2.5		
MANPOWER CONTRACTS	U306	259	20.7		20.7	4.5	4.6
JCC COSTS PAID BY AID/W *	U307	113			0.0		
HOUSING	U400		574.9	0.0	574.9		
RESIDENTIAL RENT	U401	235	206.6		206.6	22.0	9.4
RESIDENTIAL UTILITIES	U402	235	112.5		112.5		
MAINTENANCE AND RENOVATION	U403	259	36.7		36.7		
QUARTERS ALLOWANCE	U404	127			0.0		
RESIDENTIAL FURNITURE/EQUIP	U405	311	105.0		105.0	6.0	17.5
TRANS/FREIGHT- CODE 311	U406	22	29.5		29.5		
SECURITY GUARD SERVICES	U407	254	82.2		82.2		
OFFICIAL RESIDENCE ALLOWANCES	U408	254			0.0		
REPRESENTATION ALLOWANCES	U409	252	2.4		2.4		

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII- FY 87
SRI LANKA

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST
OFFICE OPERATIONS	U500		810.9	0.0	810.9		
OFFICE RENT	U501	234	5.9		5.9		
OFFICE UTILITIES	U502	234			0.0		
BUILDING MAINT/ RENOVATION	U503	259	40.0		40.0		
OFFICE FURNITURE/EQUIPMENT	U504	310	59.8		59.8		
VEHICLES	U505	312	7.4		7.4	1.0	7.4
OTHER EQUIPMENT	U506	319	104.7		104.7		
TRANSPORTATION/ FREIGHT	U507	22	71.0		71.0		
FURN/EQUIP/VEHICLE REPAIR	U508	259	46.9		46.9		
COMMUNICATIONS	U509	230	10.4		10.4		
SECURITY GUARD SERVICES	U510	254	1.6		1.6		
PRINTING	U511	24	0.7		0.7		
SITE VISITS-MISSION PERSONNEL	U512	210	54.8		54.8	300.0	0.2
SITE VISITS- AID/W PERSONNEL	U513	210	31.1		31.1	7.0	4.4
INFORMATION MEETINGS	U514	210	4.0		4.0	1.0	4.0
TRAINING ATTENDANCE	U515	210	14.3		14.3	9.0	1.6
CONFERENCE ATTENDANCE	U516	210	14.7		14.7	9.0	1.6
OTHER OPERATIONAL TRAVEL	U517	210			0.0		
SUPPLIES AND MATERIALS	U518	26	152.4		152.4		
FAAS *	U519	257	139.6		139.6		
CONSULTING SERVICES- CONTRACTS	U520	259			0.0		
MGT/PROF SVCS- CONTRACTS	U521	259			0.0		
SPEC. STUDIES/ANALYSES CONT.	U522	259			0.0		
ALL OTHER CODE 25	U523	259	51.6		51.6		
TOTAL O.E. BUDGET			3,524.9	0.0	3,524.9		
RECONCILIATION			1,600.9	0.0	1,600.9		
636C REQUIREMENTS	U600	32					
TOTAL ALLOWANCE REQUIREMENTS	U000		1,924.0	0.0	1,924.0		

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES 1,152.0
EXCHANGE RATE USED (MARCH 31, 1986) Rs. 27.38 = \$1.00

