

**UNCLASSIFIED**

# **Annual Budget Submission**

**FY 1989**

**ZAMBIA**

BEST AVAILABLE

**May 1987**



**Agency for International Development  
Washington, D.C. 20523**

**UNCLASSIFIED**

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ANNUAL BUDGET SUBMISSION

FY 1989

ZAMBIA

May 1987  
Agency for International Development  
Washington, D.C. 20523

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FY 1989 ANNUAL BUDGET SUBMISSION

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

611 - ZAMBIA

APPROPRIATION ACCOUNT PROJECT NO.	TITLE	L/G	FY 87 ESTIMATE	FY 88 ESTIMATE	FY 89 AAPL
AGRICULTURE, RURAL DEV. AND NUTRITION					
611-0207	Agricultural Training, Planning and Institutional Development II	G	3,100	---	---
	APPROPRIATION TOTALS		3,100	---	---
	GRANTS		3,100	---	---
	LOANS		---	---	---
DEVELOPMENT FUND FOR AFRICA					
611-0206	Human and Institutional Resources Development	G	---	---	2,000
611-0207	Agricultural Training, Planning and Institutional Development II	G	---	3,000	2,000
611-0209	Small Scale Enterprise Development	G	---	12,000	---
611-0213	Commodity Import Program	G	---	---	14,000
	APPROPRIATION TOTALS		---	15,000	18,000
	GRANTS		---	15,000	18,000
	LOANS		---	---	---
ECONOMIC SUPPORT FUND					
611-0757	Zambia Auction Program Support	G	12,215	---	---
611-000A	Local Cost Support-Zambia	-	185	---	---
	APPROPRIATION TOTALS		12,400	---	---
	GRANTS		12,400	---	---
	LOANS		---	---	---
	DA AND ESF ACCOUNT TOTALS		15,500	15,000	18,000
	GRANTS		15,500	15,000	18,000
	LOANS		---	---	---

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TABLE IV - PROJECT BUDGET DATA

611 - ZAMBIA

PROJECT NUMBER AND TITLE	OBLIG OBLIG	THRU PIPE	LINE	ESTIMATED U.S. DOLLAR COST (\$'000)	---FY 1987---	MORTGAGE	---FY 1988---	---FY 1989---	SPECIAL INTEREST	ITEM NO
G DATE	-TOTAL COST-	PLAN	AUTH	PLNG/INSTITUTIONAL DEV I	OBLIG- EXPEND-	END OF	OBLIG- EXPEND-	AAPL	CODES	
L INIT FIN				AG. TRNG. PLNG/INSTITUTIONAL DEV II	ATTIONS	FY 87	ATTIONS			
AGRICULTURE, RURAL DEV. AND NUTRITION										
6110075 AG TRAINING, PLANNING, INSTITUTION DEV										
G 80	86	2,970	2,149	2,149	2,149	1,150	PVO: 88% -0-	89% -0-		10682
SUBCAT: FNPA PACD: 6/30/87										
6110207 AG. TRNG. PLNG/INSTITUTIONAL DEV II										
G 87	87	3,100	3,100	3,100	720		PVO: 88% -0-	89% -0-		10681
SUBCAT: FNPA PACD: 10/30/93										
APPROPRIATION										
TOTAL 6,070 5,249 2,149 2,149 3,100 1,870 --- 2,060 ---										
GRANT 6,070 5,249 2,149 2,149 3,100 1,870 --- 2,060 ---										
LOAN --- --- --- --- --- --- --- --- ---										
DEVELOPMENT FUND FOR AFRICA										
6110206 HUMAN AND INSTITUTIONAL RESOURCES DEV.										
G 84	90	7,638	7,638	7,638			PVO: 88% -0-	89% -0-		10707
SUBCAT: EHSP PACD: 9/30/90										
6110207 AG. TRNG. PLNG/INSTITUTIONAL DEV II										
G 87	91	8,013	8,013	8,013			PVO: 88% -0-	89% -0-		10706
SUBCAT: FNPA PACD: 10/30/93										
6110209 SMALL SCALE ENTERPRISE DEV										
G 88	88	12,000	12,000	12,000			PVO: 88% 13	89% -0-	WID	
SUBCAT: FMPE PACD: ---										
6110213 COMMODITY IMPORT PROGRAM										
G 89	89	14,000	14,000	14,000			PVO: 88% -0-	89% -0-		14,000
SUBCAT: ESCI PACD: ---										

FY 1989 ANNUAL BUDGET SUBMISSION  
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TABLE IV - PROJECT BUDGET DATA

611 - ZAMBIA

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)										SPECIAL INTEREST CODES	ITEM NO				
	OBLIG OBLG	THRU FY 86	PIPE- OBLIG-	EXPEND- OBLIG-	END OF FY 87	ATTIONS	EXPEND- ITURES	ATTIONS	EXPEND- ITURES	ATTIONS						
G DATE	-TOTAL COST-	PLAN	LINE	PIPE-	OBLIG-	EXPEND-	OBLIG-	EXPEND-	END OF	ATTIONS	EXPEND-	ATTIONS	EXPEND-	ATTIONS	INTEREST	ITEM
L INIT FIN	AUTH	FIN	NO	LINE	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	CODES	NO
APPROPRIATION																
TOTAL	15,651	41,651	---	---	---	---	41,651	15,000	3,300	---	---	---	---	---	---	18,000
GRANT	15,651	41,651	---	---	---	---	41,651	15,000	3,300	---	---	---	---	---	---	18,000
LOAN	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
DA ACCOUNT																
TOTAL	21,721	46,900	2,149	2,149	3,100	1,870	41,651	15,000	5,360	---	---	---	---	---	---	18,000
GRANT	21,721	46,900	2,149	2,149	3,100	1,870	41,651	15,000	5,360	---	---	---	---	---	---	18,000
LOAN	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
ECONOMIC SUPPORT FUND																
611K601 COMMODITY IMPORT PROGRAM																
SUBCAT: ESCI PACO: 1/17/87 PVO: 88% -0- 89% -0- PACD to be revised 1/17/88 9307																
G 84	84	15,000	15,000	253	---	---	---	---	253	---	---	---	---	---	---	---
611K602 COMMODITY IMPORT PROGRAM																
SUBCAT: ESCI PACO: 2/13/87 PVO: 88% -0- 89% -0-																
G 85	85	10,000	10,000	2,554	---	2,554	---	---	---	---	---	---	---	---	---	10326
611K603 MULTI-CHANNEL AG MKTNG-EPRP																
SUBCAT: ESCI PACO: 9/30/88 PVO: 88% -0- 89% -0-																
G 85	85	25,000	25,000	25,000	---	6,403	---	---	6,000	---	---	---	---	---	---	10251
611000A LOCAL COST SUPPORT-ZAMBIA																
SUBCAT: N/A PACO: 9/30/87 PVO: 88% -0- 89% -0-																
G 87	87	185	185	---	185	185	---	---	---	---	---	---	---	---	---	10892
6110070 COMMODITY IMPORT PROGRAM																
SUBCAT: ESCI PACO: 2/2/88 PVO: 88% -0- 89% -0-																
L 77	85	139,625	139,625	809	---	---	---	---	809	---	---	---	---	---	---	9011



FY 1989 ANNUAL BUDGET SUBMISSION  
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TABLE IV - PROJECT BUDGET DATA

611 - ZAMBIA

PROJECT NUMBER AND TITLE	-----ESTIMATED U.S. DOLLAR COST (\$'000)-----													
	OBLIG G DATE	-TOTAL COST- L INIT FIN	PLAN	THRU FY 86	PIPE- LINE	OBLIG- THRU FY 86	EXPEND- ITURES	END OF FY 87	MORTGAGE OBLIG- ITURES	EXPEND- ITURES	---FY 1988--- OBLIG- ITURES	---FY 1989--- EXPEND- ITURES	AAPL	SPECIAL INTEREST CODES
<b>APPROPRIATION</b>														
TOTAL	244,198	244,198	244,198	231,798	40,237	12,400	28,844	---	---	9,817	---	---	---	---
GRANT	104,573	104,573	92,173	39,428	12,400	28,844	---	---	---	9,008	---	---	---	---
LOAN	139,625	139,625	139,625	809	---	---	---	---	---	809	---	---	---	---
<b>COUNTRY TOTAL</b>														
TOTAL	265,919	291,098	233,947	42,386	15,500	30,714	41,651	15,000	15,177	18,000	---	---	---	---
GRANT	126,294	151,473	94,322	41,577	15,500	30,714	41,651	15,000	14,368	18,000	---	---	---	---
LOAN	139,625	139,625	139,625	809	---	---	---	---	809	---	---	---	---	---
<b>REGIONAL PROJECTS (NON-ADD)</b>														
<b>6900209 REGIONAL TRANSPORT AND STORAGE DEV. II</b>														
L 81 82	13,100	13,100	13,100	13,100	8,256	---	3,220	---	---	4,430	---	---	---	---
SUBCAT: FNRR PACD: 6/30/89 PVO: 88% -0- 89% -0-														
<b>6900231 SOUTHERN AFR REG TRANSPORT DEV</b>														
G 85 88	10,000	10,000	7,000	7,000	3,000	7,000	---	---	---	3,000	---	---	---	---
SUBCAT: ESCI PACD: 9/30/88 PVO: 88% -0- 89% -0- PACD to be revised 6/30/89														
<b>6980433.33 AFRICAN MANPOWER DEV II</b>														
G 82 88	1,496	1,496	1,296	1,296	427	100	180	100	100	250	---	---	---	---
SUBCAT: EHMA PACD: 9/30/88 PVO: 88% -0- 89% -0-														
<b>REGIONAL TOTAL</b>														
TOTAL	24,596	24,596	21,396	15,683	3,100	10,400	100	100	7,680	---	---	---	---	---
GRANT	11,496	11,496	8,296	7,427	3,100	7,180	100	100	3,250	---	---	---	---	---
LOAN	13,100	13,100	13,100	8,256	---	3,220	---	---	4,430	---	---	---	---	---

FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 1  
FORESTRY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	FY 1987 ESTIMATE	FY 1988 ESTIMATE	FY 1989 AAPL
--	-----	-----------------------	---------------------	---------------------	-----------------

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USAID/Zambia has a program focused on rural income and agricultural production; it does not have any forestry activities.

FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 2  
INTEGRATED RESOURCES MANAGEMENT

APPROPRIATION ACCOUNT PROJECT NO.	TITLE	L/G	LIFE OF PROJECT	FY 1987 ESTIMATE	FY 1988 ESTIMATE	FY 1989 AAPL
--------------------------------------	-------	-----	-----------------------	---------------------	---------------------	-----------------

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USAID/Zambia has a program focused on rural income and agricultural production; it does not have any bilaterally-funded activities in the area of integrated resources management for which we will be obligating funds in FY 87, FY 88, or FY 89.

However, the Mission has recently endorsed a proposal for a centrally-funded grant for a World Wildlife Fund (WWF) and GRZ activity to involve communities in wildlife and environmental protection.

FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 3  
BIOLOGICAL DIVERSITY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	FY 1987 ESTIMATE	FY 1988 ESTIMATE	FY 1989 AAPL
--	-----	-----------------------	---------------------	---------------------	-----------------

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USAID/Zambia has a program focused on rural income and agricultural production; it does not have any biological diversity activities for which we will be obligating funds in FY 87, FY 88 or FY 89.

FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 4  
CHILD SURVIVAL

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	FY 1987 ESTIMATE	FY 1988 ESTIMATE	FY 1989 AAPL
--	-----	-----------------------	---------------------	---------------------	-----------------

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USAID/Zambia has a program focused on rural income and agricultural production; it does not have any bilaterally-funded child survival activities. AID's only activity in Zambia in this area is the Technology for Primary Health Care Project (936-5927), a regionally-funded project.

FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 5  
MICRO AND SMALL ENTERPRISE ACTIVITIES  
ESF AND DA  
DIRECT DOLLAR COMMITMENTS FOR  
PVOs - NGOs  
(IN THOUSANDS OF U.S. DOLLARS)

	FY 1987 ESTIMATE	FY 1988 PLANNED	FY 1989 PROPOSED
<b>A. ESF DOLLAR COMMITMENTS</b>			
1. For U.S. PVOs	165	---	---
2. For Indigenous PVOs-NGOs	---	---	---
Subtotal - ESF	165	---	---
<b>B. DA DOLLAR COMMITMENTS</b>			
1. For U.S. PVOs	---	1000	---
2. For Indigenous PVOs-NGOs	---	500	---
Subtotal - DA	---	1500	---
<b>C. TOTAL - ESF AND DA</b>	165	1500	---

TABLE IV -- ATTACHMENT 5 (Continued)  
EXPENDITURE OF NON-PROJECT ASSISTANCE  
LOCAL CURRENCY GENERATIONS FOR USE BY PVOs - NGOs  
(IN THOUSANDS OF U.S. DOLLAR EQUIVALENTS)

SOURCE	FY 1987 ESTIMATE	FY 1988 PLANNED	FY 1989 PROPOSED
A. FROM ESF GENERATIONS			
1. For use by U.S. PVOs	---	100	---
2. For use by Indigenous PVOs-NGOs	---	200	---
Subtotal - ESF	---	300	---
B. FROM DA GENERATIONS			
1. For use by U.S. PVOs	---	100	100
2. For use by Indigenous PVOs-NGOs	---	200	200
Subtotal - DA	---	300	300
C. From PL 480 GENERATIONS			
1. For use by U.S. PVOs	---	100	100
2. For use by Indigenous PVOs - NGOs	---	200	200
Subtotal - PL 480 GENERATIONS	---	300	300
D. TOTAL - ESF, DA AND PL 480	---	900	600

TABLE IV ATTACHMENT 5 (Continued)  
 ESF AND DA  
 DOLLAR COMMITMENTS FOR  
 MICRO AND SMALL ENTERPRISE PROGRAMS  
 (IN THOUSANDS OF U.S. DOLLARS)

	FY 1987 ESTIMATE	FY 1988 PLANNED	FY 1989 PROPOSED
<b>A. ESF DOLLAR COMMITMENTS</b>			
1. For MICRO Enterprise			
a. For Credit	---	---	---
b. For TA/Training	---	---	---
2. For Small Enterprise			
a. For Credit	---	---	---
b. For TA/Training	---	---	---
3. For Small Farmers			
a. For Credit	---	---	---
b. For TA/Training	---	---	---
Subtotal - ESF	---	---	---
<b>B. DA DOLLAR COMMITMENTS</b>			
1. For Micro Enterprise			
a. For Credit	---	---	---
b. For TA/Training	---	---	---
2. For Small Enterprise			
a. For Credit	---	---	---
b. For TA/Training	---	3000	---
3. For Small Farmer			
a. For Credit	---	---	---
b. For TA/Training	---	---	---
Subtotal - DA	---	3000	---
<b>C. TOTAL - ESF AND DA</b>	---	3000	---

TABLE IV ATTACHMENT 5 (Continued)  
 EXPENDITURE OF NON-PROJECT ASSISTANCE  
 LOCAL CURRENCY GENERATIONS FOR MICRO  
 AND SMALL ENTERPRISE PROGRAMS  
 (IN THOUSANDS OF U.S DOLLARS EQUIVALENTS)

	FY 1987 ESTIMATE	FY 1988 PLANNED	FY 1989 PROPOSED
<b>A. FROM ESF GENERATIONS</b>			
1. For Micro Enterprise			
a. For Credit	---	250	---
b. For TA/Training	---	50	---
2. For Small Enterprise			
a. For Credit	---	250	---
b. For TA/Training	---	50	---
3. For Small Farmer			
a. For Credit	---	400	---
b. For TA/Training	---	50	---
Subtotal - ESF	---	1050	---
<b>B. FROM DA GENERATIONS</b>			
1. For Micro Enterprise			
a. For Credit	---	---	---
b. For TA/Training	---	---	---
2. For Small Enterprise			
a. For Credit	---	---	---
b. For TA/Training	---	500	---
3. For Small Farmer			
a. For Credit	---	---	5625
b. For TA/Training	---	---	3150
Subtotal - DA	---	500	8775
<b>C. FROM PL 480 GENERATIONS</b>			
1. For Micro Enterprise			
a. For Credit	---	---	---
b. For TA/Training	---	---	---
2. For Small Enterprise			
a. For Credit	---	3125	3125
b. For TA/Training	---	---	---
3. For Small Farmer			
a. For Credit	---	---	---
b. For TA/Training	---	---	---
Subtotal - PL 480 Generations	---	3125	3125
TOTAL - ESF, DA and PL 480 Generations	---	4675	11900

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE IV ATTACHMENT 6  
 AGRICULTURAL RESEARCH AND FACILITIES OF AGRICULTURE

		-----FUNDING (000s)-----					
APPROPRIATION ACCOUNT		FY 1987		FY 1988		FY 1989	
PROJECT NO. TITLE		ESTIMATE		ESTIMATE		AAPL	
		DOLS	L/C	DOLS	L/C	DOLS	L/C
Economic Support Fund							
611-0201	Agricultural Development Research and Extension	2,790	33	555	8	120	0

The on-going Zambia Agricultural Development: Research and Extension Project (ZAMARE) is involved in plant breeding, adaptive field research, and research on food crops which are disease and drought resistance. The project is being implemented by the University of Illinois as the lead University, Southern Illinois University, and University of Maryland (Eastern Shore) through the Ministry of Agriculture and Water Development. The project has played a major role in the development of nine new higher yielding varieties of maize, six new higher yielding varieties of soybeans, and two new varieties of sunflower with a higher oil content than the traditional varieties. It has also established an Inoculum Production Unit that is producing enough inoculum to meet Zambia's current domestic requirements. Forty-nine participants have been sent for degree training, and thirty-nine have returned and are working in research and extension. The remainder will return before the project is completed in December 1988.

NOTE: Local currency (L/C) is converted to dollar equivalents at the rate of 8 kwacha equal 1 dollar.

AFRICA BUREAU TABLE I  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 FUNCTIONAL ATTRIBUTION

611 - ZAMBIA

<u>PROJECT NO.</u>	<u>PROJECT</u>	<u>SHADOW FUNCTIONAL ACCOUNT</u>	<u>FY 1988 BUDGET ALLOCATION</u>
611-0207	Agricultural Training, Planning and Institutional Development II	Agriculture, Rural Dev. and Nutrition	\$ 3,000,000
611-0209	Small Scale Enterprise Development	Selected Dev. Activities	\$12,000,000
<u>PROJECT NO.</u>	<u>PROJECT</u>	<u>SHADOW FUNCTIONAL ACCOUNT</u>	<u>FY 1989 BUDGET ALLOCATION</u>
611-0206	Human and Institutional Resource Development	Education and Human Resources	\$ 2,000,000
611-0207	Agricultural Training, Planning and Institutional Development II	Agriculture, Rural Dev. and Nutrition	\$ 2,000,000
611-0213	Commodity Import Program	Selected Dev. Activities	\$14,000,000

AFRICA BUREAU TABLE II  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 PIPELINE ANALYSIS AND MODIFICATIONS TO LOP AND PACD

PROJECT NUMBER	PROJECT NAME	TOTAL COST AUTH	OBLIGATED PLAN THRU FY 86	FY 1986 PIPELINE	FY 1987		FY 1988		FY 1989		CURRENT PACD	PROPOSED PACD
					OBLIG	EXPEND	OBLIG	EXPEND	OBLIG	EXPEND		
AGRICULTURE, RURAL DEV. AND NUTRITION												
6110075	Agr. Training, Planning and Institutional Dev. I (ZATPID I)	2970	2149	2149	---	1150	---	---	---	---	6/30/87	Same
6110207	Agr. Training, Planning and Institutional Dev. II (ZATPID II)	3100	---	---	3100	720	---	2060	---	320	10/30/93	Same
APPROPRIATION TOTAL												
		6070	5249	2149	3100	1870	---	2060	---	320		
GRANT												
		6070	5249	2149	3100	1870	---	2060	---	320		
LOAN												
		---	---	---	---	---	---	---	---	---		
DEVELOPMENT FOR AFRICA												
6110206	Human and Inst. Resources Dev.	7638	7638	---	---	---	---	---	2000	920	9/30/90	Same
6110207	Agr. Training, Planning and Institutional Dev. II (ZATPID II)	8013	8013	---	---	---	8013	3000	2000	1820	10/30/93	Same
APPROPRIATION TOTAL												
		15651	15651	---	---	---	8013	3000	4000	2740		
GRANT												
		15651	15651	---	---	---	8013	3000	4000	2740		
LOAN												
		---	---	---	---	---	---	---	---	---		
TOTAL DA												
		21721	20900	2149	3100	1870	8013	5060	4000	3060		
GRANT												
		21721	20900	2149	3100	1870	8013	5060	4000	3060		
LOAN												
		---	---	---	---	---	---	---	---	---		

AFRICA BUREAU TABLE II (Continued)  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 PIPELINE ANALYSIS AND MODIFICATIONS TO LOP AND PACD

PROJECT NUMBER	PROJECT NAME	TOTAL COST AUTH	OBLIGATED THRU FY 86	FY 1986 PIPELINE	----FY 1987----		----FY 1988----		----FY 1989----		CURRENT PACD	PROPOSED PACD
					OBLIG	EXPEND	OBLIG	EXPEND	OBLIG	EXPEND		
ECONOMIC SUPPORT FUND												
6110070	Commodity Import Program	139625	139625	809	---	---	809	---	---	---	2/2/88	Same
611K601	Commodity Import Program	15000	15000	253	---	---	253	---	---	---	1/17/87	1/17/88*
611K602	Commodity Import Program	10000	10000	2554	---	2554	---	---	---	---	2/13/87	Same
611K603	Multi-Channel Ag. Mktg. Program	25000	25000	25000	---	6403	---	6000	---	---	9/30/88	Same
6110075	Ag. Training, Planning and Institutional Dev. I (ZATPID I)	6785	6785	1127	---	1127	---	---	---	---	6/30/87	Same
6110201	Ag. Dev. Research and Extension	12515	12515	3465	---	2790	---	555	120	---	12/13/87 (TA)	Same
6110205	Western Province Small Farmer Production	483	483	241	---	70	---	---	---	---	5/31/87	Same
6110206	Human and Institutional Resources Development	5390	5390	4788	---	1500	---	2200	1088	---	9/30/90	Same
6110757	Zambia Auction Support Program	29215	29215	17000	12215	14215	---	---	---	---	12/31/87	Same
	TOTAL ESF	244013	244013	231798	12215	28659	---	9817	1208	---		
	GRANT	104388	104388	92173	12215	28659	---	9008	1208	---		
	LOAN	139625	139625	139625	---	---	---	809	---	---		
	COUNTRY TOTAL	265734	264913	233947	15315	30529	8013	14877	4000	4268		
	GRANT	126109	125288	94322	15315	30529	8013	14068	4000	4268		
	LOAN	139625	139625	139625	---	---	---	809	---	---		

\*Proposed PACD change to be done in May 1987.

AFRICA BUREAU TABLE III  
 FY 1989 ANNUAL BUDGET SUBMISSION  
PVO ACTIVITIES

Project Number	Project Name* (U.S./Non-U.S.)	PVO Name (U.S./Non-U.S.)	Shadow Functional Account	SPAN OF PVO LOP	PVO LOP for Total Project and % of Total	Obligations		
						FY 87	FY 88	FY 89
611-0205	Western Province Small Farmer Production(B)	Africare	ARDN	1983-87	483,000 - 100%	---	---	---
Unknown	Integrated Rural Development (C)	Save the Children	Health	1985-87	Unknown	Unknown	Unknown	Unknown
932-0632	Zambia NFP Demonstration Project(C)	International Federation for Family Life Promotion	Population	1983-88	508,000 - 100%	Unknown	Unknown	Unknown
PDC-0249-6-55-4078-00	Ibbwe Munyama Community Development(C)	Salvation Army	ARDN	1984-87	54,000 - 50%	Unknown	Unknown	Unknown
PDC-0249-6-55-4078-00	Gwembe Valley Agricultural Extension(C)	Salvation Army	ARDN	1984-87	54,000 - 50%	Unknown	Unknown	Unknown
932-0935	Private Enterprise Family Project(C)	Family Planning International Assistance	Population	1985-87	81,000 - 100%	Unknown	Unknown	Unknown
932-0955	Kabwe Dorcas Family Health Project(C)	" "	Population	1984-86	114,000 - 100%	Unknown	Unknown	Unknown
932-0955	Lusaka Responsible Parenthood Project(C)	" "	Population	1984-88	56,110 - 100%	Unknown	Unknown	Unknown
932-0955	Ministry of Health/University Teaching Hospital(C)	" "	Population	1984-88	135,000 - 100%	Unknown	Unknown	Unknown
936-5927	Technology for Primary Health Care(R)	PRITECH	Health	Unknown	100,000 - 100%	Unknown	Unknown	Unknown

Notes:

\* (B) indicates bilateral; (R) indicates regional; (C) indicates centrally funded. All PVO's are U.S. origin.

### PVO ACTIVITIES NARRATIVE

In the past, USAID/Zambia has had minimal PVO activities in its portfolio. The Mission's program has been highly focussed on agriculture, with strong emphasis on balance of payments support programs, and few PVOs have been utilized in the implementation of our agricultural strategy. As can be seen from the tabular submission, all current PVO activities in Zambia are regionally or centrally funded.

We envision in the future a strong role for PVOs in the Mission's proposed Small Scale Enterprise Development Project. (See the project narrative for Small Scale Enterprise Development Project elsewhere in the ABS.) However, under this project we propose to provide training and technical assistance to small scale entrepreneurs and to various institutions supporting the small scale enterprise sector. The project would support foreign exchange and local currency requirements of PVOs and the programs they are helping to administer.

The U.S. PVOs which are established in Zambia include, among others, AFRICARE, Save The Children Fund, VITA, The Salvation Army and a number of missionary groups. AFRICARE operates extensively in the rural sector and is currently expanding its activities in Zambia. VITA is also involved in this sector and recently seconded a staff member to the Village Industry Service. The African Development Foundation, although it has no office in Zambia, is funding a number of self-help and small scale enterprise activities which are monitored out of a regional office in Harare. Similarly, the Equator Foundation is supporting a number of activities in the SSED sector and is very interested in expanding. While the Mission is not currently supporting any of the activities of these PVOs directly, we have excellent working relationships with these organizations, and will be in a position to possibly support those whose current programs are in line with the Mission's priorities.

Additionally, as part of its core concentration of the Mission's strategy, the Mission will continue to support in Zambia both regionally and centrally funded population and family planning activities. The population activities in particular are a key aspect of USAID/Zambia's strategy and we envision more centrally-funded population activities in Zambia through PVOs.

