

UNCLASSIFIED

Annual Budget Submission

FY 1986

INDIAN OCEAN STATES

MADAGASCAR

BEST AVAILABLE



JUNE 1984

Agency for International Development
Washington, D.C. 20523

UNCLASSIFIED

Action Plan

Madagascar

A. Strategy Recap: The U.S. Government has a strategic interest in use of Diego-Suarez on the northern tip of Madagascar, the finest natural harbor in the Indian Ocean. Beyond this, the U.S. is interested in the promotion of peaceful development and political stability in the Southern Africa and Indian Ocean regions. The U.S. would also like to encourage and assist Madagascar's current efforts to reform its former policies of pervasive state economic control toward a more market-oriented economy that would allow more scope for private enterprise and initiative, including U.S. investment.

In terms of development, the agricultural sector, because of its over-whelming importance, deserves priority attention in any development strategy. A.I.D. would like to link direct assistance to agricultural production to continued improvements in pricing and marketing policies.

In addition to such macroeconomic and agricultural policy constraints, key problems that must be addressed for successful rural development include:(1) the deplorable state of rural transport, due mostly to the neglect of road maintenance over the last decade or so, and to the lack of rural transport vehicles, road maintenance equipment, and spare parts, resulting from import restrictions imposed by the balance of payments crisis; (2) the general lack of domestic institutions to process agricultural data and the lack of the institutional capabilities needed for policy analysis and sector management; and, (3) largely as a result of this, the inefficiencies imposed on the marketing system by poorly planned and managed state interventions and controls.

AID proposes to assist the GDRM with these major constraints to successful agricultural development, providing technical support and training to improve GDRM institutional capacities in the areas of rural transport (especially rural road rehabilitation and maintenance), promotion of artisanal and small - or medium-scale industries processing agricultural inputs, and macroeconomic and agricultural market and policy analysis and management. A.I.D. will also finance the importation of critical equipment, vehicles & spare parts.

The PL 480 Program will be continued as an important source of balance of payments support and local currency funds for development expenditures; but its commodity mix and the manner in which the program is used will be reconsidered to move from concessional rice imports which appears to have reduced real incentives for domestic production, toward a mix of other commodities such as edible oil and wheat.

B. Self Appraisal of Benchmark Achievement:

While no specific benchmarks were established in a prior mission action plan, the following actual accomplishments should be noted:

FY 1983

November - June - gradual tightening of control on PL 480 generated LC in accordance with GDRM Public Investment Plan (PIP)

July - preliminary economic analysis data gathering visit in preparation for FY 1986 CDSS.

FY 1984

October - design team for IRRI rice research activity in Madagascar

December - FY 1986 CDSS team visit

February - FY 1986 CDSS approved by AID/W
Visit by GSO to prepare for installation of USDH presence in Madagascar

March - IRRI grant signed
FY 84 PL 480 Title I Self Help Provisions
FY 84 AMDP signed

May - Design team for initial bilateral PID in agricultural rehabilitation. EIA - SPARC for mini-hydro development.

C. Forward Plan:

1. Operational Objectives:

To assist the GDRM in facing its balance of payments crisis

To assist the GDRM in increasing rice production

To assist the GDRM in developing policy analyses capabilities

To assist the GDRM in undertaking rehabilitation activities in the rural areas

To install an effective AID management capability in Madagascar.

To install mini-hydro pilot plant at a selected site.

2. Management Steps

Assignment of USDH employee to Madagascar

Provision of OE budget & logistic support for AID office in Madagascar

Better, timely review of monitoring of L/C proposals for rural development activities

Strengthened liaison with IRRI to support rice research activities

Coordination of NRECA, ST/EY & EIA to support pilot energy project implementation.

3. Benchmarks

Preparation of PP for FY 1985 bilateral project

Preparation of PID & PP for FY 1986 bilateral project

Installation of IRRI Research Team

Installation of USDH presence in Madagascar

Authorization FY 1985 bilateral project

Disbursement of commodity procurement funds to support BOP

Signature of PL 480 agreement to support BOP

Strengthening GDRM (DGP) management & monitoring unit for review & control of L/C projects

Provision of appropriate TA, TRG & commodities for improved GDRM policy analysis capability

Completion of mini-hydro pilot plan installation

Initiation of PVO(s) activities related to rural development

Annex A

Local Currency Use Plan: Local currency equivalent of approximately \$ 18 million will be generated from CIP type

activities, PL 480 Title I and PL 480 Title II during the Forward Plan Period. Utilization of this currency will be according to procedures already in existence which have been used to disburse and/or program \$ 14 million during FY 81-83. These procedures are being strengthened by greater GDRM institutional attention by the DGP and will be more closely monitored by the USDH Officer resident in Madagascar. Past expenditures have been related to the Self-Help provisions of PL 480 programs. As of the FY 84 PL 480 Agreement, programming of local currency is being made consistent with the strategy set forth in the FY 86 CDSS (see pp 62-65).