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

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII- FY 88
SRI LANKA

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST
U S DIRECT HIRE	U100		1,754.1	0.0	1,754.1		
U.S. CITIZENS BASIC PAY *	U101	110	1,027.3		1,027.3	20.0	51.4
PT/TEMP US BASIC PAY *	U102	112	55.6		55.6	1.8	30.9
DIFFERENTIAL PAY *	U103	116	205.5		205.5		
OTHER AID/W FUNDED CODE 11 *	U104	119			0.0		
OTHER MISSION FUNDED CODE 11	U105	119			0.0		
EDUCATION ALLOWANCES	U106	126	55.6		55.6	14.0	4.0
RETIREMENT- US DIRECT HIRE *	U107	120	97.5		97.5		
LIVING ALLOWANCES	U108	128			0.0		
OTHER AID/W FUNDED CODE 12 *	U109	129	21.7		21.7		
OTHER MISSION FUNDED CODE 12	U110	129	26.7		26.7		
POST ASSIGNMENT- TRAVEL	U111	212	7.4		7.4	1.0	7.4
POST ASSIGNMENT- FREIGHT	U112	22	15.5		15.5	1.0	15.5
HOME LEAVE- TRAVEL	U113	212	88.7		88.7	24.0	3.7
HOME LEAVE- FREIGHT	U114	22	106.0		106.0	24.0	4.4
EDUCATION TRAVEL	U115	215	8.8		8.8	4.0	2.2
R AND R TRAVEL	U116	215	20.5		20.5	12.0	1.7
OTHER CODE 215 TRAVEL	U117	215	17.3		17.3	16.0	1.1
FOREIGN NATIONAL DIRECT HIRE	U200		116.5	0.0	116.5		
BASIC PAY	U201	114	66.5		66.5	23.6	2.8
OVERTIME, HOLIDAY PAY	U202	115	1.3		1.3		
ALL OTHER CODE 11- FN	U203	119	11.6		11.6		
ALL OTHER CODE 12- FN	U204	129	37.1		37.1		
BENEFITS FORMER FN PERSONNEL	U205	13			0.0		
CONTRACT PERSONNEL	U300		166.2	0.0	166.2		
PASA TECHNICIANS	U301	258			0.0		
US PSC- SALARY/BENEFITS	U302	113	56.8		56.8	2.0	28.4
ALL OTHER US PSC COSTS	U303	255			0.0		
FN PSC- SALARY/BENEFITS	U304	113	96.6		96.6	41.4	2.3
ALL OTHER FN PSC COSTS	U305	255	2.5		2.5		
MANPOWER CONTRACTS	U306	259	10.3		10.3	4.5	2.3
JCC COSTS PAID BY AID/W *	U307	113			0.0		
HOUSING	U400		522.1	0.0	522.1		
RESIDENTIAL RENT	U401	235	207.4		207.4	21.0	9.9
RESIDENTIAL UTILITIES	U402	235	104.3		104.3		
MAINTENANCE AND RENOVATION	U403	259	35.3		35.3		
QUARTERS ALLOWANCE	U404	127			0.0		
RESIDENTIAL FURNITURE/EQUIP	U405	311	80.3		80.3	4.0	20.1
TRANS/FREIGHT- CODE 311	U406	22	22.9		22.9		
SECURITY GUARD SERVICES	U407	254	69.5		69.5		
OFFICIAL RESIDENCE ALLOWANCES	U408	254			0.0		
REPRESENTATION ALLOWANCES	U409	252	2.4		2.4		

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII- FY 88
SRI LANKA

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST
OFFICE OPERATIONS	U500		565.4	0.0	565.4		
OFFICE RENT	U501	234	6.2		6.2		
OFFICE UTILITIES	U502	234			0.0		
BUILDING MAINT/ RENOVATION	U503	259	20.0		20.0		
OFFICE FURNITURE/EQUIPMENT	U504	310	65.6		65.6		
VEHICLES	U505	312			0.0		
OTHER EQUIPMENT	U506	319			0.0		
TRANSPORTATION/ FREIGHT	U507	22	21.3		21.3		
FURN/EQUIP/VEHICLE REPAIR	U508	259	49.2		49.2		
COMMUNICATIONS	U509	230	10.9		10.9		
SECURITY GUARD SERVICES	U510	254	1.7		1.7		
PRINTING	U511	24	0.8		0.8		
SITE VISITS-MISSION PERSONNEL	U512	210	57.5		57.5	290.0	0.2
SITE VISITS- AID/W PERSONNEL	U513	210	32.7		32.7	8.0	4.1
INFORMATION MEETINGS	U514	210	4.2		4.2	1.0	4.2
TRAINING ATTENDANCE	U515	210	15.0		15.0	9.0	1.7
CONFERENCE ATTENDANCE	U516	210	15.4		15.4	9.0	1.7
OTHER OPERATIONAL TRAVEL	U517	210			0.0		
SUPPLIES AND MATERIALS	U518	26	89.3		89.3		
FAAS *	U519	257	137.6		137.6		
CONSULTING SERVICES- CONTRACTS	U520	259			0.0		
MGT/PROF SVCS- CONTRACTS	U521	259			0.0		
SPEC. STUDIES/ANALYSES CONT.	U522	259			0.0		
ALL OTHER CODE 25	U523	259	38.0		38.0		
TOTAL D.E. BUDGET			3,124.3	0.0	3,124.3		
RECONCILIATION			1,545.2	0.0	1,545.2		
636C REQUIREMENTS	U600	32					
TOTAL ALLOWANCE REQUIREMENTS	U000		1,579.1	0.0	1,579.1		

