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UNCLASSIFIED

Annual Budget Submission

FY 1988

INDIAN OCEAN STATES

MADAGASCAR

BEST AVAILABLE

June 1986

Agency for International Development
Washington, D.C.

UNCLASSIFIED

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TABLE OF CONTENTS

	Page
Madagascar: Country Strategy Statement	1
New Project Narrative I	4
New Project Narrative II	5

Central Materials:

Table I	- Long Range Plan by appropriation account	6
Table III	- Project Obligations by appropriation	7
Table IV	- Project Budget Data	8
Table V	- Priority Ranking of FY 88 Projects	9
Table VI	- Local Currency Use Plan & Revised Table VI on Host Government Local Currency Expenditure. Also: Local Currency Narrative; Sources (PL 480, CIP); Amounts available to Gov.; Intended uses.	10
Table VIII	- OE for FY 86, 87, & 88, w/narrative.	15
Supplementary Table VIII(a)	- U.S. PSC costs (complete lines at end of Table VIII for PD&S funds in support of local costs)	23
Table VIII(b)	- All other Code 25; Code U523	24
Table VIII(c)	- ADP Equipment: Narr: (A) List Uses; (B) Plans; (C) Acquisition Plan	25
Table VIII(d)	- DH Staffing	29
Table VIII(e)	- IDI Staffing	30
Table VIII(f)	- FSN Staffing	31
Table VIII(g)	- Part time staffing	32
Table XI	- PL 480 Title I/III Requirements	33
Table XII	- PL 480 Title I/III Supply and Distribution	34
Table XIII	- PL 480 Title II Requirements	35

Africa Bureau Materials:

Table I	- Management Units (actual for FY 86)	36
Table II	- Modifications to LOP Costs	37
Table III	- Pipeline Review (Prepared in AID/W)	38
Table IV	- AID-funded PVO Activities (including centrally funded & FVA-sponsored)	39
Table V	- Private Sector Activities	40
Table VI	- Regional and Centrally funded activities	41
Table VII	- Evaluation plans	42
Narrative Privatization Plan		44
Research Activities - Update/Correction		45
AMDP	- Abbreviated Country Training Plan	46

MADAGASCAR
Country Strategy Statement

The Guidelines

In early calendar 1986, REDSO/ESA updated its strategy (CDSS) for Madagascar and presented it to AID/W for review and approval in April. Based upon this review, Washington decided:

(1) That the U.S. Government should continue to maintain a narrowly focussed short to medium term assistance profile in Madagascar, and,

(2) that this assistance should remain centered on the rice sub-sector.

Because budget and staff resources will not increase for Madagascar beyond those already approved, Washington requested REDSO/ESA to indicate in the present ABS document how the field proposes to prune the program outlined in the CDSS, which AID/W considered too ambitious. Washington provided four criteria to assist REDSO in deciding which activities the field should most actively pursue, and which should be subordinated or abandoned. These criteria favor activities which are:

a) Closely related to the rice sub-sector
b) Not likely to be carried out by other donors
c) Likely to make real progress (targets of opportunity)
d) Economical in terms of time and effort required to understand the directions such activities should take later on.

Further, Washington asked REDSO to make an immediate decision on project modalities: either to continue annual amendments or to design a new single or multi-year project. Finally, Washington requested REDSO, when discussing local currency programming, to take firmly into account the Government's budget process in order to ensure the efficient budget allocation of U.S. counterpart funds.

The Madagascar Strategy Restated

Whereas sustained food self-reliance continues to be A.I.D.'S long-term goal in Madagascar, we will concentrate our efforts in the planning period 1986-1990 on assistance to the effort to achieve national rice self-sufficiency.

To help the Malagasy achieve rice self-sufficiency, working closely with other major donors, A.I.D. will employ a combination of means.

First, through a three year Food for Progress (FFPR) program carried out in close coordination with a $ 60 million World Bank agriculture sector operation and with the World Food Program, A.I.D. will assist the Malagasy government to liberalize national policies which affect the production, collection, milling, and marketing of rice. Continued supplies of rice, principally under PL480 Title I, will assist the Government with additional imports on concessionary terms as local rice production is increased to meet local demand at affordable prices.

Second, in further support of this liberalization program, A.I.D. will encourage the private sector to improve essential services to rice farmers which, since Madagascar's socialist revolution in the 1970's, have been poorly performed by the government and by parastatal enterprises. These services include road maintenance, milling, transport, and the supply of imports including farm equipment fertilizer and seed. At the same time, A.I.D. will also assist the Government to analyze parastatals in the agriculture sector with a view to their partial or complete privatization, where appropriate.

Third, through a grant to the International Rice Research Institute (IRRI), A.I.D. will build Malagasy capacity to introduce and test improved varieties of rice. U.S. counterpart funds generously support this applied research, as well as help other donor programs to develop the next step: A national seed program with private sector participation.

Fourth, through the use of U.S. counterpart funds and short-term training programs, A.I.D. will continue to support the rehabilitation of infrastructure essential to increased rice production such as farm to market roads, irrigation works, village water points, and storage units. Largely by paying the local cost component of other donor efforts, U.S. counterpart funds will also help stem soil erosion which has reached alarming proportion in Madagascar and damages rice and other food growing areas.

Fifth, and finally, towards the goal of sustained food self reliance, including rice, A.I.D. will support certain well defined and carefully chosen population activities. These will be designed to create a framework for a child-spacing, family planning program in Madagascar. A.I.D. funded population activities, in rank order of priority, have complete official support and include help to organize a national conference on development and population, chaired by the President's office, now scheduled for January, 1987.

Discussions

This program responds to AID/W guidelines in every particular. Dropped from the agenda put forward in the CDSS up-date are the new policy areas represented by AEPRP (African Economic Policy Reform Program) initiatives in either transport or export. REDSO has reached this decision after consulting with other donors about their intentions. The results of several important studies bearing on export promotion are not expected before January, 1987, with the result that AEPRP action in the export sector would be unlikely before FY 1988. New World Bank and Caisse Centrale loans in the transport sector carry significant conditionality which may go far to remove delays in transport sector reform.

A.I.D. will retain, however, the two policy areas in which the U.S. has already invested significant time and resources: Economic liberalization in the agriculture sector (especially rice) and population. The environment per se will not represent a part of our policy dialogue, although we will support with counterpart funds certain other donor-managed activities. In addition, those activities which we retain in FY 87 and FY 88 -- private sector services and parastatal reform, for example -- will be carefully directed to favor

the small (especially rice) farmer and the augmentation of his production. Population activities will be phased in over a two year period, with the lowest ranking action (Information, Education, and Communication) undertaken last, probably in FY 1988.

So as not to prejudge the decision AID/W will once again face in March, 1988 (at the time of the full CDSS review) on multi-year programming in Madagascar, and also to give the field an opportunity to measure the results of our work with parastatals and with the private sector initiated in 1986, REDSO proposes in this document to undertake in FY 87 a new, fully-funded, one year project, Agriculture Liberalization and Production Support (ALPS I), which either could be amended in FY 1988 for another year, or, if Madagascar's liberalization program picks up the pace and multi-year programming appears certain, could be followed by a new, 2-3 year project beginning in FY 1988. For illustrative purposes in this document, we have chosen the second option and have included a new project narrative for ALPS II (FY 88).

Finally, to come to grips in a comprehensive way with the Government's budget process, REDSO believes that the best course is to urge the IBRD/IMF to perform such a study with the GDRM. The U.S. delegation to the Madagascar Consultative Group of April 24-25, 1986 has already taken the first step. In its public statement, which has since been translated and distributed, the U.S. delegation urged that an analysis of the budget process be added to the policy agenda for the specific purpose of guiding this allocation of counterpart funds from all donor organizations to those areas of the GDRM operational and development budgets which most need support. The Minister of Finance told the Consultative Group members, in reply, that the GDRM budget process is now being reworked to simplify and make it more easily comprehensible. REDSO considers it likely that the U.S. request will have to be repeated by both AID/W and the field before a commitment is made.