	<u>\$ equivalent</u>
Rehabilitation of rural roads	8.0
Rehabilitation of selected rice irrigation systems & rural infrastructure	7.0
Support for IRRI Rice Research	4.0
Support for Policy Analysis/Management	<u>2.0</u>
TOTAL	18.0

Annex B.

Evaluation Plan: As the bilateral program in Madagascar is new, evaluations do not figure significantly during the Action Plan period. The IRRI rice research program will be evaluated after 20 months of implementation (approximately 4th quarter FY 85 or 1st quarter FY 86). A preliminary review of the FY 85 DA project will be scheduled prior to design of the PP for the FY 86 DA project to gain from any early "lessons learned". The timing would be either 1st or 2nd quarter FY 86. Routine monitoring of PL 480 will be undertaken as well review & monitoring of local currency projects.

MADAGASCAR

FY 1986 ANNUAL BUDGET SUBMISSION
 TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$'000)

	FY 1983 ACTUAL	FY 1984 ESTIMATE	--FY 1985--		FY 1986 AAPL	-----PLANNING PERIOD-----				
			CP	ESTIMATE		1987	1988	1989	1990	
<u>ARDN</u>										
Total	-0-	-0-	2,000	2,000	3,000	3,300	3,600	4,000	4,400	
Grants	-0-	-0-	2,000	2,000	3,000	3,300	3,600	4,000	4,400	
Loans	-	-	-	-	-	-	-	-	-	
<u>Total DA Account</u>										
Total	-0-	-0-	2,000	2,000	3,000	3,300	3,600	4,000	4,400	
Grants	-0-	-0-	2,000	2,000	3,000	3,300	3,600	4,000	4,400	
Loans	-	-	-	-	-	-	-	-	-	
<u>Economic Support Fund</u>										
Total	-0-	-0-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Grants	-0-	-0-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Loans	-	-	-	-	-	-	-	-	-	
<u>DA and ESF Total</u>										
Total	-0-	-0-	7,000	7,000	8,000	8,300	8,600	9,000	9,400	
Grants	-0-	-0-	7,000	7,000	8,000	8,300	8,600	9,000	9,400	
Loans	-	-	-	-	-	-	-	-	-	

<u>PL 480</u>										
Title I	8,000	8,000	8,000	8,000	8,000	9,000	9,000	9,000	9,000	
Title III	-	-	-	-	-	-	-	-	-	
Title II	1,000	1,200	2,300	2,300*	2,128	2,234	2,500	2,500	2,500	

<u>Total Personnel</u>										
USDH workyears	0	1	1	1	2					
FNDH workyears	0	1	1	1	1					

*CRS/M requested approx 40% increase in FY 85 program with Embassy endorsement. Also assumes SAMS start-up. See narrative.

Madagascar PDS

FY 1985

ARDN

\$

1. FY 1986 PID consultant	10,000
2. MARS project evaluation	10,000
3. FY 1986 PP consultants	10,000
4. Cash crop opportunities review	15,000
5. PVU design assistance	30,000
6. Technical/Economic review of Fertilizer factory	<u>75,000</u>
	<u>150,000</u>

SDA

1. Assist in developing monitoring system for all L/C projects in DCP	20,000
2. Sociologist/Economist definition of Poverty group for CDSS	35,000
3. Investment Fund definition for promoting Private enterprise Agro-Industries	<u>15,000</u>
	<u>70,000</u>
Total	220,000 *****

Madagascar PDS

FY 1986

<u>ARDN</u>	<u>\$</u>
1. FY 1987 PID consultants	10,000
2. FY 1986 Proj. Evaluation	10,000
3. FY 1987 PP design consultants	<u>25,000</u>
	45,000
Total	=====

Agricultural Rehabilitation Support 687-0101 FY 85 - U.S. Dollars 7.0 million grant for full LOP obligation. ARDN U.S Dollars 2.0 million. ESF U.S Dollars 5.0 million.

Purpose: The purpose of this project is to assist the GDRM in its efforts to rehabilitate agricultural activities in Madagascar.

Background/Project Description: Such rehabilitation must be based upon an intensive review and reconsideration of the economic and administrative policies affecting agriculture and of projects worth rehabilitating. The capability of GDRM institutions to conduct the necessary analyses to support such a review is weak or non-existent. In addition, the rehabilitation effort requires the importation of equipment, spare parts and other key inputs. As a consequence project activities will be directed as follows:

- A. To improve GDRM institutional capability to collect, process and disseminate-in a timely fashion-reliable socio-economic data, monitor economic trends, analyze economic problems, design, implement and evaluate development programs, and make appropriate economic policy decisions.
- B. To improve local institutional capacity, including effective incentive structures, to mobilize resources for the maintenance and operation of irrigation and rural transport infrastructure.
- C. To assure more adequate foreign exchange allocations for the importation of key agricultural and rural transportation inputs necessary for rehabilitation.