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

1,196.1
Rs. 27.38 = \$1.00

NARRATIVE FOR OPERATING EXPENSES
-----SECTION A: MANAGEMENT IMPROVEMENTS

In view of the significant reductions of OE funding occasioned by the Gramm-Rudman legislation, Mission efforts at management improvement have been focused on maximizing resources and providing administrative management in the most cost-effective manner. As a result of a rapid automation effort at the Mission, more timely and accurate information is available on which to base management decisions. The Mission has ensured that its staff is competently trained to operate our computer and micro-computer systems, while helpful and cost-saving programs are rapidly being put into place. Listed below are USAID/Sri Lanka management objectives:

1. The Mission is continuing its consolidation of accounting records into the automated Mission Accounting and Control System (MACS), which will permit more timely reporting and will enhance administrative control over project and OE funds. This should also limit required overtime and reduce the need for additional staff.
2. The Mission continues its efforts to share automated project status data among all project managers for improved project control and monitoring. This program has suffered a set-back due to our inability to fund a Wang VS65 to supplement our Wang VS45. This would allow electronic transmission of MACS data to all offices of the Mission. USAID is continuing its search for funds to cover this requirement.
3. Employee competence will be improved through training.
4. Employee morale and productivity will be increased by improvements to working conditions. (Elimination of Civil Service Retirement minimum annuities has seriously disturbed employee morale; however, USAID is striving for a more equitable compensation and retirement plan to answer these needs.)
5. As a direct result of the more effective management base, USAID is improving its procurement program with the maximization of resources to avoid waste and mismanagement. For example, detailed data now available enabled the Mission to halve the cost of reproduction supplies by using a Singapore supplier rather than a local supplier. Used, out-dated, and worn out furniture and equipment is being disposed of quickly, with maximum sales proceeds. Replacements are newer and more economic models/styles, thus reducing heavy maintenance costs. More detailed and more accurate records on real property costs have enabled the Mission to identify and cancel leases where costs are unreasonable. Gasoline mileage records are now being analyzed to control unreasonable usage and permit early identification and correction of mechanical problems.

6. Mission administrative procedures are being reviewed to ensure usage of more efficient and cost-effective automation techniques wherever possible. For instance, forms for all types of travel orders, cables, and some contracts are now in the computers; the savings of time and effort required to process these documents is impressive.

SECTION B: TRUST FUNDS

The reduction of both PL-480 quantities and of the Development Assistance budget has created an unfavorable climate in which to discuss trust funding.

SECTION C: JUSTIFICATION OF FUNDING CHANGES

1. U100: Changes in total costs are attributable to the reduction in USDH staff levels. Unit cost changes are the result of varying numbers of transfers to AID/W (which significantly affect Mission costs) and of the variances in numbers of actual travellers who make up a single unit. (We have several very large families, each of which is counted as a single unit.) Mission has also had two retirements from post in FY 86, which increased travel and freight costs.
2. U300: Contract personnel and manpower contracts are not reflected in FY 86 costs. There is also a change in the composition of US contract personnel requirements, from senior professional assistance to administrative staff.
3. U400: Reduced US staff levels result in reduced housing costs, and reduced requirements for new/replacement NXP property.
4. U500: USDH staffing reductions and movements will result in a sharply increased requirement for coverage and assistance from AID/W and/or other Missions. This is reflected in higher travel costs in FY 87 and FY 88. Also scheduled for FY 87 is the completion of the Mission basic automation program, with the addition of a VS65 system and urgently needed ancillary equipment.