AFRICA BUREAU TABLE IV  
 FY 1989 ANNUAL BUDGET SUBMISSION  
PRIVATE SECTOR ACTIVITIES

Project Number	Project Name*	Implementing Organization (U.S./Non-U.S.)	Shadow Functional Account	Private Sector LOP Span	Priv. Sect. LOP Total Project and % of Total	Obligations		
						FY 87	FY 88	FY 89
690-0209	Regional Transport and Storage Development (Kafue-Chirundi Road) (R)	(1) Lendor and Burton (Non U.S.)	ESF	1983-89	\$13.1 million 100%	---	---	---
611-0747	Zambia Multi-Channel Agricultural Marketing Program (ZAMCAM) (B)	(2) Tippetts-Abbett-McCarthy-Stratton (TAMS) Ministry of Finance	ESF	1985-88	\$25.0 million 75%	---	---	---

NOTE: (R) -- Regionally funded  
 (B) -- Bilaterally funded

## PRIVATIZATION PLAN NARRATIVE

### A. TARGETS OF OPPORTUNITY

Targets of opportunity for privatization are difficult to identify in Zambia. There are many parastatal firms in weak economic positions, but which appear to have a significant potential for improvement. Further, the Government of the Republic of Zambia (GRZ) has a strong and frequently voiced commitment to maintaining parastatals from an ideological point of view and has resisted the call from donors and others for privatization. At the same time, however, the GRZ recognizes the need for improved efficiency and has allowed management contracts to be implemented for several important parastatals. Hence, the picture is not clear though the GRZ does appear willing to discuss private foreign minority participation in parastatal firms. (For example, Refined Oil Products of Zambia (ROP) and H.J. Heinz have signed a letter of agreement for Heinz to acquire 49% of ROP and exercise management. Also, Zambia Consolidated Copper Mines, Zambia's most important business in its most important sector, has a significant percentage of private sector involvement.) In general, the GRZ is very reluctant to give up control of its parastatals to private firms and until this attitude changes, privatization will be difficult and painful for the GRZ. The Mission, with the support of the Embassy staff, will continue to follow the situation so that "targets of opportunity", both short-term and long-term, may be identified as they arise.

One PL 480 Self-Help Measure required that the GRZ begin developing a plan of action to deal with non-viable parastatals. Such a plan has been developed under the IBRD's Industrial Rehabilitation Program which has also sponsored studies of the financial and economic viability of a number of Zambia's parastatal firms. These studies have been completed; however, the GRZ has not acted on the recommendations of any of the studies.

### B. MISSION'S PROPOSED STRATEGY

The Mission's approach both to private enterprise development and to privatization has been to focus on changing the macro-economic conditions and overall economic environment through policy dialogue and reform supported by our program resources, both dollars and counterpart funds. Efforts in the policy area to support increased privatization and private sector involvement have been strengthened by carefully coordinating our support and policy dialogue with that of the IBRD and IMF. The Mission expects to continue with this approach to development of the private sector; however, given the May 1st economic policy changes announced by the GRZ the chances of improving the macro-economic climate in which the private sector must operate and privatization must occur will be much slimmer for the next 18-24 months.

The changes announced on May 1, 1987 by President Kaunda in the "May Day Economic Package" have significantly changed the policy environment for the private sector. In addition, these changes seem to indicate a major shift, at least for the near future, towards a renewed emphasis on state involvement in the economy. These changes will require careful study and evaluation by USAID/Zambia before their full implications for the Mission's program and Zambia's privatization efforts and private sector can be fully understood. In

addition, there is now a possibility that Zambia will fall under the funding restrictions of Section 620 (q) early in FY 1988, and Section 518 ("Brooke Amendment") late in FY 1988. If this occurs, possible USAID/Zambia activities will be severely constrained and a further re-evaluation of privatization activities will be required.

At the sectoral level, the policy reform measures supported by the Mission and IBRD call for private trading in all agricultural commodities, elimination of subsidies to all public or quasi-public organizations involved in the food production and distribution sector, establishment of producer prices based on border price equivalents and allowing these prices to vary on a regional and seasonal basis. These reforms will allow legal private trade in maize and fertilizer for the first time and will strengthen private trade in other commodities. The results should be increased economic pressure on the parastatal sector from the private sector and increased opportunities for privatization. USAID intends to continue its agricultural sector policy work in pursuit of these medium term privatization objectives.

The Mission's approach to privatization and the private sector will have to be one of working in those areas where the GRZ is willing. One major area which may provide a focus of activity is the development of domestic capital markets which would ease a major constraint for the Zambian private sector by providing alternative means of raising resources for investment. USAID/Zambia initiated activities in this area in FY 1986 by sponsoring an in-country seminar on domestic capital markets development which was attended by GRZ officials and local representatives of international commercial and investment banks and international accounting and advisory companies. The Mission also sponsored a trip for the Minister of State for Finance under the PRE-funded Financial Markets Development Project. The purpose of the trip was to examine alternative means of developing Zambia's capital markets. Another example of the type of private sector activity which is possible is the planned expansion of importers under the PL 480 food assistance program to include private sector importers rather than using only parastatal importers as in the past. In any case, the Mission's policy dialogue will involve measures to restore a policy environment conducive to private sector development and to find ways to expand the operational scope for the private sector.

#### C. PROJECTED TIMEFRAME FOR ACHIEVING A PRIVATIZATION PLAN

The Mission at present has no "privatization plan" as such. However, the Mission does have very definite goals in the policy reform areas which will greatly enhance the role of the private sector in Zambia's economy and place increased pressures on GRZ parastatal organizations. The development of a specific "privatization plan" beyond that of establishing the appropriate macro-economic and agricultural sector climate in which the private sector can operate and privatization can occur will be difficult at this time. The recent GRZ policy changes discussed above further complicate the problem by casting a large shadow of doubt over the government's plans and intentions. Once the situation becomes clearer, the Mission will examine this issue further; if our examination shows real openings beyond what we have discussed above, a privatization plan will be produced along with the FY 1990 CDSS, which will be submitted in early 1989. No matter what the outcome of these changes, USAID/Zambia and the Embassy will continue to support U.S. investors interested in pursuing investments in Zambia.

AFRICA BUREAU TABLE V  
FY 1989 ANNUAL BUDGET SUBMISSION  
REGIONAL AND CENTRALLY FUNDED ACTIVITIES

Project Number	Project Name	Organization Implementing (U.S./Non-U.S.)	Shadow Functional Account	LOP Years	LOP (\$000)	FY 87 Obligations	FY 88 Obligations	FY 89 Obligations
<u>I. Directly Related to Mission Portfolio</u>								
None								
<u>II. Indirectly Related to Mission Portfolio</u>								
932-0632	Zambian NFP Demonstration Project(C)	Family Life Movement of Zambia	Population	5	508	Unknown	Unknown	Unknown
932-0935	Private Enterprise Planning Project(C)	Pharmaceutical Society of Zambia	Population	2	81	Unknown	Unknown	Unknown
932-0935	Kabwe Dorcas Family Health Project(C)	Zambia Union of Seventh Day Adventists	Population	2	114	Unknown	Unknown	Unknown
936-5927	Technology for Primary Health Care(C)	PRITECH(A)	Health	Unknown	100	Unknown	Unknown	Unknown
<u>III. Not Related to Mission Portfolio</u>								
Unknown	Integrated Rural Development	Save the Children(A)	Health	3		Unknown	Unknown	Unknown
698-0442	African Labor Development Project II(R)	U.S. Embassy(A)	EHR	5	19	Unknown	Unknown	Unknown
698-0513	Contribution to UNDP Child Survival Program in Zambia(A)	UNDP	Health	Unknown	648	Unknown	Unknown	Unknown

Notes:

- A. Indicates U.S. implementing organizations, all others are non-U.S.
- B. Indicates bilaterally funded projects.
- C. Indicates centrally funded activities.
- R. Indicates regionally funded projects.

HUMAN RESOURCES DEVELOPMENT ASSISTANCE PROJECT, 698-0463  
COUNTRY TRAINING PLAN AND FUNDING REQUEST  
FY 1989

611-ZAMBIA

1. Objective

The objective of this training plan is to provide for continuing assistance to the cooperative movement of Zambia, an important vehicle for rural development. This year's plan has specific focus on the Ministry of Cooperatives, directly under which falls the Department of Marketing and Cooperatives and the Cooperative College. The Ministry of Cooperatives was established in 1983. Its major responsibility is to formulate policies and practices conducive to cooperative development. Reporting to the Ministry are the Zambia Cooperative Federation (ZCF) and the National Agricultural Marketing Board (NAMBOARD) which will also benefit from our assistance. ZCF, through the Unions and Primary Societies which comprise its membership, and NAMBOARD are the two organizations which are charged with the responsibility of grain marketing, purchasing, and distribution of other agricultural produce and inputs such as seed and fertilizer.

A weak policy formulation and implementation process, and poor coordination has affected performance within the cooperative movement. Officials at the policy and decision-making level, as well as those in middle management within the Ministry and throughout the cooperative organization at large, lack knowledge of the role cooperatives should assume in society, good management practices, and agricultural policy. Training at the degree and technical levels in agricultural economics, cooperative business management and cooperative education and management is planned to complement other forms of assistance from the U.S. and other donors. The training will equip officials of the organization with the necessary tools to plan, appraise, implement, coordinate, and evaluate activities that will benefit its members who are primarily involved in agricultural development and improve the quality of their lives.

In the past few years the Zambian government has given priority attention to the development of the agricultural sector and in particular to the small-scale farmer who makes up the great majority of the country's agricultural producers. USAID/Zambia has supported this thrust through its program aimed at increasing the food production and income of the small-scale farmer. This plan complements and contributes to those efforts.

While the Swedish government and Swedish cooperatives have been the major donors to the cooperative movement in Zambia, training of the nature planned under this project has been limited. Mission training resources will allow the movement in Zambia to benefit from the impressive growth and development of cooperatives in the U.S. and the business and lending practices they employ.

As outlined following, \$100,000 is being requested in FY 1989, for long term degree training and short term technical training.

	<u>COST</u> <u>(International</u> <u>Travel Included)</u>
2. <u>Summary of Funds Requested (ARDN Account)</u>	
A. <u>Academic Training in the U.S.</u>	
One M.Sc. Business (Cooperative Business Management)	\$ 46,200
One M.Sc. Ag. Economics	\$ 46,200
B. <u>Technical, Short-Term</u>	
Cooperative Education and Management in Third Countries	<u>\$ 7,600</u>
TOTAL REQUESTED FOR FY 89	\$100,000

## EMERGENCY MANAGEMENT

### 1. Assessment of Vulnerability

Zambia is not considered to be prone to natural disasters such as earthquakes, flooding, tropical storms or conflagrations. Zambia's main area of vulnerability, which is shared with other southern Africa countries, is drought. As a rule of thumb, every thirty year period in southern Africa ends with a period of approximately 10 years of generally poor weather. During the twenty years when southern Africa is not in a generalized drought cycle, years marked by insufficient precipitation are recorded; during the ten year drought cycle, years of adequate and overabundant precipitation occur. In general, though, during the ten year drought cycle, six or seven years of very poor, poor or insufficient rainfall are the norm.

It is commonly thought that southern Africa is nearing the end of the most recent of the ten year drought cycles; however, there are two or three years remaining. In fact, the 1986--1987 crop year has been marked by extensive drought which is reducing the harvest to zero in many districts, and nationwide will result in a 25--30% crop reduction compared with the preceding year. The chances of insufficient precipitation over the 1987--1989 period are thus greater than normal.

The other potential area of vulnerability is insect damage. This risk is likewise not peculiar to Zambia, but shared with many of her southern Africa neighbors. The prime risk is the locust, which is thought to be on a 30--40 year cycle in the region. However, control measures have heretofore been sufficient to keep crop loss to 1--2%.

### 2. Impact on Development in Zambia

The drought is already constraining implementation of ag sector marketing and production reform measures. Even in the most advantageous situation, with good weather, it is difficult to implement agriculture sector reforms. However, in times of drought, with the even greater difficulties of meeting agricultural production and income targets, the difficulty of implementing reforms increases greatly. Influential groups are currently stating the country cannot absorb the shocks of economic reform when they are reeling from drought-induced loss of crops and consequently wasted input loans. This position is emphasized when increased prices of fertilizer, fuel and credit are discussed. This argument also surfaces when the squeeze of subsidy reductions and declining levels of social services resulting from budget restrictions are felt. If the drought persists or spreads in the 1987--1989 period, implementation of needed ag sector reforms will be increasingly difficult.

In addition, drought in Zambia requires increased budgetary outlays on the part of the GRZ and the donor community to counter its effects. Naturally and rightfully, the prevention of human suffering in such situations takes precedence over longer term developmental efforts. In addition to increased monetary resources, increased human resources are normally focussed on combating situations such as drought and insect infestations that directly affect the lives of the population. As trained manpower in Zambia is in short supply, especially in the GRZ technical offices and ministries, the effects are deleterious to development in the agricultural and other sectors.

### 3. USAID Strategy for Emergency Management

USAID's strategy for minimizing the nefarious effects of drought and other disaster/emergency situations is multifaceted and both short and long-term. The Zambia Agricultural Development: Research and Extension Project (ZAMARE) is helping to develop drought-resistant crops. Another of our ongoing projects is an agricultural planning and training project (Zambia Agricultural Training, Planning and Institutional Development) designed to develop base-line data that will give decision makers in the GRZ the agricultural data necessary for policy decision making. The outputs of both of these projects are of immediate and direct use for disaster-response decisions.