These activities are consistent with the CDSS Strategy (p. 61, FY 1986 CDSS) which sets forth as the first two objectives: (1) an easing of the foreign exchange constraint limiting imports of farm, road maintenance and transport equipment and spare parts and key inputs for agriculture and industries supporting agriculture, and (2) improved Malagasy technical and institutional capability to analyze problems and policy alternatives and to design effective development programs. These activities are also consistent with the Agency policy of encouraging economic policy dialogue.

The problems towards which project activities are directed include: lack of data for coherent decisions on GDRM investments in rehabilitating agricultural production, insufficient training and experience in analyzing economic

policies, and insufficient management capability in implementing rehabilitation activities. Even if coherent policies could be provided, insufficient foreign exchange is available to appropriately support rehabilitation investments.

The means of addressing these projects is to assist the GDRM in analyzing its own institutional capability to perform coherent policy analysis and planning. Based on identification of gaps in the Malagasy capabilities which are not filled by other donor activities, AID intends to furnish a mix of appropriate short and limited long term technical assistance (approximately 60 person months), necessary training in the form of OJT, seminars, short or long term participants (approximately 25 participants), and appropriate limited technical and training commodity support. Balance of payments support is proposed in support of the rehabilitation effort in the amount of approximately U.S Dollars 5 million worth of spare parts for farm machinery, rural road maintenance equipment, and appropriate farm and/or transport equipment.

Target Groups: The beneficiaries of these activities can be identified at several levels: (1) personnel in GDRM institutions who will perform better agricultural analysis and planning; (2) transporters and farmers who can rehabilitate existing equipment with spare parts; (3) all farmers who will have greater access to markets as rural roads are repaired, who can avail themselves of greater supplies of agricultural inputs, and who will receive higher farmgate prices for their products as a result of price and marketing policy reforms; and (4) consumers who will eventually have a larger supply of foodstuffs at reasonable prices.

Agricultural Rehabilitation Support 687-0102 FY 86 - U.S. Dollars 8.0 million grant for full LOP obligation. ARDN U.S. Dollars 3.0 million. ESF U.S. Dollars 5.0 million.

Purpose: The purpose of this project is to continue assistance to the GDRM in its efforts to rehabilitate agricultural activities in Madagascar.

Background Project Description: Such rehabilitation must be based upon an intensive review and reconsideration of the economic and administrative policies affecting agriculture and of projects worth rehabilitating. Continued support is required to improve the capability of GDRM institutions to conduct the necessary analyses to support such a review. In addition, the rehabilitation effort requires additional importation of equipment, spare parts and other key inputs. As a consequence project activities will be directed as follows:

A. To sustain improvements of GDRM institutional capability to collect, process and disseminate-in a timely fashion-reliable socio-economic data, monitor economic trends, analyze economic problems, design, implement and evaluate development programs, and make appropriate economic policy decisions.

B. To sustain local institutional capacity, including effective incentive structures, to mobilize resources for the maintenance and operation of irrigation and rural transport infrastructure. Selected pilot rehabilitation activities will be undertaken by a PVO using analyses performed in the initial project.

C. To assure more adequate foreign exchange allocations for the importation of key agricultural and rural transportation inputs necessary for rehabilitation.

These activities are consistent with the CDSS Strategy (P. 61, FY 1986 CDSS) which sets forth the following objectives: (1) an easing of the foreign exchange constraint limiting imports of farm, road maintenance and transport equipment and spare parts and key inputs for agriculture and industries supporting agriculture; (2) improved Malagasy technical and institutional capability to analyze problems and policy alternatives and to design effective development programs; (3) rehabilitation and sustained maintenance of selected rice irrigation schemes; and (4) rehabilitation and sustained maintenance of rural roads. These activities are also consistent with the Agency policy of encouraging economic policy dialogue.

The problems towards which project activities are directed include: lack of data for coherent decisions on GDRM investments in rehabilitating agricultural production, insufficient training and experience in analyzing economic policies, and insufficient management capability in implementing rehabilitation activities. Even if coherent policies could be provided, insufficient foreign exchange is available to appropriately support rehabilitation investments.

The means of addressing these projects is to assist the GDRM in analyzing its own institutional capability to perform coherent policy analysis and planning. Based on identification of gaps in the Malagasy capabilities which are not filled by other donor activities, AID intends to furnish a mix of appropriate short and limited long term technical assistance (approximately 72 person months), necessary training in the form of OJT, seminars, short or long term participants (approximately 20 participants), and appropriate limited technical and training commodity support. Approximately U.S. Dollars 1.1 million will be reserved for PVO activities dealing with rehabilitation of agricultural production and rural transport. Balance of payments support is proposed in support of the rehabilitation effort in the amount of approximately U.S. Dollars 5 million worth of spare parts for farm machinery, rural road maintenance equipment, and appropriate farm and/or transport equipment, with the balance being disbursed for direct farm inputs.