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TABLE VIII (a)

INFORMATION ON U.S. PSC COSTS

POSITION TITLE/DESCRIPTION -----	FY 1986 -----	FY 1987 -----	FY 1988 -----
EXECUTIVE ASSISTANT	26.4 (6/86-6/87)	27.7 (6/87-6/88)	29.1 (6/88-6/89)
CONTRACTS ASSISTANT	10.0 (3/86-9/86)		
ENGINEER (TDY COVERAGE)	24.2 (7/86-10/86)	18.9 (11/86-1/87)	
PROJECT DEVELOPMENT OFFICER (TDY COVERAGE)	18.9 (8/86-10/86)		
EXECUTIVE OFFICER (TDY COVERAGE)	18.9 (9/86-11/86)		
COMPUTER SYSTEMS ASSISTANT		26.4 (11/86-10/87)	27.7 (11/87-10/88)
TOTALS	98.4 =====	73.0 =====	56.8 =====

TABLE VIII (b)

ALL OTHER CODE 25 DETAIL

DESCRIPTION	FY 1986	FY 1987	FY 1988
----- NONE	-----	-----	-----

ACQUISITION AND UTILIZATION
OF
INFORMATION TECHNOLOGY SYSTEMS NARRATIVE

A. Information Processing Needs:

1. Two additional professional computers, two matrix printers, and two uninterruptable power sources (UPS) are urgently required. Projections for the near future also include three 160 CPS DOT printers, four graphic boards, five DataBase III Plus, and two Lotus 1-2-3 systems.

2. A VS65 and a UPS are required to link our MACS data base to project officers and to facilitate electronic data transfer to AID/W.

B. Responsibility for Equipment and Systems:

With the exception of the WANG 45 in the Office of the Controller, responsibility for the operation and maintenance of the automation equipment lies with the Executive Officer.

C. Training and User Support Programs:

The WANG agent, Data Management Systems (DMS), maintains training and user support programs which have totally met USAID's needs.

D. Ratio of Workstations to Users:

The current ratio of workstations to users is 3.6:1. With the acquisition of two additional PC's, the ratio will become 3.3:1. Frequent monitoring of present usage indicates that workstations are fully utilized, and that personnel must often wait for access.

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TABLE VIII (c)

OBLIGATIONS FOR ACQUISITION, OPERATION

AND USE OF INFORMATION TECHNOLOGY SYSTEMS

(\$000)

ITEM AND EXPLANATION -----	FY 1986 -----	FY 1987 -----	FY 1988 -----
1. CAPITAL INVESTMENT -----			
A. PURCHASE OF HARDWARE -----		67.4	
B. PURCHASE OF SOFTWARE -----		2.6	
C. SITE FACILITY -----		29.7	
SUBTOTAL	0.0	99.7	0.0
<hr/>			
2. PERSONNEL -----			
A. COMPENSATION, BENEFITS AND TRAVEL -----	2.8	29.4	30.8
B. WORKYEARS -----	1.0	2.0	2.0

TABLE VIII (c)

 (Continued)

ITEM AND EXPLANATION -----	FY 1986 -----	FY 1987 -----	FY 1988 -----
C. OPERATIONS AND MAINTENANCE -----			
(1) OPERATIONS -----	0.0	0.0	0.0
(2) MAINTENANCE -----	27.3	43.0	45.2
D. SYSTEMS ANALYSIS AND PROGRAMMING -----	0.0	0.0	0.0
E. SYSTEM DESIGN AND ENGINEERING -----	0.0	0.0	0.0
F. STUDIES AND OTHER -----	6.5	6.3	6.3
SUBTOTAL	33.8	49.3	51.5
<hr/>			
5. TOTAL DOLLARS	133.1	222.2	113.9
TOTAL WORKYEARS (FROM ITEM 2A)	1.0	2.0	2.0
<hr/>			
6. MISSION ALLOWANCE LEVELS -----			
A. AMOUNTS INCLUDED IN MISSION ALLOWANCES FOR EXISTING SYSTEMS (INCLUDES 2A, 3, AND 4).	133.1	107.5	113.9
B. AMOUNTS INCLUDED IN MISSION ALLOWANCES FOR NEW OR EXPANDED SYSTEMS (INCLUDES 1, 2A, 3, AND 4.)	0.0	114.7	0.0