In addition, local currency counterpart funds have been and are currently being used to increase the capacity of the GRZ to assess and respond effectively to disaster situations. This resource has proven to be extremely useful, and provides a flexible and immediate response mechanism in such situations. USAID is currently working closely with the various offices in the GRZ to establish effective coordinating and implementing structures for drought relief this year. It is hoped that these efforts will have considerable long term benefits to the country and its development, when such management systems become institutionalized over time. Finally, the Mission will develop a Disaster Relief Plan which will guide Mission assessments of and responses to other more localized disaster situations that may occur in Zambia.

SMALL SCALE ENTERPRISE DEVELOPMENT PROJECT, 611-0209

A. PROJECT FUNDING

<u>FY 88</u>	<u>FY 89</u>	<u>Life of Project</u>
\$12.0 million	-0-	\$12.0 million

Appropriation Account: DA (DFA) Grant

B. PURPOSE

The purposes of this project are: (1) to provide balance of payments support to the productive sectors of Zambia, and (2) to provide support to the development of rural and agriculturally-based small scale enterprises. The latter purpose is in direct support of the Mission's goal of increasing small farmer incomes by encouraging increased economic activity in the rural areas.

C. BACKGROUND

The Government of the Republic of Zambia has long recognized the importance of diversifying the Zambian economy away from its major dependence on copper exports to much greater use of agricultural and labor resources, and providing more productive employment opportunities for its workers. This objective will require some policy and procedural changes to increase the profitability of labor-intensive, export-oriented industry and agricultural production. Several major steps have already been taken or are in process to bring about these changes. Progress on some of these changes has not been as was originally intended. However, the Government remains committed to a restructuring program. The increased emphasis on small scale enterprise development reflects the GRZ's priorities and strategy, and the USAID conclusion--based on a number of studies USAID/Zambia has completed--that off-farm employment is a necessary component of any strategy to increase rural incomes. This increased emphasis is highly complementary with the Mission's objectives to promote agricultural diversification since it will increase the local market for a diversified production pattern both by improving local processing capacity for production and increased income in the rural areas. Rural small scale enterprises will also be able to provide consumer products which act as incentive goods for increased production and marketing of crops, as well as necessary supporting inputs to the agricultural sector. Recent changes in the kwacha-dollar exchange rate (a significant revaluation of the kwacha) have reduced the profitability of exports, and hence will dampen the profit motive for export. Changes in licensing procedures for imports of raw materials have also been recently tightened. However, there are still significant potentials for exports, and imports of raw materials are still possible. Potential for expansion of SSEs in rural areas is still good.

D. PRELIMINARY PROJECT DESCRIPTION

The project is intended to address several problems and issues facing the Zambian economy. The principal problem to be addressed by the project is the need to expand employment and income-generating opportunities. The project will focus on rural small scale enterprises (SSEs), including those in small and medium sized towns as essentially "rural", and on those providing important support to the agricultural sector, through activities such as processing outputs, providing

essential inputs, providing financial and marketing services, training and technical assistance, as well as some essential infrastructure development. USAID also recognizes, however, that some policy-related and promotional activities must necessarily include all SSEs, urban as well as rural. The foreign exchange component will be divided as follows. \$3.0 million will be utilized to import essential commodities directly required by small scale industries, e.g., raw materials, tools and machinery, equipment and spare parts. \$3.0 million will be utilized to finance the foreign exchange component of the provision of technical assistance and training to SSEs and the financial institutions providing credit support, and to advise SIDO, VIS, the Import Export Bank, DBZ and others on the development of appropriate training and an effective rural strategy of services and support. Additionally, \$6.0 million will be utilized to directly assist in alleviating the balance of payments problems and supporting the GRZ restructuring effort by supplying foreign exchange to import essential commodities, e.g., petrol, fertilizer, and agricultural equipment and spare parts. The full life-of-project funding for the SSED Project is expected to be obligated during the first year of the project, i.e., FY 1988. However, if additional commodities need to be provided for the needs of small scale enterprises, these can be made available under the Commodity Import Program (611-0213) which will be initiated in FY 1989. The project will include covenants by the GRZ which relate covenants to selected policy reforms and procedures needed to improve the overall environment (legal, economic, regulatory, etc.) in which small scale industries must operate. The balance of payments support will enable USAID to enter the policy dialogue on matters concerning the rural small scale enterprise sector.

The local currency generations resulting from the dollar assistance will be programmed to support diversification production, exports and import substitution by small enterprises in the rural areas. Particular attention will be given to employment-generating activities and the role of women in SSE development. These funds could also support credit or a credit guarantee scheme. Funds could be programmed through various financial institutions, such as Zambia Cooperative Federation/Financial Services (ZCF/FS), the Import Export Bank, commercial banks, and the Zambia Agricultural Development Bank (ZADB). Also, non-financial institutions could include the African Development Foundation (ADF), Equator Foundation and possibly the International Executive Service Corps (IESC). Local currency could also be provided to SIDO and VIS to support their delivery of technical assistance to the SSE sector. (Studies would have to be undertaken to determine the exact role of SIDO and VIS in the delivery of needed technical assistance to SSEs). Finally, local currency could be used to support one or more PVO's for a variety of supportive activities in support of SSE development.

The proposed program would be in coordination with other donors. The International Labour Organization (ILO) and the ILO Southern African Team for Employment Promotion (SATED) have conducted studies on small industries in Zambia. UNDP plans to finance an ILO executed project for training and entrepreneurial establishment of school leavers and has also initiated the Improve your Business (IYB) courses in Zambia. NORAD recently allocated \$3.5 million to DBZ for lending to rural small industries over the next four years together with technical assistance. Irish aid is supporting a business studies course at a Lusaka

technical college and discussing with the Bank of Zambia the feasibility of establishing an export credit guarantee scheme. Finally, UNDP/UNIDO has provided assistance to small scale industry for sometime beginning with technical assistance to the Ministry of Commerce and Industry to establish the SIDO and VIS. UNDP is currently working with the Ministry to establish a small industries division which will assume responsibility for coordination of GRZ and donor efforts in this sector.

#### E. TARGET GROUP

The primary target groups of this activity are: (1) the existing and potential small entrepreneurs who will benefit because of the improved environment for SSEs; (2) the Zambian population as a whole which will benefit through the direct availability of \$9.0 million in support of commodity imports; and (3) the owners and operators of the SSEs who will benefit from the availability of counterpart funds for supportive activities, e.g., technical assistance or credit.

#### F. SPECIAL CONCERNS

The small scale industry sector which the project seeks to assist to develop has a high proportion both of women actively involved in various enterprises and also individuals who have not previously received public or private support for their activities. The project will be directly involved with this target group. It is premature to estimate the size of this target group; however, we believe it is perhaps more than 50 percent of this group.

The Mission anticipates PVOs and NGOs providing the main vehicle for USAID support to the small scale enterprise sector. As pointed out in a previous section, a number of PVOs are already involved and we want to take advantage of their experience as well as their management capability to assist the Mission in this important effort.

The recent May 1 policy changes by the GRZ lowered interest rates, making them well below real rates of interest. This situation will need to be carefully analyzed by the Project Design Team during Project Paper preparation, to ascertain how, if at all, credit might be extended under the project to SSEs.

#### G. DESIGN SCHEDULE

The Mission will begin developing the PID for this program in October 1987 with the assistance of REDSO/ESA and contract personnel, and will submit the PID to AID/W in November 1987. The PP will be prepared in January or February 1988 for an obligation in March 1988. USAID/Zambia does not request field approval authority for PID approval.

#### H. WORKFORCE IMPLICATIONS

This project will be managed by the Project Development Officer (PDO), possibly with the assistance of a PVO or NGO.

COMMODITY IMPORT PROGRAM, 611-0213

A. PROGRAM FUNDING

<u>FY 88</u>	<u>FY 89</u>	<u>Life of Program</u>
<u>-0-</u>	<u>\$14.0 million</u>	<u>\$14.0 million</u>

Appropriation Account: DA (DFA) (Grant)

B. PURPOSE

The purposes of this program are:

- (1) to provide balance of payments support to the productive sectors in Zambia and needed foreign exchange to targeted sectors which are essential to agricultural development, and
- (2) to provide scarce foreign exchange to specific private and public sector enterprises in order to finance the importation of selected commodities. Commodities will include items such as fertilizer raw materials (to support local production), petroleum, agricultural equipment and spares, and raw materials and equipment necessary to support the expansion and development of rural small scale enterprises. (It is important to note that this is a probable listing of items to be financed. The exact commodity mix will be determined during program design.)

C. BACKGROUND

The Government has for some time concentrated on development of the agricultural and rural sectors to shift away from its reliance on receipts from the copper mining industry. This effort has also been the objective of the Mission, since the late 1970's, with assistance to the GRZ through the financing of fertilizer, fertilizer raw materials, agricultural spare parts and petroleum feedstock for local refinement. The GRZ's diversification efforts, however, have been greatly constrained by foreign exchange shortages, and CIP assistance has been critical in helping to provide the timely supply of essential goods so that the recurrent problems of acute foreign exchange shortages would not hold up procurement and delivery.

Past CIPs were administratively allocated (at the prevailing exchange rate which over valued the kwacha) by the GRZ with USAID concurrence, to importers of targeted agricultural commodities. This process furthered GRZ and USAID agricultural development objectives by boosting stocks of critical inputs, and at the same time, provided an incentive for importers to participate in the program in order to bypass the vagaries of the normal GRZ forex allocation system. This incentive was sufficient to offset the extra cost of doing business with AID, like U.S. source/origin and U.S. flag shipping requirements. However, with the inception of the forex auction in October 1985 this incentive was lost. To bolster the auction, USAID decided to allocate the 1985 CIP and CIP-like AEPRP through the auction which: (1) set a market rate of exchange (thus making it impossible to sell relatively expensive U.S. products locally); and (2) provided a rational, fair mechanism to allocate forex, thus taking away the former CIP incentive of providing guaranteed access to forex in a very uncertain environment. As a result of the

auction, rational local business enterprises were not interested in strings-attached CIPs when they could bid for no-strings-attached forex just as easily and successfully. With the termination of the auction system in May 1987, a CIP is again an appropriate means of providing program assistance to Zambia.

CIPs in the past have been closely coordinated with the policy dialogue between AID and the GRZ. All past CIPs have contained covenants under which the GRZ agreed to accomplish specific measures in the area of agricultural policy reform. For example, the GRZ has tied reductions in subsidies of agricultural inputs and outputs, as well as measures to free-up the agricultural marketing systems, to their receipt of past CIP assistance. Although caution must be taken against overburdening the local economy with excessive conditionality to foreign aid at the present time, this mechanism could once again produce positive change in critical macro economic and agricultural sector policies if prudently applied. In addition, generation of local currency has also been closely tied to the USAID/GRZ objective of increasing agricultural production through either attribution to selected activities in the agricultural development budget or through joint USAID/GRZ programming into agricultural activities.

#### D. PRELIMINARY PROGRAM DESCRIPTION

The new CIP is intended to address several major problem areas in the Zambian development effort. The aspect of the CIP which channels funds into a particular area will be particularly suited to the probable post-foreign exchange auction economic scenario. The GRZ replacement of an auction-determined, realistic exchange rate with a fixed, over-valued exchange rate will result in a return to the pre-auction economic environment where a CIP is the most appropriate targeting mechanism for providing Zambia with much-needed balance of payments support. In addition, a continuing (and probably worsening) foreign exchange shortage and the return to administrative allocation of foreign exchange can be expected to create a major constraint for the development of the private, agricultural sector. In this environment, AID objectives of encouraging agricultural production and rural small scale enterprise development will be significantly furthered as in the past by setting aside guaranteed funds for those firms dealing in selected commodities such as agricultural equipment and spare parts, fertilizer, and small scale food processing equipment.

On the balance of payments issue, the Zambian economy will be in need of a quick infusion of foreign exchange due to the massive balance of payments deficits caused by drastically reduced export earnings from copper and its current heavy reliance on imported goods for consumption and inputs into its assembly-oriented manufacturing industries. In addressing this issue, a CIP is a proven mechanism in Zambia to disburse forex quickly into the economy. Thus, in addition to targeting funds into areas which will produce desired production impact, the program will provide quick financial assistance to the local economy during a very difficult period.

A third major area of positive impact will be local currency generations. As in the past these funds could be programmed jointly by USAID and the GRZ into strategic agricultural development projects and small scale enterprise development to increase food production (for local consumption and export), to increase employment and incomes, and to stem the influx of the rural population into urban areas.

The CIP could incorporate covenants to encourage the GRZ to implement needed agricultural measures. This side of the program, as in the past, would be closely coordinated with PL 480 self-help measures and the Mission's overall strategy.

E. TARGET GROUP

The primary target groups for this program are:

- (1) the traditional farmers who will utilize NCZ fertilizer to produce the bulk of staple foods;
- (2) small scale rural entrepreneurs who will utilize small scale food processing equipment and other equipment and materials for small scale enterprises; and
- (3) the emergent and commercial farmers who will utilize most agricultural equipment and spares, and a portion of the fertilizer manufactured by the parastatal Nitrogen Chemicals of Zambia;
- (4) the whole spectrum of agricultural, industrial, commercial and individual consumers who require petroleum (if this commodity is financed by the CIP for refinement locally by the parastatal ZIMOIL).