Target Groups: The beneficiaries of these activities can be identified at several levels: (1) personnel in GDRM institutions who will perform better agricultural analysis and planning; (2) transporters and farmers who can rehabilitate existing equipment with spare parts; (3) all farmers who will have greater access to markets as rural roads are repaired, who can avail themselves of greater supplies of agricultural inputs, and who will receive higher farmgate prices for their products as a result of price and marketing policy reforms; and (4) consumers who will eventually have a larger supply of foodstuffs at reasonable prices.

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1986 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE MADAGASCAR

Project List (Project No. & Title)	Last Eval Completed (No./Yr.)	FY 1985		FY 1986		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)				
IRRI Rice Research 936-41111	NA	4th		1st		mid course evaluation to check effectiveness of training and identify constraints	Pro- ject 4	15	
687-0101 Ag Rehab Support I	NA			1st 2nd		Initial PES to obtain "lessons learned" to apply to Ag Rehab Support II design	REDSC O/E 8	30	Team members to be identified

TABLE VIII - FY 1984

ORGANIZATION USAID/MADAGASCAR
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		36.8		36.8	XXXXX
			10.8		10.8	.3
U.S. CITIZENS BASIC PAY	U101	110	-		-	-
PT/TEMP U.S. BASIC PAY	U102	112	-		-	-
DIFFERENTIAL PAY	U103	116	2.7		2.7	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	-		-	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	-		-	XXXXX
EDUCATION ALLOWANCES	U106	126	-		-	-
RETIREMENT - U.S.	U107	120	.8		.8	XXXXX
LIVING ALLOWANCES	U108	128	-		-	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	.3		.3	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	.4		.4	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	1.7		1.7	1
POST ASSIGNMENT - FREIGHT	U112	22	20.1		20.1	1
HOME LEAVE - TRAVEL	U113	212	-		-	-
HOME LEAVE - FREIGHT	U114	22	-		-	-
EDUCATION TRAVEL	U115	215	-		-	-
R AND R TRAVEL	U116	215	-		-	-
ALL OTHER CODE 215 TRAVEL	U117	215	-		-	-
			-		-	-
<u>FOREIGN NATIONAL DH</u>	U200					XXXXX
			-		-	-
BASIC PAY	U201	114	-		-	-
OVERTIME, HOLIDAY PAY	U202	115	-		-	-
ALL OTHER CODE 11 - FN	U203	119	-		-	XXXXX
ALL OTHER CODE 12 - FN	U204	129	-		-	XXXXX
BENEFITS FORMER FN PERS.	U205	13	-		-	XXXXX
			2.0		2.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300					XXXXX
			-		-	-
PASA TECHNICIANS	U301	258	-		-	-
U.S. PSC - SALARY/BENEFITS	U302	113	2.0		2.0	-
ALL OTHER U.S. PSC COSTS	U303	255	-		-	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	-		-	-
ALL OTHER F.N. PSC COSTS	U305	255	-		-	XXXXX
JCC COSTS PAID BY AID/W	U306	113	-		-	-
			43.2		43.2	XXXXX
<u>HOUSING</u>	U400					XXXXX
			9.4		9.4	-
RENT	U401	235	-		-	-
UTILITIES	U402	235	1.0		1.0	XXXXX
RENOVATION AND MAINT.	U403	259	.3		.3	XXXXX
QUARTERS ALLOWANCE	U404	127	-		-	-
PURCHASES RES. FURN/EQUIP.	U405	311	17.0		17.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	15.0		15.0	XXXXX
SECURITY GUARD SERVICES	U407	254	.5		.5	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	-		-	XXXXX
REPRESENTATION ALLOWANCE	U409	252	-		-	XXXXX

TABLE VIII - FY 1984

ORGANIZATION MADAGASCAR
(Including RIG Costs if Applicable)

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR FUNDED	TRUST FUNDED	TOTAL BUDGET	UNITS
OFFICE OPERATIONS	U500		59.6		59.6	XXXXX
RENT	U501	234	2.5		2.5	XXXXX
UTILITIES	U502	234	.5		.5	XXXXX
BUILDING MAINT./RENOV.	U503	259	1.0		1.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	6.0		6.0	XXXXX
VEHICLES	U505	312	18.0		18.0	XXXXX
OTHER EQUIPMENT	U506	319	12.5		12.5	XXXXX
TRANSPORTATION/FREIGHT	U507	22	14.0		14.0	XXXXX
COMMUNICATIONS	U508	230	.5		.5	XXXXX
SECURITY GUARD SERVICES	U509	254	-		-	XXXXX
PRINTING	U510	24	.1		.1	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	-		-	
SITE VISITS - IN COUNTRY	U512	210	.2		.2	2
SITE VISITS - OTHER	U513	210	1.3		1.3	1
INFORMATION MEETINGS	U514	210	-		-	
TRAINING ATTENDANCE	U515	210	-		-	
CONFERENCE ATTENDANCE	U516	210	-		-	
OTHER OPERATIONAL TRAVEL	U517	210	-		-	
SUPPLIES AND MATERIALS	U518	26	-		-	XXXXX
FAAS	U519	257	2.0		2.0	XXXXX
CONSULTING SVCS - CONT.	U520	259	-		-	XXXXX
MGT./PROF. SVCS. - CONT.	U521	259	-		-	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U522	259	-		-	XXXXX
ALL OTHER CODE 25	U523	259	1.0		1.0	XXXXX
TOTAL O.E. BUDGET			141.6		141.6	XXXXX
RECONCILIATION			14.6		14.6	XXXXX
OPERATING ALLOWANCE REQUEST			127.0		127.0	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1984)