TABLE VIII(c)

(Continued)

ITEM AND EXPLANATION	FY 1986	FY 1987	FY 1988
3. EQUIPMENT RENTAL, SPACE AND OTHER OPERATING COSTS			
A. LEASE OF EQUIPMENT	0.0	0.0	0.0
B. SPACE	0.0	0.0	0.0
C. SUPPLIES AND OTHER MATERIAL	96.5	43.8	31.6
D. NON-COMMERCIAL TRAINING	0.0	0.0	0.0
SUBTOTAL	96.5	43.8	31.6
4. COMMERCIAL SERVICES			
A. COMPUTER TIME	0.0	0.0	0.0
B. LEASED TELECOMMUNICATIONS SERVICES	0.0	0.0	0.0

Country/Office: Sri Lanka/USAID

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
<u>COMMODITIES</u>						
<u>Title I</u>	26	190	19	147	19	147

 Total

 of which
 Title III

 Total

 COMMENT:

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE XIII
 PL 480 TITLE II

1. Country Sri Lanka FY 1988

Sponsor's Name CARE

A. Maternal and Child Health..... Total Recipients 484,000

No. of Recipients by Commodity	Name of Commodity	KGS	Dollars $\frac{1}{2}$
484,000	Instant Corn Soya Milk*	3,132 @\$262	821
484,000	Non-Fat Dry Milk*	348 @\$110	38
<u>Total MCH</u>			<u>859</u>

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

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

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

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

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

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

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

No. of Recipients by Commodity	Name of Commodity	KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Other</u>			_____

II. Sponsor's Name CARE TOTAL 859

* PL 480 commodities represent 40% of the Thripasha formula.
 $\frac{1}{2}$ At estimated FY 1988 prices.

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

1. Country Sri Lanka FY 1989

Sponsor's Name CARE

A. Maternal and Child Health..... Total Recipients 414,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars ^{1/}
<u>414,000</u>	Instant Corn Soya Milk*	<u>2,013</u>	<u>@\$262</u>
<u>414,000</u>	Non-Fat Dry Milk*	<u>224</u>	<u>@\$110</u>
<u>Total MCH</u>			<u>552</u>

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

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

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

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

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

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

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

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

II. Sponsor's Name CARE TOTAL 552

* PL 480 commodities represent 30% of the Thruposna formula.
^{1/} At estimated FY 1988 prices.

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Sri Lanka FY 1990

Sponsor's Name CARE

A. Maternal and Child Health..... Total Recipients 363,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars ^{1/}
<u>363,000</u>	Instant Corn Soya Milk*	<u>1,174 @ \$262</u>	<u>308</u>
<u>363,000</u>	Non-Fat Dry Milk*	<u>131 @ \$110</u>	<u>14</u>
<u>Total MCH</u>			<u>322</u>

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

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

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

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

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

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

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

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

II. Sponsor's Name CARE TOTAL 322

* PL 480 commodities represent 20% of the Thriplosa formula.
^{1/} At estimated FY 1988 prices.

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

1. Country Sri Lanka FY 1991

Sponsor's Name CARE

A. Maternal and Child Health..... Total Recipients 323,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars ^{1/}
<u>323,000</u>	Instant Corn Soya Milk*	<u>522 @ \$262</u>	<u>137</u>
<u>323,000</u>	Non-Fat Dry Milk*	<u>58 @ \$110</u>	<u>6</u>
<u>Total MCH</u>			<u>143</u>

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

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

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

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

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

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

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

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

II. Sponsor's Name CARE TOTAL 143

* PL 480 commodities represent 10% of the Thrifosha formula.
^{1/} At estimated FY 1988 prices.