F. SPECIAL CONCERNS

This CIP is consistent with Agency and Mission policy and involves no sensitive subjects like human rights or population. It has also been determined that similar past programs had no significant negative effects on the environment. Further, private sector development will be promoted and women will be heavily involved as they comprise a major segment of the small farmer community and those involved in small scale enterprises in the rural areas.

G. DESIGN SCHEDULE

The PAIP for the CIP will be developed and submitted to AID/W in the fourth quarter of FY 1988. The PAAD will be developed late in the fourth quarter of FY 1988 or early in the first quarter of FY 1989. Obligation of funds will be in the first quarter of FY 1989. Design assistance will be needed from REDSO/ESA. USAID/Zambia does not request field approval authority for PAIP approval.

H. PERSONNEL IMPLICATIONS

The Mission already has assigned a Commodity Management Officer to monitor the program.

AID PROGRAM IN FY 1989  
ANNUAL BUDGET SUBMISSION  
TABLE V - PROPOSED PROGRAM RANKING

611 - ZAMBIA

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	APPROP	PROGRAM FUNDING (\$000)	
						INCR	CUM
1	0207	AGRICULTURAL TRAINING, PLANNING AND INSTITUTIONAL DEVELOPMENT II	0	G	DF	2,000	2,000
2	0206	HUMAN AND INSTITUTIONAL RESOURCES DEVELOPMENT	0	G	DF	2,000	4,000
3	0210	COMMODITY IMPORT PROGRAM	N	G	DF	14,000	18,000
4	PL02	PL 480 TITLE II, SECT. 206 - ZAMBIA	--	G	P2	(6,000)	18,000
5	PL01	PL 480 TITLE I - ZAMBIA	--	L	P1	<u>(4,000)</u>	18,000
		TOTAL				18,000	

FY 1989 ANNUAL BUDGET SUBMISSION  
LOCAL CURRENCY USE PLAN

1. Background

Local currency counterpart funds are generated under each of the USAID/Zambia program activities. However, procedures for managing these resources have evolved significantly over time. The first counterpart funds to be deposited in special accounts and programmed jointly by USAID and the GRZ were generated under PL 480 Title II agreements in the late 1970's and early 1980's. These were deposited (in commercial banks) by and programmed for the benefit of the Title II implementing agency in Zambia--the National Agricultural Marketing Board (NAMBOARD).

In 1983, the GRZ decided that in the future all counterpart funds special accounts would be in the Bank of Zambia (i.e., no longer in commercial banks) and opened in the name of the Ministry of Finance. The "modern era" of local currency management insofar as USAID is concerned dates from that time. The first counterpart funds to be handled through the BOZ/MOF management system were generated under Title II monetization programs implemented in 1983 and 1984.

Prior to 1984, local currency generated under loan agreements was attributed to the productive sectors of the GRZ budget. Prior to 1986, this was likewise the case for PL 480 Title I generations. In 1985, USAID and the GRZ jointly developed new procedures for managing counterpart funds, which have improved accountability and resulted in more effective use of the resources. From 1986 onwards, local currency generated under Title I (and any other PL 480) agreements is to be deposited into and programmed from special accounts in the BOZ.

The following is a description of USAID/Zambia's local currency program detailing sources/origins of counterpart funds, management and accounting procedures, programming and strategy.

2. Generations and Deposits

A total of K 19,645,187 was generated and deposited under the 1983 and 1984 PL 480 Title II programs. The first ESF-generated local currency to be deposited into the counterpart funds account was from the 1984 CIP program (611-K-601): K32,876,068. 1985 CIP program (611-K-602) generations and deposits amounted to K86,193,604. Generations and deposits from the first ZAMCAM (611-K-747) disbursement (the only disbursement to date) amounted to K81,916,248. ZAPS (611-K-757) generations and deposits amounted to K354,095,000. (This total reflects all dollar disbursements to date under the original ZAPs grant and the two amendments.) Local currency amounting to approximately K66 million from the 1986 PL 480 Title I program will be deposited later in this fiscal year. As such, a total of in excess of K640 million (at the current rate of exchange of K8 = \$1, \$80 million) has been generated to date under all of the various programs under which dollar disbursements have been made. A total of K547,726,107.70 have been deposited to date; the remaining amount due is the approximately K66 million from the 1986 Title I program to be deposited by the end of FY 1987.

3. Past, Present and Future Programming and Strategy

A total of K109,408,211 has been disbursed for various developmental projects/activities. In general, the local currency has been used for the following types of activities: small scale seasonal farm credit, fertilizer imports, support

to the technical branches of the Ministry of Agriculture for research and extension, storage facilities and drought relief. All counterpart funds are programmed in accordance with procedures negotiated between USAID and the GRZ, and in support of USAID's strategy, which has focussed recently on implementation of policy reform measures in the agricultural sector. Due to the large amount of local currency under the (partial) control of USAID/Zambia, and as it is our assessment that such can be done to effectively support our strategy, we have used in the past, and expect to make further future use of, the attribution mechanism. However, any attributions of local currency will be closely tied to and contingent on appropriate GRZ fiscal policy decisions, or other commitments supportive of our strategy and objectives. For example, we are currently exploring with the GRZ the possibility of a sizable attribution of funds for a revolving irrigation loan fund. Although we are not doing any dollar-funded irrigation activities, attribution of counterpart for this activity is very much consonant with our strategy of increased agricultural production and small farmer income.

Specific interventions planned for the remainder of FY 1987 include drought relief emergency operations (purchase and transport of relief food, and provision of potable water); possible funds for small ponds for irrigation and drinking water; funds required for the GRZ emergency operations office to ensure effective coordination of drought relief activities; continued support to the Ministry of Agriculture for research, extension and production (IRDP) activities; funding for seasonal and medium term agricultural credit and the upcoming comprehensive nationwide census. In 1988, we anticipate channeling (an as yet undetermined amount) counterpart funds for small-scale enterprise development, primarily in rural areas.

In 1988 and 1989 we anticipate that increased amounts of counterpart funds will be attributed to the productive sectors of the GRZ development budget, in ways that directly support our strategy, promote GRZ fiscal responsibility, and facilitate implementation of policy reform in the agricultural sector. In addition, we will continue programming local currency for discrete projects and activities consonant with our strategy and objectives.

The counterpart funds currently available (even if no additional funds are generated for the next few years) constitute a valuable and useful resource for the GRZ and USAID. Carry over into and expected generations in FY 1987 (K0.534 billion) total \$66.75 million at current rates of exchange (the majority of these funds have just recently been generated by the auction support program, ZAPS). K534 million represents roughly 7 percent of the total estimated 1987 GRZ budget expenditures. Viewed from another perspective, it amounts to approximately 140% of the total budget of the Ministry of Agriculture and Water Development. It should be noted, however, that the GRZ considers -- and correctly so -- that counterpart funds belong to them, and not to donors (in this case, USAID); our role with counterpart funds is in the joint programming of those funds. Our influence with the GRZ in utilizing these funds is thus moderated from what it would be if we owned those funds. Our role is somewhat enhanced if we are programming for items not already in the GRZ budget; if we are budgeting for an activity in the budget (and thus already funded from one source or another) our influence is very limited. Significant developmental impact can be obtained from the counterpart funds currently available, provided that these are carefully programmed and/or attributed. USAID will devote increased staff time and resources to this end over the 1987--1989 period.

#### 4. Local Currency Management

The procedures currently in use by USAID and the GRZ have proven to be basically effective for the purposes of tracking, accounting for and monitoring local currency generations and activities. The main problem encountered to date is that the GRZ management structure for accounting for and reporting on the funds generated is insufficient. We will propose assistance through a local accounting firm to improve performance in this area. We plan to devote additional USAID staff time to monitoring of local currency activities. Insofar as programming is concerned, we will continue to eschew advance programming, and program the funds in an integrated manner consonant with our strategy, and congruent with absorptive capacity. We plan to conduct the background analyses necessary (in the context of the design of the planned Small Scale Enterprise Development Project design) for increased use of local currency (from all sources) by the private sector.

#### 5. Tables

The attached tables detail (1) expected generations of local currency, and (2) projected expenditures. The first table details kwacha (and dollar equivalents at the rate of K8.0 = US\$ 1.00) amounts carried into each fiscal year. For FY 87, the carry-in is already on deposit. Generations in FY 87 represent local currency from loans or grants already disbursed, most of which (kwacha) has already been deposited into the special accounts. As can be seen from the first table, amounts generated under the Title I programs appear as deposits in the year following the signature of the agreement(s). This is due to the payment schedule negotiated with the GRZ and the importers. For FY 1988, USAID is assuming that \$15.0 million in Development Fund for Africa (DFA) funding and \$10.0 million in PL 480 funding (Title I and Section 206 of Title II) will be provided to the GRZ. Of the \$15.0 million in DFA, USAID anticipates providing \$9.0 million as program assistance, of which \$3.0 million will be disbursed in FY 1988. Another \$6.0 million in ZAMCAM funds are also projected to be disbursed in FY 1988. As such, FY 1988 program assistance totalling \$19.0 million will generate local currency at the rate of (presumably) K8:\$1. For FY 1989, USAID is projecting that approximately \$18.0 million of DFA assistance will be provided with \$14.0 million as program aid. Along with disbursements from the prior year program funds under SSED, plus ZAMCAM and PL 480 disbursements, a total of \$29.0 million will generate counterpart funds at the rate of (presumably) K8:\$1.

FY 1989 ANNUAL BUDGET SUBMISSION

COUNTERPART FUNDS GENERATIONS/EXPENDITURES ANALYSIS: FY 87--FY 89

<u>Designation</u>	<u>Amount (kwacha 000's)</u>	<u>Amount (US\$ 000's)</u>
<u>FY 1987</u>		
1. Brought forward 10/1/86	153,000	19,125
2. FY 87 generations		
a) ESF (ZAMCAM, ZAPS, CIP)	315,000	39,375
b) 86 TITLE I	66,000	8,250
Subtotal	<u>381,000</u>	<u>47,625</u>
3. Loan repayment*	30,000	3,750
4. Projected expenditures	250,000	31,250
5. Carry-over 9/30/87	314,000	39,250
<u>FY 1988</u>		
1. Brought forward 10/1/87	314,000	39,250
2. FY 88 generations		
a) ESF (ZAMCAM)	48,000	6,000
b) DA/DFA (SSED)	24,000	3,000
c) 87 TITLE I	80,000	10,000
Subtotal	<u>152,000</u>	<u>19,000</u>
3. Projected expenditures	250,000	31,250
4. Carry-over 9/30/88	216,000	27,000
<u>FY 1989</u>		
1. Brought forward 10/1/88	216,000	27,000
2. FY 89 generations		
a) ESF (ZAMCAM)	48,000	6,000
b) DA/DFA (SSED, CIP)	108,000	13,000
c) 88 PL 480	80,000	10,000
Subtotal	<u>236,000</u>	<u>29,000</u>
3. Projected expenditures	310,000	38,750
4. Carry over 9/30/89	142,000	17,250
5. Available in FY 90	142,000	17,250

N.B. This format does not follow the Africa Bureau guidance. Per Lusaka 01958, USAID/Zambia had difficulties with that format. However, this table provides all the information requested.

\*Repayment of a counterpart loan by USAID to National Agricultural Marketing Board (NAMBOARD).

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VI-EXPENDITURE OF LOCAL CURRENCY GENERATIONS  
 (ALL IN U.S. DOLLAR EQUIVALENTS, AND IN \$ THOUSANDS)

<u>Source/Purpose</u>	<u>FY 86 ACTUAL</u>	<u>FY 87 ESTIMATE</u>	<u>FY 88 PLANNED</u>	<u>FY 89 PROPOSED</u>
I. ECONOMIC SUPPORT FUND				
A. Public Development Activities				
1. Improved seeds	0	0	1,250	0
2. Fertilizer loan	3,750	0	0	0
3. Housing for contractors	18	0	0	0
4. Ag marketing storage	0	3,750	0	0
B. Private Sector Programs				
1. Small Scale Farm credit	6,563	0	1,250	1,250
2. Loans to informal businesses	0	2,500	0	0
3. Agricultural credit	0	0	3,125	4,375
4. SSE training			500	3,150
C. Public Sector Recurrent Budget				
1. Agricultural research	35	1,250	0	0
2. Agricultural extension	35	1,250	2,500	0
3. Central Statistics Office	0	1,125	1,125	0
4. Road maintenance	0	2,625	3,250	0
5. GRZ budgetary support	0	14,168	7,059	0
D. Famine Relief	0	4,250	0	0
E. AID Operating Expenses	400	332	441	0
SUBTOTAL ESF	10,801	31,250	20,500	8,775

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VI EXPENDITURE OF LOCAL CURRENCY GENERATIONS  
 (ALL IN U.S. DOLLAR EQUIVALENTS, AND IN \$ THOUSANDS)

<u>Source/Purpose</u>	<u>FY 86 ACTUAL</u>	<u>FY 87 ESTIMATE</u>	<u>FY 88 PLANNED</u>	<u>FY 89 PROPOSED</u>
<b>II. DEVELOPMENT ASSISTANCE (INCLUDES DFA)</b>				
<b>A. Public Development Activities</b>				
1. Improved seeds	0	0	0	1,250
2. Fertilizer loan	0	0	0	0
3. Housing for contractors	0	0	0	0
4. Ag marketing storage	0	0	0	0
<b>B. Private Sector Programs</b>				
1. Small Scale Farm Credit	0	0	0	0
2. Loans to informal businesses	0	0	0	0
3. Agricultural credit	0	0	0	0
4. SSE training	0	0	2,500	0
<b>C. Public Sector Recurrent Budget</b>				
1. Agricultural research	0	0	0	0
2. Agricultural extension	0	0	0	2,875
3. Central Statistics Office	0	0	0	2,250
4. Road maintenance	0	0	0	2,737
5. GRZ budgetary support	0	0	0	0
<b>D. Famine Relief</b>	0	0	0	0
<b>E. AID Operating Expenses</b>	0	0	0	613
<b>SUBTOTAL DA</b>	0	0	2,500	9,725