\$15.8
\$ 1.00=560 MFR

TABLE VIII - FY 1985

ORGANIZATION USAID/MADAGASCAR
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		78.1		78.1	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	61.9		61.9	1
PT/TEMP U.S. BASIC PAY	U102	112	-		-	
DIFFERENTIAL PAY	U103	116	8.9		8.9	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	-		-	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	-		-	XXXXX
EDUCATION ALLOWANCES	U106	126	-		-	
RETIREMENT - U.S.	U107	120	4.7		4.7	XXXXX
LIVING ALLOWANCES	U108	128	-		-	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	1.3		1.3	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	-		-	XXXXX
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	1.3		1.3	1
ALL OTHER CODE 215 TRAVEL	U117	215	-		-	
<u>FOREIGN NATIONAL DH</u>	U200		8.2		8.0	XXXXX
BASIC PAY	U201	114	7.0		7.0	1
OVERTIME, HOLIDAY PAY	U202	115	1.0		1.0	.2
ALL OTHER CODE 11 - FN	U203	119	.2		-	XXXXX
ALL OTHER CODE 12 - FN	U204	129	-		-	XXXXX
BENEFITS FORMER FN PERS.	U205	13	-		-	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		14.0		14.0	XXXXX
PASA TECHNICIANS	U301	258	-		-	
U.S. PSC - SALARY/BENEFITS	U302	113	14.0		14.0	.9
ALL OTHER U.S. PSC COSTS	U303	255	-		-	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	-		-	
ALL OTHER F.N. PSC COSTS	U305	255	-		-	XXXXX
JCC COSTS PAID BY AID/W	U306	113	-		-	
<u>HOUSING</u>	U400		44.3		44.5	XXXXX
RENT	U401	235	9.3		9.5	
UTILITIES	U402	235	2.0		2.0	XXXXX
RENOVATION AND MAINT.	U403	259	.5		.5	XXXXX
QUARTERS ALLOWANCE	U404	127	-		-	
PURCHASES RES. FURN/EQUIP.	U405	311	16.0		16.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	14.0		14.0	XXXXX
SECURITY GUARD SERVICES	U407	254	2.0		2.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	-		-	XXXXX
REPRESENTATION ALLOWANCE	U409	252	.5		.5	XXXXX

TABLE VIII - FY 1985

ORGANIZATION MADAGASCAR
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		42.1		42.1	XXXXX
RENT	U501	234	8.0		8.0	XXXXX
UTILITIES	U502	234	2.0		2.0	XXXXX
BUILDING MAINT./RENOV.	U503	259	1.0		1.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	4.0		4.0	XXXXX
VEHICLES	U505	312	-		-	XXXXX
OTHER EQUIPMENT	U506	319	1.0		1.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	2.0		2.0	XXXXX
COMMUNICATIONS	U508	230	1.3		1.3	XXXXX
SECURITY GUARD SERVICES	U509	254	-		-	XXXXX
PRINTING	U510	24	.5		.5	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	-		-	
SITE VISITS - IN COUNTRY	U512	210	1.0		1.0	
SITE VISITS - OTHER	U513	210	7.0		7.0	
INFORMATION MEETINGS	U514	210	2.0		2.0	
TRAINING ATTENDANCE	U515	210	1.3		1.3	
CONFERENCE ATTENDANCE	U516	210	2.0		2.0	
OTHER OPERATIONAL TRAVEL	U517	210	-		-	
SUPPLIES AND MATERIALS	U518	26	3.0		3.0	XXXXX
FAAS	U519	257	3.0		3.0	XXXXX
CONSULTING SVCS - CONT.	U520	259	-		-	XXXXX
MGT./PROP. SVCS. - CONT.	U521	259	-		-	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U522	259	-		-	XXXXX
ALL OTHER CODE 25	U523	259	3.0		3.0	XXXXX
TOTAL O.E. BUDGET			186.7		186.7	XXXXX
RECONCILIATION			76.8		76.8	XXXXX
OPERATING ALLOWANCE REQUEST			109.9		109.9	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1984)

\$29.3
\$ 1.00 = 568 MFR

Estimated Wage Increases - FY 1984 to FY 1985
Estimated Price Increases - FY 1984 to FY 1985