New project Narrative I

a. Project Number 687-0102, Agriculture Liberalization and Production Support (ALPS I)

b. $3.72 million grant for full Life of Project obligations.

c. Appropriation account: Economic Support Fund.

d. Project purpose: The aim of this project is to help ensure the success of Madagascar's liberalization program in the agriculture sector, and especially in the rice sub-sector. This purpose is consistent with A.I.D.'s primary emphasis in the African area on food production. This objective also directly supports the overarching goal of the CDSS up-date (April, 1986): to help Madagascar achieve its full agricultural potential, with food self-reliance at the heart of this goal. Policy issues requiring resolution are now perhaps less important than clarifying and implementing the policy decisions recently taken.

e. Problems addressed, consistent with the CDSS up-date, are: (1) Most government officials at Central and local levels do not understand the agriculture liberalization policy and how it should work. Malagasy must determine for themselves the right mix of public and private sector actions. (2) To make the most of price incentives available to them under liberalization, small farmers require commodities and services. Malagasy state owned enterprises (SOE's) have not proven effective in supplying producers with what they need. Until recently the private sector has been discouraged from doing so. (3) Foreign exchange shortages have helped to throttle agriculture production as farm implements, market vehicles, and road maintenance equipment are in short supply. The Means which ALPS I will employ to resolve these problems include (i) continuation of the agriculture liberalization seminar, together with third country observation travel, conducted by the Agriculture Policy Analysis Project (APAP); (ii) continuation and conclusion of efforts to scale down and divest agriculture SOE's; (iii) a series of studies (3-5) to determine how poorly functioning state services in rural areas may be privatized; and (iv) a Commodity Import Program (CIP) through the private sector to enhance agriculture (particularly rice) production and marketing ($2.8 million).

f. The target groups served by the project include GDRM policy makers who will attend the APAP seminar, as well as (indirectly) Malagasy producers, traders and processors who benefit from liberalization; Ministry personnel trained to monitor SOE's; producers who will benefit from improved services; and, ultimately, consumers who will enjoy greater quantity and diversity of produce.

New Project Narrative II

a. Project Number 687-0103, Agriculture Liberalization and Production Support (ALPS II)

b. $4.0 million grant for FY 1988, LOP two years $8.0 million.

c. Appropriation account: Economic Support Fund.

d. Project Purpose: The purpose of this activity is to ensure the continued momentum of Madagascar's Liberalization program in the agriculture sector, especially in rice and rice substitute crops (maize and cassava) for home consumption and for export. This purpose is consistent both with A.I.D.'s major emphasis on food production, especially for the African region, and with the CDSS goal to help Madagascar achieve food self-reliance. Policy issues requiring resolution are not so much at issue as is the implementation at local levels of policy decisions already taken.

e. Problems addressed, consistent with the CDSS up-date, are: (1) Incomplete comprehension on the part of Government officials at all levels of the liberalization program and the benefits it is intended to bring; (2) Inadequate services to farmers, by parastatals and the still nascent private sector; (3) Gap between applied research into new varieties and cropping systems and on-farm demonstrations; (4) Continuing foreign exchange shortages mean lack of critical farm inputs. Means of dealing with these problems include: (i) Extension of the policy dialogue, including observation visits, to key officials at regional and local levels; (ii) Support for private sector operators in delivering critical services to farm producers; (iii) Matching grants to two or more PVO's with a proven ability to work in Madagascar, for the purpose of demonstrating the production effect of improved rice varieties (introduced by IRRI) and other crops compatible with a rice-based farm systems approach; (iv) Commodity imports linked more closely than before with private sector services (including milling and other transformation services) to farm producers.

f. Target groups served by the project include officials at all levels of Government who are in a position to influence the liberalization program; private sector operators serving the interest of farmers; farmers themselves who will continue to receive higher prices, better inputs (including seed varieties) and techniques; and, ultimately, the consumer.

g. REDSO/ESA recognizes that the major policy issue involved -- whether or not A.I.D. should commit itself to a multi-year project in Madagascar -- is unlikely to have been formally decided before this PID is prepared. Thus, AID/W should plan to review this PID at the same time as the new CDSS, scheduled for early CY 1988.

h. Special concerns: Private sector support - $150,000; PVO's - $600,000.

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

Country: Madagascar

	FY 1985 ACTUAL	FY 1986 ESTIMATE	--FY 1987 -- CP	--FY 1987-- ESTIMATE	--FY 1988-- AAPL	------ PLANNING PERIOD ------ 1989	1990	1991	1992
AGRICULTURE, RURAL DEV. AND NUTRITION									
TOTAL	2,000	1,000	1,000	1,280	1,000	1,000	1,000	1,000	1,000
GRANTS	2,000	1,000	1,000	1,280	1,000	1,000	1,000	1,000	1,000
TOTAL DA ACCOUNT									
TOTAL	2,000	1,000	1,000	1,280	1,000	1,000	1,000	1,000	1,000
GRANTS	2,000	1,000	1,000	1,280	1,000	1,000	1,000	1,000	1,000
ECONOMIC SUPPORT FUNDS									
TOTAL	3,000	2,844	4,000	3,720	4,000	4,000	4,000	4,000	4,000
GRANTS	3,000	2,844	4,000	3,720	4,000	4,000	4,000	4,000	4,000
DA and ESF TOTAL									
TOTAL	5,000	3,844	5,000	5,000	5,000	5,000	5,000	5,000	5,000
GRANTS	5,000	3,844	5,000	5,000	5,000	5,000	5,000	5,000	5,000
PL 480									
TITLE I	11,000	8,000	8,000	8,000	8,000	8,000	-	-	-
TITLE II	1,575	2,262	2,460	2,460	2,460	2,460	-	-	-
VOLAG	1,575	2,262	2,460	2,460	2,460	2,460	-	-	-

HOUSING GUARANTEES
(NONE)

I would like to call your attention to Table III on page 7. Here we cite Washington's May 23, 1986 telegram on the IRRI grant, which says that whereas funds will be increased in FY87 by $280,000 to complete funding of the $2.28 million, two-year IRRI grant, Madagascar's overall OYB will remain the same: $5.0 million. In the interest of simplicity and consistency, we have therefore shown in FY87 an obligation of $1.28 million from DA funds and correspondingly less in ESF funds, $3.72 million. The ABS Review Committee may have no flexiblility in the affair and may decide that it must keep to the $1.0 million DA ceiling for FY87, completing the IRRI grant by taking $280,000 from ESF, thus splitting the account. If we can complete the IRRI grant entirely from DA, however, we would prefer to do it this way.

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ($000)
Country Madagascar

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	FY 86 ESTIMATE	FY 87 ESTIMATE	FY 88 AAPL
Agriculture, Rural Dev. & Nutrition				
936-4111 - Grant to International Rice Research Institute (IRRI)	G	1,000	1,280*	
936-4111 - Grant to IRRI				1,000
Appropriation Totals		1,000	1,280	1,000
Grants		1,000	1,280	1,000
Loans		-	-	-
Economic Support Fund				
6870101.1 Madagascar Agriculture Rehabilitation & Support, IA	G	2,844		
6870102.0 Agriculture Liberalization & Production Support I	G		3,720*	
6870103.0 Agriculture Liberalization & Production Support II	G			4,000
Appropriation Totals		2,844	3,720	4,000
Grants		2,844	3,720	4,000
Loans		-	-	-
DA and ESF Account Totals		3,844	5,000	5,000
Grants		3,844	5,000	5,000
Loans		-	-	-

* 86 State 162609 (23May86) approved $280,000 increase in IRRI Grant over $1.0 million originally budgetted in FY 87, but stated that OYB for other bilateral projects will be reduced by $280,000.