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VI EXPENDITURE OF LOCAL CURRENCY GENERATIONS  
 (ALL IN U.S. DOLLAR EQUIVALENTS, AND IN \$ THOUSANDS)

Source/Purpose	FY 86 ACTUAL	FY 87 ESTIMATE	FY 88 PLANNED	FY 89 PROPOSED
III. PL 480				
A. Public Development Activities				
1. Housing for contractors	62	0	0	0
2. Ag marketing storage	0	0	2,500	4,375
B. Private Sector Programs				
1. Loans to informal businesses	0	0	3,125	3,125
3. Cooperative storage	0	0	0	5,000
C. Public Sector Recurrent Budget				
1. Agricultural research	535	0	0	0
2. Agricultural extension	535	0	0	0
D. Famine Relief	0	0	2,625	7,750
SUBTOTAL PL 480	1,132	0	8,250	20,250
IV. TOTAL ESF, DA, AND PL 480	11,933	31,250	31,250	38,750

TABLE VII - LIST OF PLANNED EVALUATIONS  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 COUNTRY OFFICE: USAID/ZAMBIA

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1988				FY 1989		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)				
611-0206 Human and Institutional Resources Dev. (HIRD)	1/87	3	4	1	2	PACD: 9/30/90. Project purpose is to assist GRZ in developing its technical, administrative and managerial human and institutional resources to facilitate the implementation of the economic restructuring process. The internal evaluation (FY 88) will assess the implementation and execution of the project. It will also assess the organization and content of the various project inputs as well as the performance of the U.S. contractors, USAID/Zambia and the GRZ in meeting project commitments. The external evaluation (FY 89) will review the long-term training component and assess the results of other project activities. The evaluation will determine whether to extend the PACD or terminate the project. The effectiveness of the various kinds of activities used to achieve project objectives will be a topic in both the internal and external evaluations.	PM&R \$20, REDSO, Mission, AID/W OE	60	GRZ; REDSO/ESA PDO; Technical Asst (45 person days)		

TABLE VII - LIST OF PLANNED EVALUATIONS  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 COUNTRY OFFICE: USAID/ZAMBIA

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1988		FY 1989		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start To (Qtr)	AID/W (Qtr)	Start To (Qtr)	AID/W (Qtr)				
611-0207 Zambia Agricultural Training, Planning and Institutional Development II Project	--	--	--	2	2	PACD: 12/31/94. The ZATPID II Project is scheduled to start 7/1/87 with the purpose of strengthening the capacity of the GRZ to conduct economic analyses and to plan for agricultural development. By the second quarter of FY 89, the project will have been operating for 18 months. Given the fluid status of agricultural policy in Zambia, the evaluation will assess the extent to which the project has achieved its objectives in the policy environment existing from 1987-1989. It will be appropriate to review the performance towards the intended outputs and to evaluate individual team members performance before it is time to renew contracts. An evaluation will be needed to make an independent assessment.	Mission OE, REDSO OE, AID/W OE	30	REDSO/ESA Project Dev. Off

TABLE VII - LIST OF PLANNED EVALUATIONS  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 COUNTRY OFFICE: USAID/ZAMBIA

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1988		FY 1989		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)				
611-0747 Zambia Multi-Channel Agricultural Marketing Program	--	2	2	--	--	PACD: 9/27/88. The program will provide \$25 million in support of the GRZ measures to liberalize marketing of maize and fertilizer. The first tranche of \$7 million has been released but \$18 million remain. On May 1, 1987 the GRZ initiated a economic policy for restructuring and the new policies may not be conducive to further releases of ZAMCAM funds as originally designed. An evaluation will be necessary to review the progress and to assess the probability of future success of this AFRP program.	Mission OE, 30 REDSO OE, AID/W OE		REDSO/ESA Project Dev. Off; AID/W Economist

TABLE VII - LIST OF PLANNED EVALUATIONS  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 COUNTRY OFFICE: USAID/ZAMBIA

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1988		FY 1989		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
690-0209.02 Regional Transport and Storage Development, Phase II (Kafue-Chirunda Road)	--	1	1	--	--	PACD: 6/30/89. The project includes \$13.1 million to reseal and reconstruct 52 non-continuous kilometers of trunk road between Kafue and Chirundu. The objective is to facilitate the exchange of food, commercial and consumer goods between Zambia and Zimbabwe, and with other countries both within and outside the region. Although the PACD is 6/30/89, rehabilitation work is scheduled to be completed by 11/88. Although premature to measure the project goal the evaluation will be conducted at an early stage of construction (by the second contractor) to pinpoint and correct any implementation problems.	REDSO/ESA, SARP, Mission OE	10 20 10	REDSO Eval. Officer, SARP REO and Transport Economist
690-0209.02 Regional Transport and Storage Development, Phase II (Kafue-Chirunda Road)	--	--	--	3	3	A final project evaluation will be conducted upon completion of construction and will assess and provide recommendations on whether the road work by Lendor and Burton was carried out according to specification and in a timely manner, adequacy of the rehabilitation design performance of the construction contractor, supervisory consultants, GRZ and USAID/Zambia GRZ maintenance plans, and preliminary socio-economic impact analysis.	REDSO/ESA, SARP, Mission OE	10 20 10	REDSO Eval. Officer, SARP REO and Transport Economist

TABLE VII - LIST OF PLANNED EVALUATIONS  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 COUNTRY OFFICE: USAID/ZAMBIA

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1988		FY 1989		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
690-0231 Regional Transport Development (Zambia Railways)	--	1	1	--	--	PACD: 6/20/89. To assess Zambia Railways performance over a period of several months (by initiating the evaluation and informally assessing ZR receiving and inventory methods during 2 or 3 monthly visits to Zambia by REO prior to commencement of locomotive rehabilitation) and starting o/a 12/87, carrying out a technical evaluation of utilization of spare parts in the ZR workshop. This exercise will provide critical input to the receipt and utilization of spare parts in the proposed AID follow-on procurement project (spares to begin arriving in Zambia o/a 9/88). N.B. the PACD will be extended from 9/30/88 to accommodate a second procurement.	PM&R \$13 SARP, Mission OE	24	SARP Reg. Engineer (REO)
690-0231 Regional Transport Development (Zambia Railways)	--	--	--	3	3	PACD: 6/30/89. To jointly assess with World Bank the extent to which locomotive and wagon availability have increased as a result of the project. The evaluation will also conduct a trend analysis of traffic data to establish that the project's purpose of increased rail haulage has been achieved.	PM&R \$15 SARP, Mission OF, REISO	30	SARP Reg. Engineer, REISO Project Dev. Officer (10 days)

ORGANIZATION: USAID/Zambia (\$000)  
 BUDGET PLAN CODE: CES7-87-21611-U000 185.0  
 COEA-87-21611-U000 1060.0  
 F194-87-21611-U000 331.7

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VIII - FY 1987  
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>	<u>UNIT COST</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>	<u>890.0</u>	<u>---</u>	<u>890.0</u>		
U.S. FULL-TIME BASIC PAY	U101	509.6	---	509.6	8.9	57.3
U.S. PART-TIME BASIC PAY	U102	---	---	---	---	---
DIFFERENTIAL PAY	U103	76.4	---	76.4	XXXXX	XXXX
OTHER AID/W FUNDED CODE 11	U104	11.6	---	11.6	XXXXX	XXXX
OTHER MISSION FUNDED CODE 11	U105	---	---	---	XXXXX	XXXX
EDUCATION ALLOWANCES	U106	70.7	---	70.7	5.0	14.2
RETIREMENT	U107	35.7	---	35.7	XXXXX	XXXX
COST OF LIVING ALLOWANCES	U108	---	---	---	XXXXX	XXXX
OTHER AID/W FUNDED CODE 12	U109	---	---	---	XXXXX	XXXX
OTHER MISSION FUNDED CODE 12	U110	---	---	---	XXXXX	XXXX
POST ASSIGNMENT - TRAVEL	U111	19.0	---	19.0	5.0	3.8
POST ASSIGNMENT - FREIGHT	U112	78.0	---	78.0	5.0	15.6
HOME LEAVE - TRAVEL	U113	7.0	---	7.0	1.0	7.0
HOME LEAVE - FREIGHT	U114	12.0	---	12.0	1.0	12.0
EDUCATION TRAVEL	U115	26.5	---	26.5	4.0	6.6
R AND R TRAVEL	U116	22.5	---	22.5	9.0	2.5
OTHER CODE 215 TRAVEL	U117	21.0	---	21.0	14.0	1.5
<u>FOREIGN NATIONAL DIRECT HIRE</u>	<u>U200</u>	<u>1.8</u>	<u>16.7</u>	<u>18.5</u>		
BASIC PAY	U201	1.8	14.6	16.4	5.3	3.1
OVERTIME, HOLIDAY PAY	U202	---	1.6	1.6	1.0	1.6
ALL OTHER CODE 11 - FN	U203	---	---	---	XXXXX	XXXX
ALL OTHER CODE 12 - FN	U204	---	0.5	0.5	XXXXX	XXXX
BENEFITS FORMER FN PERSONNEL	U205	---	---	---	XXXXX	XXXX
<u>CONTRACT PERSONNEL</u>	<u>U300</u>	<u>191.6</u>	<u>39.4</u>	<u>231.0</u>		
PASA TECHNICIANS	U301	---	---	---	---	---
U.S. PSC - SALARY/BENEFITS	U302	83.5	---	83.5	2.5	33.4
ALL OTHER U.S. PSC COSTS	U303	23.4	---	23.4	XXXXX	XXXX
F.N. PSC - SALARY/BENEFITS	U304	57.7	39.4	97.1	24.0	4.1
ALL OTHER F.N. PSC COSTS	U305	15.0	---	15.0	XXXXX	XXXX
MANPOWER CONTRACTS	U306	12.0	---	12.0	7.5	1.6
<u>HOUSING</u>	<u>U400</u>	<u>180.4</u>	<u>57.1</u>	<u>237.5</u>		
RESIDENTIAL RENT	U401	127.0	12.3	139.3	8.0	17.4
RESIDENTIAL UTILITIES	U402	---	14.6	14.6	XXXXX	XXXX
MAINTENANCE AND RENOVATION	U403	13.0	6.2	19.2	XXXXX	XXXX
QUARTERS ALLOWANCES	U404	---	---	---	---	---
RESIDENTIAL FURNITURE/EQUIP.	U405	33.9	---	33.9	XXXXX	XXXX
TRANS./FREIGHT - CODE 311	U406	5.0	6.5	11.5	XXXXX	XXXX
SECURITY GUARD SERVICES	U407	---	17.5	17.5	11.0	1.6
OFFICIAL RESIDENCE ALLOWANCES	U408	0.5	---	0.5	XXXXX	XXXX
REPRESENTATION ALLOWANCES	U409	1.0	---	1.0	XXXXX	XXXX

ORGANIZATION: USAID/Zambia (\$000)  
 BUDGET PLAN CODE: CES7-87-21611-U000 185.0  
COEA-87-21611-U000 1060.0  
F194-87-21611-U000 331.7

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VIII - FY 1987 (continued)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>	<u>UNIT COST</u>
<u>OFFICE OPERATIONS</u>	<u>U500</u>	<u>353.1</u>	<u>218.5</u>	<u>571.6</u>		
OFFICE RENT	U501	39.0	6.7	45.7	XXXXX	XXXX
OFFICE UTILITIES	U502	---	2.0	2.0	XXXXX	XXXX
BUILDING MAINT/RENOVATION	U503	10.0	11.3	21.3	XXXXX	XXXX
OFFICE FURNITURE/EQUIPMENT	U504	10.0	---	10.0	XXXXX	XXXX
VEHICLES	U505	84.4	---	84.4	XXXXX	XXXX
OTHER EQUIPMENT	U506	20.0	---	20.0	XXXXX	XXXX
TRANSPORTATION/FREIGHT	U507	5.0	5.0	10.0	XXXXX	XXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	13.0	9.6	22.6	XXXXX	XXXX
COMMUNICATIONS	U509	---	72.0	72.0	XXXXX	XXXX
SECURITY GUARD SERVICES	U510	---	6.7	6.7	4.0	1.7
PRINTING	U511	---	5.0	5.0	XXXXX	XXXX
SITE VISITS-MISSION PERSONNEL	U513	2.7	2.1	4.8	11.0	0.4
SITE VISITS-AID/W PERSONNEL	U514	15.0	---	15.0	3.0	5.0
INFORMATION MEETINGS	U515	4.2	2.0	6.2	5.0	1.2
TRAINING ATTENDANCE	U516	15.7	1.0	16.7	7.0	2.4
CONFERENCE ATTENDANCE	U517	12.8	1.0	13.8	7.0	2.0
OTHER OPERATIONAL TRAVEL	U518	36.3	1.0	37.3	20.0	1.9
SUPPLIES AND MATERIALS	U519	15.0	38.8	53.8	XXXXX	XXXX
FAAS	U520	---	25.0	25.0	XXXXX	XXXX
CONSULTING SVCS - CONTRACTS	U521	---	---	---	XXXXX	XXXX
MGT./PROF.SVCS. - CONTRACTS	U522	60.0	---	60.0	XXXXX	XXXX
SPEC. STUDIES/ANALYSES	U523	---	---	---	XXXXX	XXXX
ALL OTHER CODE 25	U524	<u>10.0</u>	<u>29.3</u>	<u>39.3</u>	XXXXX	XXXX
TOTAL OE BUDGET		1616.9	331.7	1948.6	XXXXX	XXXX
RECONCILIATION		556.9	---	556.9	XXXXX	XXXX
OPERATING BUDGET REQUIREMENTS		<u>1060.0</u>	<u>331.7</u>	<u>1391.7</u>	XXXXX	XXXX
636C REQUIREMENTS	<u>U600</u>	---	---	---	XXXXX	XXXX
TOTAL ALLOWANCE REQUIREMENTS	<u>U000</u>	<u>1060.0</u>	<u>331.7</u>	<u>1391.7</u>	XXXXX	XXXX

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES: NONE  
 EXCHANGE RATE USED: \$1.00 = ZK9.00\*

	<u>Foreign Exchange</u>	<u>Local Currency</u>
Estimated Wage Increase FY 1986 to FY 1987	4%	35%
Estimated Price Increase - FY 1986 to FY 1987	15%	35%

\*\$1.00=ZK9.00 has been the average dollar/kwacha exchange rate during FY 1987 and has been used in the budget tables for all three years. The official rate, however, is currently set at \$1.00=ZK8.00.