7.5%
15%

TABLE VIII - FY 1986

ORGANIZATION USAID/MADAGASCAR
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		148.4		148.4	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	91.5		74.5	1.5
PT/TEMP U.S. BASIC PAY	U102	112	-		-	
DIFFERENTIAL PAY	U103	116	18.6		-	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	-		-	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	-		-	XXXXX
EDUCATION ALLOWANCES	U106	126	-		-	
RETIREMENT - U.S.	U107	120	7.2		5.7	XXXXX
LIVING ALLOWANCES	U108	128	-		-	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	1.9		.8	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	-		-	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	2.0		2.0	1
POST ASSIGNMENT - FREIGHT	U112	22	21.0		21.0	1
HOME LEAVE - TRAVEL	U113	212	3.7		3.7	2
HOME LEAVE - FREIGHT	U114	22	2.5		2.5	2
EDUCATION TRAVEL	U115	215	-		-	
R AND R TRAVEL	U116	215	-		-	
ALL OTHER CODE 215 TRAVEL	U117	215	-		-	
 <u>FOREIGN NATIONAL DH</u>	U200		8.3		8.3	XXXXX
BASIC PAY	U201	114	8.1		8.1	1
OVERTIME, HOLIDAY PAY	U202	115	-		-	
ALL OTHER CODE 11 - FN	U203	119	.2		.2	XXXXX
ALL OTHER CODE 12 - FN	U204	129	-		-	XXXXX
BENEFITS FORMER FN PERS.	U205	13	-		-	XXXXX
 <u>CONTRACT PERSONNEL</u>	U300		19.0		19.0	XXXXX
PASA TECHNICIANS	U301	258	-		-	
U.S. PSC - SALARY/BENEFITS	U302	113	15.0		15.0	.9
ALL OTHER U.S. PSC COSTS	U303	255	-		-	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	4.0		4.0	.5
ALL OTHER F.N. PSC COSTS	U305	255	-		-	XXXXX
JCC COSTS PAID BY AID/W	U306	113	-		-	
 <u>HOUSING</u>	U400		33.7		33.7	XXXXX
RENT	U401	235	21.0		21.0	2
UTILITIES	U402	235	3.5		3.5	XXXXX
RENOVATION AND MAINT.	U403	259	1.2		1.2	XXXXX
QUARTERS ALLOWANCE	U404	127	-		-	
PURCHASES RES. FURN/EQUIP.	U405	311	2.0		2.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	2.0		2.0	XXXXX
SECURITY GUARD SERVICES	U407	254	3.0		3.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	-		-	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.0		1.0	XXXXX

TABLE VIII - FY 1986

ORGANIZATION MADAGASCAR
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
OFFICE OPERATIONS	U500		87.7		87.7	XXXXX
RENT	U501	234	9.0		9.0	XXXXX
UTILITIES	U502	234	2.5		2.5	XXXXX
BUILDING MAINT./RENOV.	U503	259	2.0		2.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	3.0		3.0	XXXXX
VEHICLES	U505	312	12.0		12.0	XXXXX
OTHER EQUIPMENT	U506	319	6.5		6.5	XXXXX
TRANSPORTATION/FREIGHT	U507	22	16.5		16.5	XXXXX
COMMUNICATIONS	U508	230	1.5		-	XXXXX
SECURITY GUARD SERVICES	U509	254	1.0		1.0	XXXXX
PRINTING	U510	24	-		-	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	-		-	
SITE VISITS - IN COUNTRY	U512	210	2.0		2.0	8
SITE VISITS - OTHER	U513	210	14.7		14.7	4
INFORMATION MEETINGS	U514	210	-		-	
TRAINING ATTENDANCE	U515	210	-		-	
CONFERENCE ATTENDANCE	U516	210	3.0		3.0	1
OTHER OPERATIONAL TRAVEL	U517	210	-		-	
SUPPLIES AND MATERIALS	U518	26	6.0		6.0	XXXXX
PAAS	U519	257	4.0		4.0	XXXXX
CONSULTING SVCS - CONT.	U520	259	-		-	XXXXX
MGT./PROF. SVCS. - CONT.	U521	259	-		-	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U522	259	-		-	XXXXX
ALL OTHER CODE 25	U523	259	4.0		4.0	XXXXX
TOTAL O.E. BUDGET			297.1		297.1	XXXXX
RECONCILIATION			123.2		123.2	XXXXX
OPERATING ALLOWANCE REQUEST			173.9		173.9	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs \$49.2
 Exchange rate used (as of May 1, 1984) \$ 1.00 = 568 MFR

Estimated Wage Increases - FY 1985 to FY 1986 7.5%
 Estimated Price Increases - FY 1985 to FY 1986 18%

TABLE VIII(a) - Information on U.S. PSC Costs
(Function Codes U302 and U303)

ORGANIZATION USAID/MADAGASCAR

<u>Job Title/Position Description</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Secretary	\$2.0 (5/84-9/84)	\$14.0 (10/84-9/85)	\$15.0 (10/85-9/86)

MADAGASCAR

TABLE VIII (c)