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FY 1988 ANNUAL BUDGET SUBMISSION
TABLE IV: PROJECT BUDGET DATA

Country: MADAGASCAR

PROJECT NUMBER AND TITLE	OBLIG		ESTIMATED U.S. DOLLAR COST ($000)									
G L	DATE INIT FIN	-TOTAL COST- AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE	FY 1986 OBLIG-ATIONS	FY 1986 EXPEND-ITURES	MORTAGE	FY 1987 OBLIG-ATIONS	FY 1987 EXPEND-ITURES	FY 88 PROPOSED	--SPECIAL-- CODES	--ITEM-- NO.
AGRICULTURE, RURAL DEV. AND NUTRITION													
6870101 Agricultural Rehabilitation Support													
G	85 85	2,000	2,000	2,000	1954	-	1,500	-	-	454	-	FR	6209
Grant to International Rice Research Institute (IRRI)													
G	86 87	1,000	2,280	-	-	1,000	200	1,280	1,280	1,000	-	-	
Grant to International Rice Research Institute (IRRI)													
G	88 88	-	1,000	-	-	-	-	-	-	-	1,000	-	
Appropriation													
Total		3,000	5,280	2,000	1954	1,000	1,700	1,280	1,280	1,454	1,000		
Grant		3,000	5,280	2,000	1954	1,000	1,700	1,280	1,280	1,454	1,000		
Loan		-	-										
Functional Account													
Total		3,000	5,280	2,000	1954	1,000	1,700	1,280	1,280	1,454	1,000		
Grant		3,000	5,280	2,000	1954	1,000	1,700	1,280	1,280	1,454	1,000		
Loan		-	-	-	-	-	-	-	-	-	-		
ECONOMIC SUPPORT FUND													
6870101 Agriculture Rehabilitation Support I													
G	85 85	3,000	3,000	3,000	3,000	-	2,000	-	-	1,000	-	FR	8663
6870101.1 Agriculture Rehabilitation Support IA													
G	86 86	2,844	2,844	-	-	2,844	370	-	-	2,474	-	PRZ	
6870102 Agriculture Liberalization & Production Support I													
G	87 87	-	3,720	-	-	-	-	-	3,720	300	-	PRZ	
6870103 Agriculture Liberalization & Production Support II													
G	88 88	-	4,000	-	-	-	-	-	-	-	4,000	PRZ	
Appropriation													
Total		5,844	13,564	3,000	3,000	2,844	2,370	-	3,720	3,774	4,000	-	
Grant		5,844	13,564	3,000	3,000	2,844	2,370	-	3,720	3,774	4,000	-	
Loan		-	-	-	-	-	-	-	-	-	-	-	
Country Total													
Total		8,844	19,150	5,000	4,954	3,844	4,070	1,280	5,000	5,228	5,000	-	
Grant		8,844	19,150	5,000	4,954	3,844	4,070	1,280	5,000	5,228	5,000	-	

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

DECISION UNIT

RANK PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	PROGRAM FUNDING ($000) APPROP	INCR	CUM
1. FFPR	Food for Progress	Cont	Grant	P1	(8,820) (1)	(8,820)
2. Institution Grant	Int. Rice Research Inst.	New	Grant	FN	1,000	1,000
3. 0102	Ag Liberal & Production	New	Grant	ES	4,000	5,000
4. PL01	PL480 Title I - Madagascar	-	-	-	(8,000)	5,000
5. PL02	PL480 Title II - Madagascar	-	-	-	(2,460)	5,000

(1) The Food for Progress Program in FY1988 will provide 21,000 MT of rice (est. value $5,880) plus transport (est. value $2,940).

LOCAL CURRENCY USE PLAN
FY 1988 ANNUAL BUDGET SUBMISSION

Country: Madagascar

Narrative: The sole source of U.S. generated counterpart funds in Madagascar before FY 1985 has been the PL 480 program, principally Title I. The Title I program is continuing. The counterpart generated is equivalent to the following dollar amounts:

FY 1981 -	$ 5.0 million
FY 1982 -	$ 5.0
FY 1983 -	$ 8.0
FY 1984 -	$ 8.0
FY 1985 -	$11.0
Title I Total	$37.0 million

Of this amount deposited in Central Bank accounts by March 31, 1986, 62 percent had been allocated to projects. Twenty-nine percent (29%) had been disbursed. In addition, the FY 1986 Title I agreement will provide $ 8.0 million in counterpart FMG, bringing the total Title I counterpart to $ 45 million. Meanwhile, Title II (1984) emergency assistance was monetized in an amount equivalent to $ 2.95 million and has been placed in a special account to be used for cyclone-related disaster requirements.

Beginning in Fy 1985, with the signing of the first bilateral project between the U.S. and Madagascar in over 15 years, $ 3.5 million of commodity imports will be used to generate counterpart funds. This project (687-0101) is joint DA/ESF funded. REDSO plans to amend this project in FY 1986, from ESF funds. Commodity imports under this amendment will generate $2.2 million addition FMG.

By the close of FY 1986, Title I and ESF/DA generated local currency is therefore expected to total $50.7 million in Madagascar. As the accompanying table shows, the Title I program is expected to continue at a $ 8.0 million level during FY 1987 and FY 1988. The ESF counterpart program, subject to budget cuts, will not exceed $3.5 million in each year (plus $0.5 million for Technical Assistance related grant activities).

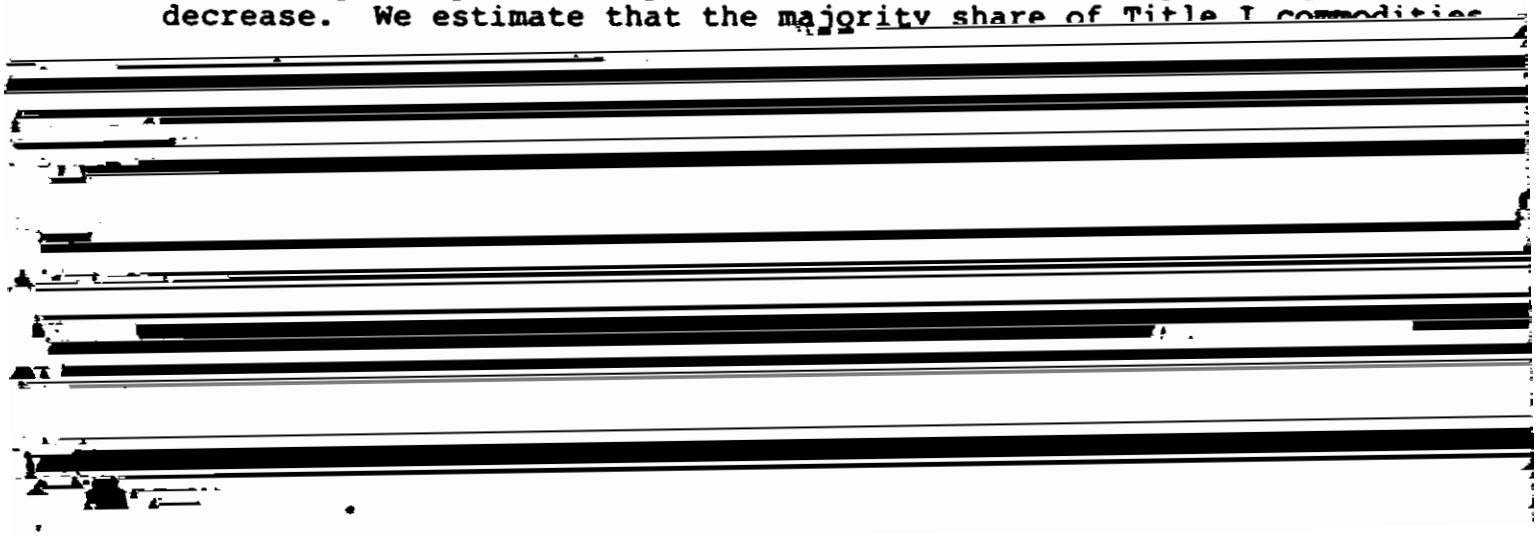
The major question at the time of drafting (May, 1986) is whether the U.S. government will authorize REDSO to agree with the Government of Madagascar to program counterpart currencies resulting from the sale of U.S. rice imported under the new Food for Progress (FFPR) program. This program will begin in FY 1986, for three years (FY 86-88). It is now clear that REDSO will have no authority to program revenues from the sale of 30,000 MT of rice provided under the FY 1986 FFPR program. We understand, however, and we strongly recommend, that REDSO be given such authority for currencies which accrue from sales of FFPR 21,000 MT of rice in each of FY 1987 and FY 1988. Total counterpart funds which may become available from these sales is estimated (subject to rice price variation) to reach $ 12.0 million.

REDSO/ESA's up-date of the CDSS strategy for Madagascar, which AID/W reviewed in April, 1986, outlines a plan for the use of these counterpart currencies in support of AID's development program in Madagascar. (see pp 24-26).

AID's long-term objective in Madagascar is food self-reliance, with the central focus in the short and medium term on the rice sub-sector. The Government of Madagascar (GDRM) has agreed with the donor community, as represented at the Consultative Group which met most recently in late April 1986, to take the necessary policy decisions to completely liberalize the production and marketing of rice. Whereas these policy changes will give the price incentives which farmers, millers, and traders require to produce and market more rice, these groups also require improved rice seed, repaired infrastructure (especially dikes, roads and village water systems), better services than those which State Companies are able to provide, and measures to stem Madagascar's colossal soil erosion. These groups also require new equipment - improved hand ploughs and threshers, light tractors, light trucks and road building machines - to farm and market rice. And if the long-term objective -- food self-reliance -- is to be achieved, Madagascar must begin now a program of family health services.