ORGANIZATION: USAID/Zambia (\$000)  
 BUDGET PLAN CODE: COEA-88-21611-U000 1233.3  
 F194-88-21611-U000 441.3

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VIII - FY 1988  
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>	<u>UNIT COST</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>	<u>1014.5</u>	<u>0.0</u>	<u>1014.5</u>		
U.S. FULL-TIME BASIC PAY	U101	479.1	---	479.1	9.0	53.2
U.S. PART-TIME BASIC PAY	U102	---	---	---	---	---
DIFFERENTIAL PAY	U103	71.9	---	71.9	XXXXX	XXXX
OTHER AID/W FUNDED CODE 11	U104	9.2	---	9.2	XXXXX	XXXX
OTHER MISSION FUNDED CODE 11	U105	---	---	---	XXXXX	XXXX
EDUCATION ALLOWANCES	U106	115.9	---	115.9	8.0	14.5
RETIREMENT - U.S. DIRECT HIRE	U107	33.5	---	33.5	XXXXX	XXXX
COST OF LIVING ALLOWANCES	U108	---	---	---	XXXXX	XXXX
OTHER AID/W FUNDED CODE 12	U109	---	---	---	XXXXX	XXXX
OTHER MISSION FUNDED CODE 12	U110	---	---	---	XXXXX	XXXX
POST ASSIGNMENT - TRAVEL	U111	31.0	---	31.0	4.0	7.8
POST ASSIGNMENT - FREIGHT	U112	92.0	---	92.0	4.0	23.0
HOME LEAVE - TRAVEL	U113	36.6	---	36.6	3.0	12.2
HOME LEAVE - FREIGHT	U114	35.6	---	35.6	3.0	11.9
EDUCATION TRAVEL	U115	35.0	---	35.0	4.0	8.9
R AND R TRAVEL	U116	28.8	---	28.8	10.0	2.9
OTHER CODE 215 TRAVEL	U117	45.9	---	45.9	27.0	1.7
<u>FOREIGN NATIONAL DIRECT HIRE</u>	<u>U200</u>	<u>---</u>	<u>28.3</u>	<u>28.3</u>		
F.N. BASIC PAY	U201	---	25.3	25.3	6.0	4.2
OVERTIME, HOLIDAY PAY	U202	---	2.5	2.5	1.0	2.5
ALL OTHER CODE 11 - FN	U203	---	---	---	XXXXX	XXXX
ALL OTHER CODE 12 - FN	U204	---	0.5	0.5	XXXXX	XXXX
BENEFITS FORMER FN PERSONNEL	U205	---	---	---	XXXXX	XXXX
<u>CONTRACT PERSONNEL</u>	<u>U300</u>	<u>174.0</u>	<u>55.0</u>	<u>229.0</u>		
PASA TECHNICIANS	U301	---	---	---	---	---
U.S. PSC - SALARY/BENEFITS	U302	89.9	---	89.9	2.5	36.0
ALL OTHER U.S. PSC COSTS	U303	11.6	---	11.6	XXXXX	XXXX
F.N. PSC - SALARY/BENEFITS	U304	66.5	55.0	121.5	24.0	5.1
ALL OTHER F.N. PSC COSTS	U305	6.0	---	6.0	XXXXX	XXXX
MANPOWER CONTRACTS	U306	---	---	---	---	---
<u>HOUSING</u>	<u>U400</u>	<u>193.5</u>	<u>69.2</u>	<u>262.7</u>		
RESIDENTIAL RENT	U401	115.0	12.8	127.8	7.0	18.2
RESIDENTIAL UTILITIES	U402	---	12.4	12.4	XXXXX	XXXX
MAINTENANCE AND RENOVATION	U403	15.0	8.4	23.4	XXXXX	XXXX
QUARTERS ALLOWANCES	U404	---	---	---	---	---
RESIDENTIAL FURNITURE/EQUIP.	U405	51.5	4.8	56.3	XXXXX	XXXX
TRANS./FREIGHT - CODE 311	U406	10.5	7.2	17.7	XXXXX	XXXX
SECURITY GUARD SERVICES	U407	---	23.6	23.6	11.0	2.2
OFFICIAL RESIDENCE ALLOWANCES	U408	0.5	---	0.5	XXXXX	XXXX
REPRESENTATION ALLOWANCES	U409	1.0	---	1.0	XXXXX	XXXX

ORGANIZATION: USAID/Zambia (\$000)  
 BUDGET PLAN CODE: COEA-88-21611-U000 1233.3  
F194-88-21611-U000 441.3

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VIII - FY 1988  
 (continued)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>	<u>UNIT COST</u>
<u>OFFICE OPERATIONS</u>	<u>U500</u>	<u>373.1</u>	<u>288.8</u>	<u>661.9</u>		
OFFICE RENT	U501	63.6	---	63.6	XXXXX	XXXX
OFFICE UTILITIES	U502	---	2.7	2.7	XXXXX	XXXX
BUILDING MAINT/RENOVATION	U503	11.5	15.3	26.8	XXXXX	XXXX
OFFICE FURNITURE/EQUIPMENT	U504	58.2	13.7	71.9	XXXXX	XXXX
VEHICLES	U505	---	---	---	XXXXX	XXXX
OTHER EQUIPMENT	U506	10.0	---	10.0	XXXXX	XXXX
TRANSPORTATION/FREIGHT	U507	10.0	3.0	13.0	XXXXX	XXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	15.0	7.2	22.2	XXXXX	XXXX
COMMUNICATIONS	U509	---	97.2	97.2	XXXXX	XXXX
SECURITY GUARD SERVICES	U510	---	9.1	9.1	4.0	2.3
PRINTING	U511	---	6.8	6.8	XXXXX	XXXX
SITE VISITS-MISSION	U513	6.5	3.4	9.9	20.0	0.5
SITE VISITS-AID/W	U514	34.5	---	34.5	7.0	4.9
INFORMATION MEETINGS	U515	7.8	2.5	10.3	13.0	0.8
TRAINING ATTENDANCE	U516	20.7	---	20.7	10.0	2.1
CONFERENCE ATTENDANCE	U517	27.7	1.0	28.7	8.0	3.6
OTHER OPERATIONAL TRAVEL	U518	51.1	1.5	52.6	34.0	1.6
SUPPLIES AND MATERIALS	U519	23.0	52.0	75.0	XXXXX	XXXX
FAAS	U520	---	33.8	33.8	XXXXX	XXXX
CONSULTING SVCS - CONTRACTS	U521	---	---	---	XXXXX	XXXX
MGT./PROF.SVCS. - CONTRACTS	U522	---	---	---	XXXXX	XXXX
SPEC. STUDIES/ANALYSES	U523	---	---	---	XXXXX	XXXX
ALL OTHER CODE 25	U524	<u>33.5</u>	<u>39.6</u>	<u>73.1</u>	XXXXX	XXXX
TOTAL OE BUDGET		1755.1	441.3	2196.4	XXXXX	XXXX
RECONCILIATION		<u>521.8</u>	<u>---</u>	<u>521.8</u>	XXXXX	XXXX
OPERATING BUDGET REQUIREMENTS		1233.3	441.3	1674.6	XXXXX	XXXX
636C REQUIREMENTS	<u>U600</u>	<u>---</u>	<u>---</u>	<u>---</u>	XXXXX	XXXX
TOTAL ALLOWANCE REQUIREMENTS	<u>U000</u>	<u>1233.3</u>	<u>441.3</u>	<u>1674.6</u>	XXXXX	XXXX

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES NONE  
 EXCHANGE RATE USED \$1.00 = ZK9.00

	<u>Foreign Exchange</u>	<u>Local Currency</u>
Estimated Wage Increase FY 1987 to FY 1988	4%	35%
Estimated Price Increase - FY 1987 to FY 1988	15%	35%

ORGANIZATION: USAID/Zambia (\$000)  
 BUDGET PLAN CODE: COEA-89-21611-U000 1,459.2  
 F194-89-21611-U000 612.6

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VIII - FY 1989  
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>	<u>UNIT COST</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>	<u>986.2</u>	<u>---</u>	<u>986.2</u>		
U.S. FULL-TIME BASIC PAY	U101	479.1	---	479.1	9.0	53.2
U.S. PART-TIME BASIC PAY	U102	---	---	---	---	---
DIFFERENTIAL PAY	U103	71.9	---	71.9	XXXXX	XXXX
OTHER AID/W FUNDED CODE 11	U104	9.2	---	9.2	XXXXX	XXXX
OTHER MISSION FUNDED CODE 11	U105	---	---	---	XXXXX	XXXX
EDUCATION ALLOWANCES	U106	133.3	---	133.3	8.0	16.7
RETIREMENT - U.S. DIRECT HIRE	U107	33.5	---	33.5	XXXXX	XXXX
LIVING ALLOWANCES	U108	---	---	---	XXXXX	XXXX
OTHER AID/W FUNDED CODE 12	U109	---	---	---	XXXXX	XXXX
OTHER MISSION FUNDED CODE 12	U110	---	---	---	XXXXX	XXXX
POST ASSIGNMENT - TRAVEL	U111	8.8	---	8.8	1.0	8.8
POST ASSIGNMENT - FREIGHT	U112	26.5	---	26.5	1.0	26.5
HOME LEAVE - TRAVEL	U113	34.0	---	34.0	3.0	11.3
HOME LEAVE - FREIGHT	U114	37.4	---	37.4	3.0	12.5
EDUCATION TRAVEL	U115	40.2	---	40.2	4.0	10.1
R AND R TRAVEL	U116	59.5	---	59.5	18.0	3.3
OTHER CODE 215 TRAVEL	U117	52.8	---	52.8	27.0	2.0
<u>FOREIGN NATIONAL DIRECT HIRE</u>	<u>U200</u>	<u>---</u>	<u>39.8</u>	<u>39.8</u>		
F.N. BASIC PAY	U201	---	35.7	35.7	6.0	6.0
OVERTIME HOLIDAY PAY	U202	---	3.6	3.6	1.0	3.6
ALL OTHER CODE 11 - FN	U203	---	---	---	XXXXX	XXXX
ALL OTHER CODE 12 - FN	U204	---	0.5	0.5	XXXXX	XXXX
BENEFITS FORMER FN PERSONNEL	U205	---	---	---	XXXXX	XXXX
<u>CONTRACT PERSONNEL</u>	<u>U300</u>	<u>189.6</u>	<u>76.5</u>	<u>266.1</u>		
PASA TECHNICIANS	U301	---	---	---	---	---
U.S. PSC - SALARY/BENEFITS	U302	91.8	---	91.8	2.5	36.7
ALL OTHER U.S. PSC COSTS	U303	25.0	---	25.0	XXXXX	XXXX
F.N. PSC - SALARY/BENEFITS	U304	69.8	76.5	146.3	24.0	6.1
ALL OTHER F.N. PSC COSTS	U305	3.0	---	3.0	XXXXX	XXXX
MANPOWER CONTRACTS	U306	---	---	---	---	---
<u>HOUSING</u>	<u>U400</u>	<u>267.9</u>	<u>87.8</u>	<u>355.7</u>		
RESIDENTIAL RENT	U401	152.1	15.0	167.1	7.0	23.9
RESIDENTIAL UTILITIES	U402	---	16.7	16.7	XXXXX	XXXX
MAINTENANCE AND RENOVATION	U403	17.2	11.3	28.5	XXXXX	XXXX
QUARTERS ALLOWANCES	U404	---	---	---	---	---
RESIDENTIAL FURNITURE/EQUIP.	U405	85.6	5.0	90.6	XXXXX	XXXX
TRANS./FREIGHT - CODE 311	U406	11.5	7.9	19.4	XXXXX	XXXX
SECURITY GUARD SERVICES	U407	---	31.9	31.9	11.0	2.9
OFFICIAL RESIDENCE ALLOWANCES	U408	0.5	---	0.5	XXXXX	XXXX
REPRESENTATION ALLOWANCES	U409	1.0	---	1.0	XXXXX	XXXX