OBLIGATIONS FOR AQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
1. <u>Capital Investment</u>			
A. <u>Purchase of Hardware</u>			
2 - WANG PC	11.5	1.0	6.0
B. <u>Purchase of Software</u>	1.5	.5	.5
Lotus 1 - 2 - 3			
Multiplan			
D Base II			
Word processing Pack			
System Software W/MSDOS			
and INT. BASIC			
C. <u>Site & Facility</u>	-0-	-0-	-0-
Sub Total	<u>13.0</u>	<u>1.5</u>	<u>6.5</u>
<hr/>			
2. <u>Personnel</u>			
A. <u>Compensation, Benefits & Travel</u>	-0-	-0-	-0-
B. <u>Work Years</u>	-0-	-0-	-0-
3. <u>Equipment Rental, Space and other Operating Costs</u>			
A. <u>Lease of Equipment</u>	-0-	-0-	-0-
B. <u>Space</u>	-0-	-0-	-0-
C. <u>Supplies and other Supplies</u>	.5	1.0	1.0
D. <u>Non-Commercial Training</u>			
<u>Training in Nairobi</u>	.2	1.3	1.3
Sub Total	<u>.7</u>	<u>2.3</u>	<u>2.3</u>

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
4. <u>Commercial Services</u>			
A. <u>Computer Time</u>	-0-	-0-	-0-
B. <u>Leased Telecommunication Services</u>	-0-	.3	.7
C. <u>Operations and Maintenance</u>			
1. <u>Operations</u>	-0-	-0-	-0-
2. <u>Maintenance</u>	-0-	-0-	-0-
D. <u>Systems Analysis & Programming</u> (developed through RFMC budget in Nairobi)	-0-	-0-	-0-
E. <u>Systems Design & Engineering</u>	-0-	-0-	-0-
F. <u>Studies and Other</u>	-0-	-0-	-0-
Sub Total	<u>-0-</u>	<u>.3</u>	<u>.7</u>
5. Total	<u>13.7</u>	<u>4.1</u>	<u>9.5</u>
Workyears	0	0	0
6. <u>Special Breakout</u>			
A. <u>Services for equipment in place only</u>	.7	2.6	3.0
B. <u>Equipment & Service for new efforts beginning during the fiscal year</u>	13.7	4.1	9.5

ANNEX I

Section B:- Justification for Funding Changes.

FY 84 represents start-up costs for USAID/Madagascar. The operational expense allotment was received during the fourth quarter of the first year. Therefore, the FY 84 procurement plan included requirements for FY 85.

The FY 86 proposed budget is increased to support an additional US Direct Hire position. It is expected that the overall work year increase will be only .5 work years. However, the additional operational expense budget requirement to support this position is \$93.5 in travel and support costs.

Section C:- Trust Funds.

The FY 1985 Agriculture Rehabilitation Support project is expected to generate up to \$ 5 million equivalent of FMG. AID proposes to utilize a nominal amount through Trust Fund procedures, (approximately \$ 100,000 per year) to support all local currency expenses of AID activities in Madagascar. The terms of the Trust Fund will be negotiated during FY 1985 for use to commence probably not earlier than FY 86. When trust funds are available, OE budgets will be adjusted accordingly.

M A D A G S C A R

P L 4 8 0

N A R R A T I V E

PL 480 assistance to Madagascar is delivered in three forms:

(1) PL 480 Title II, Emergency Assistance; bi-lateral Transfer agreements. Recently the island has been ravaged by drought and cyclones. Emergency food responses, all of which have generated local currencies, have been:

FY 81; Drought Emergency:	\$3.0 mil.
FY 82; Cyclone/Flood:	\$5.0 mil.
FY 84; Cyclone:	\$6.0 mil. pending

(2) PL 480 Title I:

FY 81:	\$5.0 mil.
FY 82:	\$5.0 mil.
FY 83:	\$8.0 mil.
FY 84:	\$8.0 mil.

(3) Voluntary Agency (CRS) has made annual distributions of PL 480 Title II commodities since 1962. Recent levels: 62,200 recipients, 3,230 mt, \$1.1 million. In 1985, CRS is requesting a 40% increase in participants (87,600 vs. 62,200) 66% increase in dollar value, (1.8 mil. vs. 1.1 mil.) and 49% in tonnage (4,800 vs 3,200 mt). FY 86 replicates this FY 85 programming increase not yet authorized but which has Embassy and REDSO/ESA endorsement. Seventh Day Adventist World Services (SAWS) is confident that it will be able to start food/nutrition/health interventions late FY 84. and FY 85. A SAWS level of 30,000 recipients, \$685,000, 1,800 mt, is a projection of this start-up.

Use of Local Currencies: Madagascar is cooperating fully with advice and recommendations concerning deposits into separate accounts and disbursements to projects mutually programmed to meet stated Title I self-help measures, and emergency/rehabilitation projects, Title II. While disbursements have not been as fast as anticipated, and local currency accounts appear to be accumulating faster than disbursements, compliance has otherwise been exemplary.