AID's program in Madagascar is keyed to each of these requirements. Commodity imports and counterpart funds are an integral part of this program.

Rice Policy Reform: Given the run-down state of Madagascar's economy, it will be several years before price incentives have their intended effect. During this transition period, PFPR and Title I rice imports will provide a major share of perhaps half of the rice imports Madagascar will require. The GDRM, in close agreement with the IBRD, USAID and the World Food Program, will ensure the careful marketing of these rice imports so as to have no disincentive effects for the target groups (producers, millers and marketers). REDSO has begun to study alternatives to rice which may be imported under PL 480 Title I as local per capita rice production increases and import requirements decrease. We estimate that the majority share of Title I commodities



projects (11%), and feeder road repairs (8%). This emphasis will continue at a level of $4.0 million per year and may even increase if U.S. counterpart funds can be used to support other donor programs in these categories.

Private Services: To improve services to farmers and expand markets for millers, merchants and other figures in the agriculture sector, A.I.D. is exploring ways to use counterpart funds to encourage entrepreneurs and other private sector activities. We plan to couple a line of credit drawn from counterpart currencies with a foreign currency credit provided by another donor, to help ease the credit restraint which dampens private initiative in the agro-industrial sector. This local credit could grow to $1.0 -$2.0 million per year. In addition, AID may provide counterpart on a trial basis as part of an export promotion and guarantee scheme which could grow to absorb equivalent amounts of currency annually.

Soil conservation: A.I.D. will support with up to $1.0 million annually the promising activities of the GDRM and of other donors which aim at watershed management and at other means of reducing soil erosion in food growing areas.

New equipment: In addition to rice and other foods, A.I.D. will finance the import of equipment to assist in the production and marketing of rice and other crops. These imports will all pass through private sector dealers in Antananarivo and much of the equipment (although we cannot say how much) will become private property. To the medium-size tractors and Caterpillar road building equipment imported under the FY 1985 agreement, light farm-to-market trucks will be added in FY 1986.

Family Health Services: A.I.D will consider, in collaboration with UNICEF, providing up to $1.0 million per year for the oral rehydration and immunization program which is expected to be launched in 1986. This will complement centrally-funded services which A.I.D. will provide to various key aspects of Madagascar's nascent family planning program. As part of U.S.A.I.D's plan , in collaboration with UNFPA, to support through BUCEN selected training and software costs associated with Madagascar's next general census, planned for 1988 (CDSS up-date, p. 23), U.S. counterpart may be used to cover the local costs of this highly important activity. (The preceding national census was carried out - and only partially completed - in 1975.)

Trust Fund: In addition to the uses of counterpart currency identified above, REDSO expects to sign in June, 1986 the first Trust Fund agreement with Madagascar. The initial increment of funds ($ 165,000) will be derived from grant aid commodities, not Title I (loan) financed imports, and will cover all local costs of the USAID program in Madagascar. Future increments will be deposited from the ESF-funded commodity program planned in the period FY 86-88 and likely to be continued thereafter.

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

Source/Purpose	1985 ACTUAL	1986 EST.	1987 Planned	1988 PROP.
I. ECONOMIC SUPPORT FUND				
A. Public Dev. Activities	-	-	1.0	2.0
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	-	-	0.5	1.0
1.				
2.				
C. Public Sector Recurrent Budget	-	-	-	-
1.				
2.				
D. AID Operating Expenses (Trust Fund)	-	(1) -	0.079	0.09
II. DEVELOPMENT ASSISTANCE				
A. Public Development Activities	-	-	0.5	-
1.				
2.				
B. 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	-	-	2.079	3.09

(1) REDSO/ESA plans to sign Trust Fund Agreement with GDRM in June, 1986 but cannot guarant date of signing

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

ource/Purpose	CY 1985 ACTUAL	CY 1986 EST.	CY 1987 Planned	CY 1988 PROP.
:. PL 480 TITLE ONE				
. Public Development Activities	$4.4	6.7	8.5	9.0
1 Support for AID Rice Research Program (with IRRI)	-	(1.2)	(2.0)	(2.0)
2 Irrigation, village water, rural roads, etc.	(4.4)	(5.5)	(6.5)	(7.0)
. Private Sector Programs	-	-	-	-
1.				
2.				
. Public Sector Recurrent Budget	-	-	1.0	1.0
1. e.g., Child Survival (also indicate the amount of this counterpart which is in direct support of AID projects)	-	-	(1.0)	(1.0)
2. Agriculture or other subsidies	-	-	-	-
. AID Operating Expenses (Trust Funds)	-	-	-	-
TOTAL PL 480 Title	$4.4	$6.7	9.5	10.0
)TALS (ESF, DA, PL 480 Title I)	$4.4	$6.7	$11.579	$13.09

TABLE VIII - FY 1986
Operating Expense Summary

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100					
U.S. CITIZENS BASIC PAY	U101	110	66.2			1.1
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	16.6			
OTHER AID/W FUNDED CODE 11	U104	119				
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126	17.9			2.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	4.6			
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129	1.6			
OTHER MISSION FUNDED CODE 12	U110	129	.7			
POST ASSIGNMENT - TRAVEL	U111	212	6.0			1.0
POST ASSIGNMENT - FREIGHT	U112	22	22.0			1.0
HOME LEAVE - TRAVEL	U113	212	4.0			2.0
HOME LEAVE - FREIGHT	U114	22	5.0			2.0
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215				
OTHER CODE 215 TRAVEL	U117	215	6.0			3.0
FOREIGN NATIONAL DIRECT HIRE	U200					
BASIC PAY	U201	114				
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129				
BENEFITS FORMER FN PERSONNEL	U205	13				
CONTRACT PERSONNEL	U300					
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	29.5			1.8
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	.5			4.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259	8.0			8.0
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400					
RESIDENTIAL RENT	U401	235	12.5			2.0
RESIDENTIAL UTILITIES	U402	235	3.5			
MAINTENANCE AND RENOVATION	U403	259	4.5			
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	19.5			
TRANS./FREIGHT - CODE 311	U406	22	15.0			
SECURITY GUARD SERVICES	U407	254				
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	.5			

TABLE VIII - FY 1986
Operating Expense Summary

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500					
OFFICE RENT	U501	234	**			
OFFICE UTILITIES	U502	234	**			
BUILDING MAINT./RENOVATION	U503	259	40.0			
OFFICE FURNITURE/EQUIPMENT	U504	310	10.0			
VEHICLES	U505	312				
OTHER EQUIPMENT	U506	319	3.5			
TRANSPORTATION/FREIGHT	U507	22	4.0			
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	6.0			
COMMUNICATIONS	U509	230	**			
SECURITY GUARD SERVICES	U510	254				
PRINTING	U511	24	1.0			
SITE VISITS - RIG PERSONNEL	U512	210				
SITE VISITS-MISSION PERSONNEL	U513	210	7.0			30.0
SITE VISITS-AID/W PERSONNEL	U514	210				
INFORMATION MEETINGS	U515	210				
TRAINING ATTENDANCE	U516	210				
CONFERENCE ATTENDANCE	U517	210	2.8			1.0
OTHER OPERATIONAL TRAVEL	U518	210	10.2			4.0
SUPPLIES AND MATERIALS	U519	26	12.5			
FAAS	U520	257	15.8			
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	4.0			
TOTAL O.E. BUDGET			361.9			
RECONCILIATION			122.7			
OPERATING BUDGET REQUIREMENTS			239.2			
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000		239.2			
LOCAL COST SUPPORT COST DATA						
F.N. PSC - SALARY/BENEFITS	U304	113	34.3			4.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259				
SITE VISITS - RIG PERSONNEL	U512	210				
SITE VISITS-MISSION PERSONNEL	U512	210				

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES
EXCHANGE RATE USED (MARCH 31,1986) 625.93

** Embassy Admin advises that these charges are paid out of FAAS.

TABLE VIII - FY 1987
Operating Expense Summary

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100					
U.S. CITIZENS BASIC PAY	U101	110	104.4		104.4	2.0
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	26.1		26.1	
OTHER AID/W FUNDED CODE 11	U104	119				
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126	17.9		17.9	2.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	7.3		7.3	
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129	3.0		3.0	
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	16.5		16.5	4.0
OTHER CODE 215 TRAVEL	U117	215	15.0		15.0	7.0
FOREIGN NATIONAL DIRECT HIRE	U200					
BASIC PAY	U201	114				
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129				
BENEFITS FORMER FN PERSONNEL	U205	13				
CONTRACT PERSONNEL	U300					
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	34.2		34.2	1.8
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	7.8	33.0	40.8	4.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259		15.3	15.3	15.0
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400					
RESIDENTIAL RENT	U401	235		15.0	15.0	2.0
RESIDENTIAL UTILITIES	U402	235		8.0	8.0	
MAINTENANCE AND RENOVATION	U403	259		5.0	5.0	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	1.0		1.0	
TRANS./FREIGHT - CODE 311	U406	22	.5		.5	
SECURITY GUARD SERVICES	U407	254				
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	.5		.5	

TABLE VIII - FY 1987
Operating Expense Summary
(continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNIT
OFFICE OPERATIONS	U500					
OFFICE RENT	U501	234	**			
OFFICE UTILITIES	U502	234	**			
BUILDING MAINT./RENOVATION	U503	259		2.0	2.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	4.5		4.5	
VEHICLES	U505	312				
OTHER EQUIPMENT	U506	319				
TRANSPORTATION/FREIGHT	U507	22	3.0		3.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	7.2		7.2	
COMMUNICATIONS	U509	230	**			
SECURITY GUARD SERVICES	U510	254				
PRINTING	U511	24		1.0	1.0	
SITE VISITS-MISSION PERSONNEL	U512	210	17.5		17.5	35.0
SITE VISITS-AID/W PERSONNEL	U513	210				
INFORMATION MEETINGS	U514	210				
TRAINING ATTENDANCE	U515	210				
CONFERENCE ATTENDANCE	U517	210	3.3		3.3	1.0
OTHER OPERATIONAL TRAVEL	U518	210	10.6		10.6	4.0
SUPPLIES AND MATERIALS	U519	26	15.5		15.5	
FAAS	U520	257	12.0*		12.0	
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	6.5		6.5	
TOTAL O.E. BUDGET			314.3	79.3	393.6	
RECONCILIATION			170.7		170.7	
OPERATING BUDGET REQUIREMENTS			143.6		143.6	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000		143.6	79.3	222.9	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	00.00
EXCHANGE RATE USED (MARCH 31,1986)	625.93

Estimated Wage Increase - FY 1986 to FY 1987	5%
Estimated Price Increase - FY 1986 to FY 1987	10%

* Estimate based on FY86 amount less 25%.

** Embassy Admin advises that these charges are paid out of FAAS.

TABLE VIII - FY 1988
Operating Expense Summary

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100					
U.S. CITIZENS BASIC PAY	U101	110	104.4		104.4	2.0
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	26.1		26.1	
OTHER AID/W FUNDED CODE 11	U104	119				
OTHER MISSION FUNDED CODE 11	U105	119				
EDUCATION ALLOWANCES	U106	126	17.9		17.9	2.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	7.3		7.3	
LIVING ALLOWANCES	U108	128				
OTHER AID/W FUNDED CODE 12	U109	129	3.0		3.0	
OTHER MISSION FUNDED CODE 12	U110	129	.7		.7	
POST ASSIGNMENT - TRAVEL	U111	212	13.0		13.0	2.0
POST ASSIGNMENT - FREIGHT	U112	22	48.0		48.0	2.0
HOME LEAVE - TRAVEL	U113	212	11.0		11.0	1.0
HOME LEAVE - FREIGHT	U114	22	15.0		15.0	1.0
EDUCATION TRAVEL	U115	215				
R AND R TRAVEL	U116	215				
OTHER CODE 215 TRAVEL	U117	215	10.0		10.0	5.0
FOREIGN NATIONAL DIRECT HIRE	U200					
BASIC PAY	U201	114				
OVERTIME, HOLIDAY PAY	U202	115				
ALL OTHER CODE 11 - FN	U203	119				
ALL OTHER CODE 12 - FN	U204	129				
BENEFITS FORMER FN PERSONNEL	U205	13				
CONTRACT PERSONNEL	U300					
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	36.0		36.0	1.8
ALL OTHER U.S. PSC COSTS	U303	255				
F.N. PSC - SALARY/BENEFITS	U304	113	8.0	37.0	45.0	4.0
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259		16.0	16.0	15.0
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400					
RESIDENTIAL RENT	U401	235		17.0	17.0	2.0
RESIDENTIAL UTILITIES	U402	235		8.0	8.0	
MAINTENANCE AND RENOVATION	U403	259		9.0	9.0	
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	1.5		1.5	
TRANS./FREIGHT - CODE 311	U406	22	.5		.5	
SECURITY GUARD SERVICES	U407	254				
OFFICIAL RESIDENCE ALLOWANCES	U408	254				
REPRESENTATION ALLOWANCES	U409	252	.5		.5	

TABLE VIII - FY 1988
Operating Expense Summary
(continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500					
OFFICE RENT	U501	234	**			
OFFICE UTILITIES	U502	234	**			
BUILDING MAINT./RENOVATION	U503	259		2.0	2.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	7.0		7.0	
VEHICLES	U505	312	12.0		12.0	
OTHER EQUIPMENT	U506	319				
TRANSPORTATION/FREIGHT	U507	22	5.0		5.0	
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	8.0		8.0	
COMMUNICATIONS	U509	230	**			
SECURITY GUARD SERVICES	U510	254				
PRINTING	U511	24		1.0	1.0	
SITE VISITS-MISSION PERSONNEL	U512	210	19.0		19.0	38.0
SITE VISITS-AID/W PERSONNEL	U513	210				
INFORMATION MEETINGS	U514	210				
TRAINING ATTENDANCE	U515	210				
CONFERENCE ATTENDANCE	U517	210	4.0		4.0	1.0
OTHER OPERATIONAL TRAVEL	U518	210	12.0		12.0	4.0
SUPPLIES AND MATERIALS	U519	26	17.0		17.0	
FAAS	U520	257	12.0*		12.0	
CONSULTING SVCS. - CONTRACTS	U521	259				
MGT./PROF. SVCS. - CONTRACTS	U522	259				
SPEC. STUDIES/ANALYSES CONT.	U523	259				
ALL OTHER CODE 25	U524	259	7.0		7.0	
OTAL O.E. BUDGET			405.9	90.0	495.9	
RECONCILIATION			170.7		170.7	
OPERATING BUDGET REQUIREMENTS			235.2		235.2	
636C REQUIREMENTS	U600	32				
TOTAL ALLOWANCE REQUIREMENTS	U000		235.2	90.0	325.2	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	00.00
EXCHANGE RATE USED (MARCH 31,1986)	625.93

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

* Estimate based on FY86 amount less 25%.
** Embassy Admin advises that these charges are paid out of FAAS.

AID/MADAGASCAR
FY 1988 ANNUAL BUDGET SUBMISSION
OPERATING EXPENSE NARRATIVE

SECTION A - Management Improvements

A.I.D.'s office in Madagascar opened in September, 1984 with the arrival of one USDH officer who was assigned to REDSO/ESA, responsible to the REDSO Director, but resident in Antananarivo. He was assisted by one full time Malagasy program officer (PSC) and by one part-time American administrative officer (PSC), plus one driver. The A.I.D. office was temporarily quartered in two rooms in the American Embassy. The A.I.D. program in FY 1984 was $11.0 million, almost entirely PL 480 Titles I and II which had been directed by REDSO from Nairobi.

A.I.D.'s total activities in Madagascar grew to $ 19.0 million in FY 1985, including the addition of one $ 5.0 million project, largely for commodity imports. In FY 1986, with the further addition of a major , multi-year Food for Progress program, total A.I.D. funds committed for Madagascar will reach $ 28.0 million. This new total represents a 250% increase over two years, although this rate of increase should in no way be interpreted as a trend, for total levels will almost certainly drop in FY 1987. Still, limited staff increases were considered essential to manage these higher levels. The professional staff expanded to include one full time projects officer (Malagasy PSC) together with an experienced part-time projects officer (U.S. PSC) and a full time commodity import officer (expatriate PSC). The support staff added a secretary (Malagasy PSC), a general management assistant (Malagasy PSC), and a second driver to help with the increasing number of visiting technical assistance and supervisory personnel. In late FY 1986, the A.I.D./Malagasy office staff is expected to be complete with the addition of a second USDH officer. At the same time, however, the Malagasy projects officer will assume the commodity import duties of the expatriate PSC who will leave the staff as a regular member. No further staff additions or subtractions are now envisaged, making a total of 2 USDH, three professional PSC's, two support PSC's, and two drivers. In June, 1986 the staff ensemble will move to new office space on the second floor of the Embassy Annex, especially converted for this purpose. These new offices will include work space for visiting REDSO personnel, who will continue to play an indispensable role in the operation of A.I.D's program in Madagascar.