Title I levels, FY 86, and beyond, indicate continued general economic support goals. Within total level of PL 480 Title I support, commodity mix requires close review, particularly in regard to the ratio of rice provided. As ag. sector goals are achieved, amount of rice within annual allocations should decrease, to be substituted by other commodities such as tallow or wheat flour.

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE 1/111 REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

	Actual FY 1984		Estimated FY 1985		Projected FY 1986	
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>						
RICE (1)	7.0	23.0	5.0	13.5	3.0	7.2
VEGOIL	1.0	1.3	2.0	2.5	3.0	3.5
OTHER COMMODITY	-	-	1.0	UNK	2.0	UNK
Total	8.0		8.0		8.0	
<u>of which</u> <u>Title III</u>	-0-		-0-		-0-	
Total						

COMMENT:(1) DECREASING RATIO OF RICE ASSUMES RECOVERY OF INDIGENOUS PRODUCTION, SUBSTITUTED BY OTHER COMMODITY, SUCH AS WHEAT FLOUR, OR TALLOW.

TABLE XII

Country/Office MADAGASCAR

PL 480 TITLE I/III

Supply and Distribution
(000 Metric Ton)

<u>STOCK SITUATION</u>	<u>FY 1985</u>	<u>Estimated FY 1986</u>
Commodity - <u>RICE</u>		
Beginning Stocks	0	0
Production	1,400.0	1,500.0
Imports		
Concessional	50.0	40.0
Non-Concessional	75.0	60.0
Consumption	1,520.0	1,600.0
Ending Stocks	0	0
<hr/>		
Commodity - <u>VEGOIL</u>		
Beginning Stocks	0	0
Production	5.0	10.0
Imports		
Concessional	3.0	2.0
Non-Concessional	12.0	10
Consumption	20.0	22.0
Ending Stocks	- 0 -	- 0 -
<hr/>		
Commodity - _____		
Beginning Stocks		
Production		
Imports		
Concessional		
Non-Concessional		
Consumption		
Ending Stocks		

Comment:

TABLE XIII

PL 480 TITLE II

I. Country MADAGASCAR

Sponsor's Name SAWS

A. Maternal and Child Health.....Total Recipients 30,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>30,000</u>	<u>NFDM (1.0)</u>	<u>718.0</u>	<u>79.0</u>
<u>30,000</u>	<u>RICE (430)</u>	<u>718.0</u>	<u>309.0</u>
<u>30,000</u>	<u>VEGOIL (827)</u>	<u>359.0</u>	<u>297.0</u>
Total MCH		1,795.0	685.0

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

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

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

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

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

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

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

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

II. Sponsor's Name SAWS

(ESTIMATED ONLY, BASED ON FOLLOWING ASSUMPTIONS: (1) SAWS IS ABLE TO START-UP ON FY 85 AT 10,000 RECIPIENT LEVEL (2) COMMODITIES/RATIONS REMAIN TO BE DETERMINED (3) ABOVE CALCULATION IS BASED ON 44% OF CRS/MCH LEVEL, FY 86.

TABLE XIII

PL 480 TITLE II

I. Country MADAGASCAR

Sponsor's Name CRS

A. Maternal and Child Health.....Total Recipients 68,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>68,000</u>	<u>NFDM</u>	<u>1,632.0</u>	<u>179.5</u>
<u>68,000</u>	<u>RICE</u>	<u>1,632.0</u>	<u>701.8</u>
<u>68,000</u>	<u>VEGOIL</u>	<u>4,080.0</u>	<u>1,556.3</u>
Total MCH		<u>7,344.0</u>	<u>2,437.6</u>

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

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>14,000</u>	<u>NFDM</u>	<u>189.0</u>	<u>20.8</u>
<u>14,000</u>	<u>RICE</u>	<u>252.0</u>	<u>108.4</u>
<u>14,000</u>	<u>VEGOIL</u>	<u>72.0</u>	<u>59.4</u>
Total School Feeding		<u>513.0</u>	<u>188.6</u>

C. Other Child Feeding.....Total Recipients 4,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>4,000</u>	<u>NFDM</u>	<u>96.0</u>	<u>10.6</u>
<u>4,000</u>	<u>RICE</u>	<u>96.0</u>	<u>41.3</u>
<u>4,000</u>	<u>VEGOIL</u>	<u>240.0</u>	<u>19.8</u>
Total Other Child Feeding		<u>432.0</u>	<u>71.7</u>

D. Food for Work.....Total Recipients 1,600

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>1,600</u>	<u>RICE</u>	<u>17.0</u>	<u>7.3</u>
<u>1,600</u>	<u>VEGOIL</u>	<u>4.0</u>	<u>3.3</u>
Total Food for Work		<u>21.0</u>	<u>10.6</u>

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

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

II. Sponsor's Name CRS

ABOVE CALCULATIONS REFLECT AN APPROXIMATE 40% INCREASE IN FY 85 NOT NET AUTHORIZED AND ASSUMES THE INCREASE WHEN AUTHORIZED, WILL BE REPLICATED IN FY 86.

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