SECTION B - Trust Funds

The $ 5.0 million grant agreement signed with Madagascar on April 2, 1985, provided that following the arrival of imports financed under the project, an amount of local currency equal to $165,000 would be placed in a Trust Fund account for the purpose of paying all local costs of the A.I.D. program in Madagascar. The commodity import program has taken a year to establish itself but

at the time of writing (May, 1986), imports have finally arrived and funds are available for deposit. REDSO plans to sign the formal agreement establishing the Trust Fund in June, 1986. (Because the signing of this agreement may slip, however, we have not attributed any costs to the Trust Fund account in FY 1986). In addition, REDSO is preparing to sign at the same time a $ 2.84 million amendment to the original agreement. This amendment will add additional monies to the Trust Fund. REDSO further plans to supplement the Trust Fund under subsequent grant-funded commodity projects in future years.

SECTION C - Justification for Funding Changes

1. Changes between FY 1986 and FY 1987: A Second USDH officer is scheduled to join the staff in September, 1986, i.e., at the last moment in FY 86. This is a new position and will double the USDH complement from one officer to two. Whereas we have charged all of the second officer's moving expenses including rent, furniture, and freight to FY 86, higher salary and differential costs do not become apparent until FY 87. Manpower costs also roughly double to pay domestic security guards. Site visit costs increase as the DH complement doubles. Residential furniture and freight costs drop sharply. Also sharply reduced is office rehabilitation costs since the job to prepare the new AID office space in the Embassy Annex is scheduled for completion in FY 1986. The costs of salary/benefits for Foreign National PSC's are higher, since it is standard Embassy/Antan practice to promote new FSN personnel who show they can do satisfactory work by a grade in each of their first two years.

2. Changes between FY 1987 and FY 1988: As the present USDH officer in AID/Antananarivo is replaced (following two full tours), funds for post assignment freight and travel will be required. Likewise, the second USDH officer and his family, who arrived under FY86 funds, will be eligible for Home Leave. Salaries for Foreign National PSC's will again be higher (see preceding paragraph). We have budgeted funds in FY88 to replace office equipment and a vehicle which will have had four years of hard use.

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

Position Title/Description	FY 1986	FY 1987	FY 1988
Administrative Assistant	15,000	16,000	17,000
Training Officer	14,500	18,200	19,000
	29,500	34,200	36,000

AID/MADAGASCAR

FY 1988 ANNUAL BUDGET SUBMISSION

TABLE VIII(b) - All Other Code 25 Detail

($000.0)

Description of Service	FY 1986	FY 1987	FY 1988
1. MEDICAL EXPENSES	1.0	2.0	2.0
2. TEMPORARY SECRETARIAL/ CLERICAL/TRANSLATION SERVICES (NON-PSC)	1.0	2.0	2.5
3. MISCELLANEOUS	2.0	2.5	2.5
TOTAL	4.0	6.5	7.0

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 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.	Wang PM-016 Printer		
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.			
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	1.0	-0-	-0-
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	1	1	1
A. Compensation, Benefits and Travel	4.0	4.0	4.0
B. Workyears	(0.2)	(0.2)	(0.2)

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 Obligations for lease and maintenance of non-government owned equipment (rented equipment).			
B. Space Obligations for lease of space to house automation equipment, office space for personnel (direct-hire and contractor) involved in the information technology function (See 2A & 2B) including basic utilities and house-keeping services.			
C. Supplies and Other Material Obligations for supplies and software rental (not included in a rental contract for equipment).	3.0	3.5	3.5
D. Non-Commercial Training Obligations for planning and conducting government operated training to prepare users to make effective use of resources.	1.0	1.0	1.0
SUBTOTAL	4.0	4.5	4.5
4. Commercial Services This includes obligations for services where payments are made to private industry.			
A. Computer Time Obligations to fund contracts with a private firm to provide computer time to the Mission.			
B. Leased Telecommunications Services 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)

ITEM AND EXPLANATION	FY 1986	FY 1987	FY 1988
C. Operations and Maintenance			
(1) Operations Include funds to be obligated for contractor services to operate a WANG VS computer or an OIS System (System administrator and staff, not workstation operators).			
(2) Maintenance 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.	1.0	1.2	1.2
D. Systems Analysis and Programming Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing systems.			
E. System Design and Engineering (NOT REQUIRED BY AID MISSIONS)			
F. Studies and Other Obligations for management and feasibility studies, requirement definitions, and commercial training.			
SUBTOTAL	1.0	1.2	1.2
TOTAL DOLLARS	10.0	9.7	9.7
TOTAL WORKYEARS (From item 2A)	(0.2)	(0.2)	(0.2)
6. MISSION ALLOWANCE LEVELS			
A. Amounts included in Mission allowances for existing systems (includes 2A, 3, and 4). (Services for equipment in place only.)	10.0	9.7	9.7
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.)	0	0	0

Information Technology Narrative

Section A: AID/Antan currently uses its two Wang PCs for the following:

- Word Processing
  a. Documentation
    - Project Evaluations
    - Training Materials
  b. Correspondence
- Spreadsheets
  a. Office accounts
    - Budget (tracking budget vs. actual in current month, YTD and annual projection)
    - Inventory control
    - Personnel records
    - Cost journals (local expenses)
  b. Project management/monitoring
  c. Economic Analysis
- Database
  a. Economic Data
    - Trade
    - Production
  b. Social Data
    - Population
    - Health
    - Education

However, as AID/Antan envisages hiring a qualified computer programmer to replace the current administrative assistant, we expect that with his help we will be able to put more and more of our routine operations on the computers.

Section B: AID/Antan's management plans correspond to the priorities outlined in Section A. The administrative assistant will have full charge of training programs for local staff, with the help of REDSO/ESA, as needed. In order to evaluate the effectiveness of our automation program, we envisage setting up a usage log (to track time, type of application and memory usage) and stock depletion records.

Section C: AID/Antan has no acquisition plan for equipment or software for the current fiscal year or the coming years, with the possible exception of a PM-016 dot matrix printer which will enable us to print Lotus and graphs. The new AID/Antan office will be informally divided into two sections: regular staff and TDY. The regular staff ratio of users to workstation will be approximately 5:1. On the TDY side the ration will be approximately 3:1 as we average 2-3 TDYers per week. We estimate that our present equipment is sufficient to see us through several years at this present rate.

AID MADAGASCAR

FY 1988 ANNUAL BUDGET SUBMISSION

TABLE VIII(d) - Information on U.S. Direct Hire Staffing

Posno	Position Title	Program Management Responsibility	FY 1986	FY 1987	FY 1988
216230115	Program Officer/ REDSO(Madagascar)	Responsible to REDSO/ ESA Director for AID Activities in Madagascar	1.0	1.0	1.0
	Project Design Officer/REDSO	Assists the Program Officer in all duties	0.1	1.0	0.1
		TOTAL	1.1	2.0	2.0

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FY 1988 ANNUAL BUDGET SUBMISSION

TABLE VIII(e) - Information on IDI Staffing

BS Code	Title	FY 1986	FY 1987	FY 1986

NONE

AID MADAGASCAR

FY 1988 ANNUAL BUDGET SUBMISSION

TABLE VIII(f) - Information on Foreign & Third Country National Staffing

FSN/TCN	Description Job Title	FY 1986	FY 1987	FY 1988
FSN	Program Assistant	1.0	1.0	1.0
FSN	Receptionist	0.8	1.0	1.0
FSN	Micro-Projects/PL480 Monitor/ CIP Manager	0.5	1.0	1.0
FSN	Expediter/Maintenance Person	0.5	1.0	1.0
TCN	Temporary Micro-Projects/ PL480 Monitor/CIP Manager	0.8	0.0	0.0
	TOTAL	3.6	4.0	4.0

AID MADAGASCAR
FY 1988 ANNUAL BUDGET SUBMISSION
TABLE VIII (g) - Information on Part-Time Staffing

US/ FSN/TCN	Description Job Title	FY 1986	FY 1987	FY 1988
US	Administrative Asst	0.5	0.5	0.5

Country/Office Madagascar

FY 1988 ANNUAL BUDGET SUBMISSION

TABLE XI

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

	Actual FY 1986		Estimated FY 1987		Projected FY 1988	
	$	MT	$	MT	$	MT
COMMODITIES						
Title I						
Rice	4,000	24.0	4,000	20.0	4,000	20.0
Vegetable Oil	4,000	5.5	4,000	5.0	4,000	5.0
Total	8,000		8,000		8,000	
of which Title III	- 0 -		- 0 -		- 0 -	
Total						

COMMENT:

FY 1988 ANNUAL BUDGET SUBMISSION

TABLE XII

Country/Office Madagascar

PL 480 TITLE I/III

Supply and Distribution
(Metric Ton)

STOCK SITUATION	FY 1987	Estimated FY 198
Commodity - Rice		
Beginning Stocks	-0-	-0-
Production	1,432,000	1,498,000
Imports		
Concessional	86,000	75,000
Non-Concessional	19,000	19,000
Consumption	1,688,490	1,735,770
Ending Stocks	-0-	-0-
Commodity - Vegetable oil		
Beginning Stocks	-0-	-0-
Production	4,000	5,000
Imports		
Concessional	5,000	5,000
Non-Concessional	-0-	
Consumption	15,000	16,000
Ending Stocks	-0-	-0-
Commodity -		
Beginning Stocks		
Production		
Imports		
Concessional		
Non-Concessional		
Consumption		
Ending Stocks		

Comment:

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Madagascar

Sponsor's Name CRS

A. Maternal and Child Health.....Total Recipients 100000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
100000	NFDM	1200	132.0
100000	Rice	3600	1008.0
100000	Vegoil	600	487.2
Total MCH		5400	1627.2

B. School Feeding.....Total Recipients 14000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
14000	NFDM	189	20.8
14000	Rice	252	70.6
14000	Vegoil	63	51.2
Total School Feeding		504	142.6

C. Other Child Feeding .....Total Recipients 4000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
4000	NFDM	96	10.6
4000	Rice	96	26.9
4000	Vegoil	24	19.5
Total Other Child Feeding		216	57.0

D. Food for Work.....Total Recipients 7000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
7000	Rice	189	52.9
7000	Vegoil	21	17.1
Total Food for Work		210	70.0

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

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

II. Sponsor's Name

AFRICA BUREAU TABLE 1

ACTUAL MANAGEMENT UNITS REQUIRED FOR MISSION AND PROJECT ADMINISTRATION - FY 86 ACTUAL

(in person months per year)

	U.S. PERSONNEL			FOREIGN SERVICE NATIONALS			THIRD COUNTRY NATIONAL							
		PSC			PSC			PSC						
	USDH	OE FUNDED	PROJECT	FSNDH	OE FUNDED	PROJECT	TCNDH	OE FUNDED	PROJECT	RHUDO	REDSO	RFMC	AID/W TDY	TOTALS
Administrative Functions														
Program Management	4.0	0.5	-	-	1.0	-	-	-	-	-	8.0	-	0.5	14.0
Financial Management	0.5	1.0	-	-	-	-	-	-	-	-	-	2.0	-	3.0
Administrative Management	1.0	5.0	-	-	11.5	-	-	-	-	-	1.0	-	-	18.5
Portfolio Functions														
Bilateral Projects														
Proj. 687-0101 MARS I&IA	1.0	3.5	-	-	8.0	-	-	-	-	-	6.0	-	0.5	19.0
Regional Projects														
Proj. 687-0424-87 (EIA) Hydropower	-	-	-	-	2.0	-	-	-	-	-	1.0	-	-	3.0
Centrally Funded														
Grant No. 936-4111-364 IDI7 IRRI (rice)	0.5	-	-	-	-	-	-	-	-	-	1.5	-	-	2.0
Proj. No.698-0433.37 MSP	-	0.5	-	-	2.0	-	-	-	-	-	-	-	-	2.5
Proj. No.698-0433 AFGRAD	-	-	-	-	-	1.0	-	-	-	-	-	-	-	1.0
No.DSPE-CA-003 JHPIEGO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No.DPE-0642-A-00-3008 00 (Urban Fnd. Family Hlth (Kpal)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No.DPE-A-00-2001 AVSC (Vol. Surgical Contracep)				-	-	-	-	-	-	-	-	-	-	-
No.xxx EPIA (Child Spacing)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No.xxx FUTURES (RAPID)*	-	-	-	-	0.5	-	-	-	-	-	-	-	-	0.5
RSSA Agreement NUCEN*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No.xxx INPLAN (training)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No.xxx AFR/PRE Study*	0.5	-	-	-	-	-	-	-	-	-	-	-	-	0.5
No.xxx ST/Energy Study*	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.5
Disaster														
Project No.687-7777.00 (1984)	0.5	-	-	-	0.5	-	-	-	-	1.0	-	-	-	2.0
Ambassador's Emergency Fund (1986)	-	-	-	-	-	-	-	-	-	0.5	0.5	-	0.5	1.5
Food For Peace														
Title I	0.5	-	-	-	3.5	-	-	-	-	-	3.0	-	-	7.0
Title II	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food For Progress	1.0		-	-	1.0	-	-	-	-	-	2.0	-	0.5	4.5
Local Currency														
Title I	0.5			-	3.5	-	-	-	-	-	0.5	-	-	4.5
MARS I	-			-	-	-	-	-	-	-	-	-	-	-
Title II (1984)	-			-	0.5	-	-	-	-	-	-	-	-	0.5

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

Project Number	Project Name	Date of Initial Obligation	Authorized LOP($) In Proj. Agrmt.	Current LOP	Proposed Amendment To LOP ($)	Original PACD In Proj. Agrmt.	Current PACD	Proposed PACD
687-0101	Agriculture Rehab. & Support.	April, 1985	$5.0 million	$5.0 million	$2.844	Nov, 1986	Nov, 1986	Nov, 1987

AFRICA BUREAU TABLE IV
FY 1988 ANNUAL BUDGET SUBMISSION

PVO ACTIVITY

Statement: A.I.D. finances no PVO "project" activities in Madagascar, although we do support MCH and school feeding programs by Catholic Relief Services under PL 480 Title II. A small amount of U.S.A.I.D. counterpart funds are used by an indigenous PVO named "FIKRIFAMA" to carry out village water management projects. The Government of Madagascar, which has systematically closed the door to foreign PVO's and volunteer groups of all types and nationalities, created in 1985 a Presidential Commission to study the advantage to Madagascar of accepting certain organizations under given conditions. This Commision has been deliberating for a year (May, 1986), so far without reaching any public conclusion.

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AFRICA BUREAU TABLE V
FY 1988 ANNUAL BUDGET SUBMISSION

PRIVATE SECTOR ACTIVITIES

Statement: To date in Madagascar, while A.I.D has financed no private sector "project" activities, funds from AFR/PRE have supported a private investment climate survey carried out by ISTI (October, 1985). AFR/PRE has also financed the follow-up study in preparation by Equator Advisory Services, which will provide specific proposals for using PL 480 funds in Madagascar to provide credit for private agribusiness. Equator's final report is expected in June, 1986. Beginning in FY 1986, with the Amendment to the MARS project, we will be studying privatization possibilities for parastatals in the agriculture sector. In FY87 we will engage in special studies aimed at encouraging the private sector to better meet the needs of Malagasy farmers.

AFRICA BUREAU TABLE VI
FY 1988 ANNUAL BUDGET SUBMISSION

REGIONAL & CENTRALLY FUNDED ACTIVITIES

Project #	Project Name	Organization Implementing (US/NON U.S.)	Functional Account	LOP (yrs.)	LOP ($000)	FY 1986 Obligations	FY 1987 Obligations	FY 1988 Obligations
I. Directly Related To Mission Portfolio:								
698-0424-87	Energy Initiatives For Africa	(P.I.A.)	SDA	3/31/87	150	150	-	-
Grant No.936-4111-3641017	Rice Applied Research	I.R.R.I.	ARDN	8/1/86	1,200	-	-	-
Grant No.xxx	Rice Applied Research	I.R.R.I.	ARDN	7/31/88	2,280	1,000	1,280	-
698-0433.37	African Manpower Development	A.A.I	HHR	continuing		140	150	170
DSPE-CA-003	International Education in Gynecology & Obstetrics	Johns Hopkins Univ.	POP	continuing		50	50	50
DPE-0632-A-00-1008-00	Natural Family Planning	IFFLP	POP	3 years	40	14	13	13
DPE-A-00-2001	Voluntary Surgical Contraception	AVSC	POP	continuing		30	30	30
xxx-xxxx(1)	Family Planning Materials	FPIA	POP	continuing		20	30	40
xxx-xxxx(1)	RAPID II (Population Planning)	FUTURES	POP	continuing		10	50	20
xxx xxxx(1)	Demographic Data for Development	BUCEN	POP	continuing		-	50	20
II. Indirectly Related To Mission Portfolio								
698 0433	AFGRAD	A.A.I.	HHR	continuing		(Obligation amounts not known. About 15 Malagasy will receive AFGRAD scholarships in this 3 year period).		

(1) Correct central project number not known to AID/Antan.

TABLE VII - LIST OF PLANNED EVALUATIONS
FY 1988 ANNUAL BUDGET SUBMISSION
COUNTRY : MADAGASCAR

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	FY 1988 Start (Qtr)	FY 1988 To AID/W (Qtr)	Reasons/Issues	Funding Source ($000)		USAID Person Days	Collateral Assistance
Agriculture, Rural Development & Nutrition										
687-0101 Madagascar Agriculture Rehabilitation & Support	-	1	2	-	-	PACD: 11/87 Commodity Import Program, training seminars, and APAP policy dialogue should be assessed before design of successor project for funding in FY1987	-	-	15	REDSO/ESA and AID/W two person weeks.
687-0424-87 Hydropower for agro-processing (EIA sub-project)	-	2	3	-	-	PACD: 3/87 Hydropower facilities at Ampefy due to be completed by Sept. 86 together with environment study and on-site training. Effectiveness to be assessed to determine replicability.	PD&S	10	5	REDSO/ESA, EIA and PSC, three person weeks total.
Madagascar Food For Progress	-	2	3	2	3	PACD: FY1989 Annual evaluations of this three year project will be required to ensure import program working properly and ag sector policy reforms proceeding as planned, before next tranche released.	-	-	10/yr	REDSO/ESA and AID/W, 3 person weeks (each yea in FY 87 and FY 88).

PL 480 Title I	(in progress)	3	4	3	4	The first evaluation of of Title I Program for Madagascar is scheduled for completion in July, 1986 and is sure to contain many recommendations. An annual evaluation of this program is required to ensure high quality of activities and compliance with benchmarks.	PD&S	20/yr	20/yr	REDSO/ESA (1 person week) and PSC (2 person months) per year.
Madagascar Rice Research (IRRI)	11/85	-	-	1	2	PACD: August, 1988 Main issues are (a) reform of quarantine procedures (b) testing of new varieties (c) adoption of improved practices for rice systems farming. Evaluation to precede renewal of AID's country grant to IRRI.	-	-	10	REDSO/ESA and AID/W 6 person weeks total.
687-0102 Agriculture Liberalization and Production Support	-	-	-	2	3	PACD: Not yet determined Main issues will be (a) effectiveness of CIP, (b) promise of private sector approaches, (c) utility of work to privatize parastatals.	-	-	10	REDSO/ESA and AID/W 3 person weeks total.

Mission Evaluation Officer:
Sam Rea

Annex L

PRIVATIZATION PLANS

AID/W's "Privatization Guidance" (State 163958 of May 23, 1986) states that privatization plans are not required for non-mission field operations.

Nevertheless, it should be clear from Madagascar's recent CDSS up-date (reviewed in Washington in April, 1986) and from the restatement of this strategy in the opening section of the present ABS presentation that A.I.D.'s major objective in Madagascar is to encourage the success of the Government's liberalization program, including privatization.

Privatization of equity and management is occurring in Madagascar via creeping divestiture as state owned enterprises close down or diminish for want of funds. The GDRM has leased or sold various state farms. Private international firms have contracted to manage certain state concerns. In early June, 1986 the investment climate suddenly appeared to brighten as the GDRM finally published the legislation required to make the June 1985 Investment Code effective. This event was clearly timed to precede the visit of an important delegation of Malagasy businessmen led by the Ministers of Commerce and Industry to Paris, where they met with French officials and business representatives. The Government announced that several other such trade and investment missions have been planned for July and August, 1986.

A.I.D.'s privatization plan in Madagascar, following our sponsorship of the Minister of Commerce to the February, 1986 Privatization Conference in Washington, has two elements.

First, under the MARS Project Amendment which will be signed in June, 1986, REDSO will fund the work of Coopers-Lybrand to reform the parastatal monitoring units of the 2 agriculture Ministries and to perform diagnostic studies on 5 - 10 selected parastatals in the agriculture sector. This work will be concluded under the ALPS I project proposed for FY 1987 and is likely to lead to whole or partial privatization in the sector of greatest importance to Madagascar.

Second, beginning in FY 1986 and early FY 1987 with AFR/PRE Support, and continuing under ALPS I in FY 1987, REDSO will carry out a series of studies aimed at ways of involving the private sector in services to farmers (particularly rice farmers) which are poorly performed at present by state owned enterprises. Where these studies point to ways in which U.S. credit, commodities, or other means can help private sector operators get started in providing efficient services, REDSO will use this information in future programming.

FY 87 New Training Proposals: The following proposals are rank ordered. Their total cost is more than that for the FY 86 AMDP. This is because the USAID program on Madagascar has steadily gained momentum since the first bilateral project agreement signing in 15 years in April, 1985, as have Malagasy demand for, and USAID identification of, training opportunities.

FY 87 AMDP training builds on FY 85 and 86 initiatives to strengthen the General Directorate of Planning within the Office of the President. The GDP is the organization which bears prime responsibility for improved use of resources, including donor coordination and the allocation of counterpart currencies. GDP is USAID's leading government counterpart. These training initiatives include:

A. In-country training: There will be a management workshop for approximately 40 central and local government officials who effect project planning and implementation in Madagascar's six provinces. As before, a Malagasy management institute will collaborate with U.S. contractors on logistics and course content for this workshop. Local costs: Dols 25,000. Foreign exchange costs: 45,000. Funding Account: DA.

B. U.S. Technical Training: for the General Directorate of Planning , and other institutions involved with implementing the USAID Madagascar program.

1. Francophone Development Management Seminar, University of Pittsburgh: 9-week management training for 4 participants, at o/a dols 16,000. Total cost: dols 64,000. Funding account: DA

2. Two training programs of 6 weeks each in economic and financial analysis, statistics, and/or management, for 2 participants involved with implementing the USAID Madagascar program. Total cost: dols 25,000. Funding account: DA

C. Third Country: Sponsoring for approximately 3 Malagasy to attend regional and/or international workshops and seminars relevant to the USAID Madagascar program. Each participant's travel and per diem costs equal to approximately dols 5,300. Total cost: dols 16,000.

D. Summary of dollar funds required for 1987 CTP: dols 150,000.

E. Functional account for all FY 87 AMDP activities: EHR

FY 88 AMDP: General training objectives and relationship to mission and host country priorities:

The FY 88 AMDP will maintain the FY 87 general objectives and relationship to mission and host country priorities, though insights gained during FY 87 implementation, and the FY 87 PP design of the successor to the MARS project, will inform, and hence somewhat alter, the above. In addition, inflation and positive FY 87 AMDP results are expected to create a demand for funding greater than that accorded in FY 87.

FY 88 New Training Proposals: The following initiatives continue FY 87 initiatives to strengthen the General Directorate of Planning, USAID's main government counterpart, and comprise:

A. In-country training: There will be a management workshop for approximately 40 central and local government officials who effect project planning and implementation in Madagascar's six provinces. As before, a Malagasy management institute will collaborate with U.S. contractors on logistics and course content for this workshop . Local costs: dols 30,000. Foreign exchange costs: 50,000. Funding account: DA

B. U.S. Technical Training:

1. Francophone Development Management Seminar, University of Pittsburgh: 9-week management training for 4 participants, at o/a dols 18,000. Total cost: dols 72,000. Funding account: DA

2. Two training programs of 6 weeks each in economic and financial analysis, statistics, and/or management, for 2 participants involved in implementing the USAID Madagascar program. Total Cost: dols 30,000. Funding account: DA

C. Third Country Training: Sponsoring for approximately 3 Malagasy to attend regional and/or international workshops and seminars relevant to the USAID Madagascar program. Each participant's travel and per diem equal to approximately dols 6,000. Total cost: dols 18,000. Funding account: DA

D. Summary of dollar funds required for 1988 CTP: dols 170,000.

E. Functional account for all FY 1988 activities: EHR