ORGANIZATION: USAID/Zambia (\$000)  
 BUDGET PLAN CODE: COEA-89-21611-U000 1,459.2  
 F194-89-21611-U000 612.6

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE VIII - FY 1989  
 (continued)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>DOLLARS</u>	<u>TRUST FUNDS</u>	<u>TOTAL</u>	<u>UNITS</u>	<u>UNIT COST</u>
<u>OFFICE OPERATIONS</u>	<u>U500</u>	<u>537.3</u>	<u>408.5</u>	<u>945.8</u>		
OFFICE RENT	U501	73.1	---	73.1	XXXXX	XXXX
OFFICE UTILITIES	U502	---	3.7	3.7	XXXXX	XXXX
BUILDING MAINT/RENOVATION	U503	12.7	20.7	33.4	XXXXX	XXXX
OFFICE FURNITURE/EQUIPMENT	U504	69.7	14.4	84.1	XXXXX	XXXX
VEHICLES	U505	111.6	34.4	146.0	XXXXX	XXXX
OTHER EQUIPMENT	U506	25.0	---	25.0	XXXXX	XXXX
TRANSPORTATION/FREIGHT	U507	10.0	5.0	15.0	XXXXX	XXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	17.3	9.7	27.0	XXXXX	XXXX
COMMUNICATIONS	U509	---	131.2	131.2	XXXXX	XXXX
SECURITY GUARD SERVICES	U510	---	12.3	12.3	4.0	3.1
PRINTING	U511	---	7.8	7.8	XXXXX	XXXX
SITE VISITS-MISSION	U513	6.0	5.5	11.5	18.0	0.7
SITE VISITS-AID/W	U514	39.8	---	39.8	7.0	5.7
INFORMATION MEETINGS	U515	8.3	3.0	11.3	10.0	1.1
TRAINING ATTENDANCE	U516	21.8	---	21.8	8.0	2.7
CONFERENCE ATTENDANCE	U517	28.0	1.0	29.0	8.0	3.6
OTHER OPERATIONAL TRAVEL	U518	52.0	3.5	55.5	28.0	2.0
SUPPLIES AND MATERIALS	U519	26.5	57.2	83.7	XXXXX	XXXX
FAAS	U520	---	45.6	45.6	XXXXX	XXXX
CONSULTING SVCS - CONTRACTS	U521	---	---	---	XXXXX	XXXX
MGT./PROF.SVCS. - CONTRACTS	U522	---	---	---	XXXXX	XXXX
SPEC. STUDIES/ANALYSES	U523	---	---	---	XXXXX	XXXX
ALL OTHER CODE 25	U524	<u>35.5</u>	<u>53.5</u>	<u>89.0</u>	XXXXX	XXXX
TOTAL OE BUDGET		1981.0	612.6	2593.6	XXXXX	XXXX
RECONCILIATION		<u>521.8</u>	---	<u>521.8</u>	XXXXX	XXXX
OPERATING BUDGET REQUIREMENTS		1459.2	612.6	2071.8	XXXXX	XXXX
636C REQUIREMENTS	<u>U600</u>	---	---	---	XXXXX	XXXX
TOTAL ALLOWANCE REQUIREMENTS	<u>U000</u>	<u>1459.2</u>	<u>612.6</u>	<u>2071.8</u>	XXXXX	XXXX
DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES		None				
EXCHANGE RATE USED - \$1.00 = ZK9.00						

	<u>Foreign Exchange</u>	<u>Local Currency</u>
Estimated Wage Increase FY 1988 to FY 1989	4%	35%
Estimated Price Increase FY 1988 to FY 1989	15%	35%

TABLE VIII(a)  
FY 1989 ANNUAL BUDGET SUBMISSION  
OPERATING EXPENSE NARRATIVE

A. Management Improvements

1. Utilization of Human Resources

During FY 1987 Mission efforts at management improvement have centered on improved utilization of human resources. Our Host Country National (HCN) training program has been greatly expanded. Two employees were sent to AID/W this year for C&R training. One of these employees, our chief automatic data processing operator, will also receive personalized advanced Wang training. The other will attend PM's Personnel Assistants Course and receive orientation in SER/MO/OM. This year we hosted a 3 day Commodity Procurement Seminar which enabled seven Mission employees (three HCNs, one TCN, two USDHs and one USPSC) to take this course. As mentioned last year, one of our HCN staff was on long-term university training. This person has now completed training and has returned to duty assuming duties with much greater responsibility than those previously held. Two of our HCN staff have been enrolled in SER's recently initiated correspondence courses on GSO operations. Cross training has provided more depth to our day-to-day operations and given us the opportunity to make more effective use of HCN staff. One TCN position, our maintenance supervisor, was eliminated during this year and was replaced by an HCN at a substantial savings. This was made possible through expanded use of local contractors for our more technically oriented projects and by utilizing one of these contractors in a training supervisory capacity. Rather than actually doing the work with his own staff the man acts as a training supervisor working directly with our in-house staff. This has provided a broader scope of training than would have been possible using our own resources. An in-depth management analyses of our Project Support Unit (PSU) operation is in process. The PSU was established several years ago to provide management support for the various projects. While the study is not yet completed, preliminary findings of the task force that made this review are that the unit needs streamlining. Its mandate has never been clearly defined and this has resulted in it providing services that are not warranted and in many instances totally unnecessary. A draft proposal by the task force makes several recommendations which, when implemented, will eliminate duplication of efforts between the Executive Office and the PSU, thus improving management services.

2. FAAS Participation

Mission efforts at withdrawal from FAAS have come to fruition. At the beginning of the fiscal year we withdrew from those final discretionary FAAS functions on which we relied. The only remaining services now provided are communications, cashier, medical services, and mandatory ancillary functions. The Mission is in the process of establishing its own cashiering operation and we hope to have this in full operation by the end of FY 87. Last year's final FAAS amounted to \$14,800. This year's estimated cost is up around \$25,000,

approximately a 57 percent increase. We are initiating a detailed review to determine the reasons for this increase. While the figures are small in relation to the rest of our budget the principle of accepting such a proportionately large increase without adequate justification is not acceptable to us. We shall continue to monitor this area very closely.

### 3. Financial Controls

The Mission's investment in hiring a TCN Financial Analyst has begun to pay genuine dividends. Our basic control procedures have been reviewed, revised and all changes recommended by this employee have been implemented. As a result of these new procedures the Mission's authority to establish obligations on its own authority has been increased five-fold (from \$1,000 to \$5,000) and we expect a further increase in this authority once RFMC/Nairobi staff has had the opportunity to pay another of their visits to Lusaka and physically audit our procedure program. Our original intent in hiring this Financial Analyst was to establish more effective controls on our OE expenditures. Our progress in this regard has been so successful that we have been able to expand the analyst's role to the point that we are now including monitoring of project expenditures tracking, counterpart funds and debt repayment schedules. This person will also assume supervisory responsibility for our cashier's operation.

Through close scrutinizing of local market conditions for real estate rental property we have accomplished two major objectives. Our housing standards have been upgraded yet they still are well within the USG standards. We have also substantially reduced our average rental, down from \$2,000 per month to \$1,500.

### B. Trust Funds

In accordance with the details described herein under our Local Currency Use Plan, USAID/Zambia trust funds are currently derived from three different sources: the FY 85 CIP and the ZAMCAM and ZAPS programs. Trust fund generations from these three activities will total approximately K12,000,000 in FY 1987. FY 1986 generations occurred at the agreed levels. To date trust funds have been adequate to cover all of our needs and, as Table VIII indicates, should continue to be adequate through FY 1989. Beyond that we can predict neither the adequacy of counterpart generations nor the availability of products on the local market. Historically generations have never proved a problem, but constraints may develop on what is available to be purchased with local currency, or what services the government will allow us to pay for with local currency.

The recent Government of the Republic of Zambia decision to eliminate the auction system and to reject IMF advice on managing their economic sector will certainly have an effect on our program and the generation of local currency. Exactly how is still to be determined.

In order to protect our position and to conserve dollar funding we will continue to closely monitor trust fund expenditures and generations.

C. Justification for Funding Changes

There are numerous places within this year's budget presentation (at the summary function level) where funding changes exceed 2 percent. In almost all instances these changes are necessitated by forces beyond management control of the Mission.

The exchange rate of the Zambian kwacha has fluctuated widely during the last two years, going from a pegged rate of K2.2 to the dollar in September 1985 to a rate of slightly over K21 to the dollar in April 1987 under a free market auction system. On May 1, 1987 President Kaunda eliminated the auction system and reinstated a fixed rate of exchange of K8 to the dollar. These variations in the exchange rate, combined with other pressing economic factors, have contributed to an annualized inflation rate of more than 50 percent. We have conservatively estimated in developing our Table VIII budget figures an inflation rate on our local currency costs of 35 percent, taking into account the short term effects that the new exchange rate and price controls initiated at the time of "revaluation" will have on local prices. While the price controls will undoubtedly have a dampening effect, it is our opinion that commodity shortages, the inevitable influences of supply and demand, and the continuing excessive GRZ budget deficit will continue to cause high levels of inflation.

Free market forces have forced a significant decline in the value of the U.S. dollar in the last 2 years. The pendulum has swung from a position of an over-inflated dollar in 1985 to a significantly under-valued dollar in 1987. These market forces may correct themselves to a degree but we have felt it essential to build in a 15 percent rate of inflation for dollar-funded purchases in both FY 1988 and FY 1989. We have also built in cost of living increases for U.S. and TCN PSC's. Mission initiatives have actually resulted in a reduction in some line items, e.g., last year we budgeted for a U.S. PSC to run our GSO. Our "Zambianization" program and effective use of local contractors (see comments above under management improvement) have allowed us to phase out this requirement.

Organization: USAID/Zambia

TABLE VIII (b)  
FY 1989 ANNUAL BUDGET SUBMISSION  
INFORMATION ON U.S. PSC COSTS

<u>JOB TITLE/POSITION DESCRIPTION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
HUMAN RESOURCES DEVELOPMENT OFFICER	\$71,099 (1/87-12/87)	\$62,138 (1/88-12/88)	\$76,998 (1/89-12/89)
ADMINISTRATIVE SPECIALIST	\$24,009 (7/87-6/88)	\$26,350 (7/88-6/89)	\$26,420 (7/89-6/90)
LIBRARIAN	\$11,770 (12/86-11/87)	\$13,006 (12/87-11/88)	\$13,397 (12/88-11/89)

Organization: USAID/Zambia

TABLE VIII (c)  
FY 1988 ANNUAL BUDGET SUBMISSION  
ALL OTHER CODE 25 DETAIL

<u>DESCRIPTION OF SERVICES</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
Miscellaneous Contractual Services	\$39,300 (10/86-9/87)	\$73,100 (10/87-9/88)	\$89,000 (10/88-9/89)
TOTAL	\$39,300	\$73,100	\$89,000

Organization: USAID/Zambia

TABLE VIII (d)  
FY 1989 ANNUAL BUDGET SUBMISSION  
MANPOWER CONTRACT DETAIL

<u>DESCRIPTION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
Charforce and Drivers (Estimated Workyear Efforts)	\$12,000 (7.5)	---	---
TOTAL	\$12,000 (7.5)	---	---

Organization: USAID/Zambia

FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE VIII(e)  
OBLIGATIONS FOR ACQUISITION, OPERATION  
AND USE OF INFORMATION TECHNOLOGY SYSTEMS  
(\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
1. <u>Capital Investment</u>			
A. Purchase of Hardware			
Wang VS CPU with 4 workstations	20.0	---	---
B. Purchase of Software	---	---	---
C. Site Facility			
Purchase of special purpose furniture	12.0	---	---
SUBTOTAL SECTION 1	<u>32.0</u>	<u>---</u>	<u>---</u>
<hr/>			
2. <u>Personnel</u>			
A. Compensation, Benefits and Travel	---	---	---
B. Workyears	---	---	---
SUBTOTAL SECTION 2	<u>---</u>	<u>---</u>	<u>---</u>
<hr/>			
3. <u>Equipment Rental, Space and Other Operating Costs</u>			
A. Lease of Equipment	---	---	---
B. Space	---	---	---
C. Supplies and Other Material	3.0	3.5	4.0
D. Non-Commercial Training	---	---	---
SUBTOTAL SECTION 3	<u>3.0</u>	<u>3.5</u>	<u>4.0</u>

TABLE VIII(e)  
(Continued)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
4. Commercial Services	---	---	---
A. Computer Time	---	---	---
B. Leased Telecommunications Services	---	---	---
C. Operations and Maintenance			
(1) Operations	1.0	1.2	1.3
(2) Maintenance			
Other than WANG equipment	---	---	---
WANG equipment (local maintenance)	1.5	1.7	2.0
WANG equipment (AID/W maintenance)	11.4	13.1	15.1
D. Systems Analysis and Programming	---	---	---
E. System Design and Engineering (NOT REQUIRED BY AID MISSIONS)			
F. Studies and Other	3.0	3.5	4.0
SUBTOTAL SECTION 4	16.9	19.5	22.4
-----			
5. TOTAL DOLLARS	51.9	23.0	26.4
TOTAL WORK YEARS (From item 2a)	---	---	---
-----			
6. MISSION ALLOWANCE LEVELS			
A. Existing Systems	19.9	23.0	26.4
B. New or Expanded Systems	32.0	---	---

TABLE VIII(f) - 1  
REPORT ON MOTOR VEHICLE OPERATIONS  
 (\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
<b>A. <u>Number of Vehicles:</u></b>			
<b>1. <u>Purchased Vehicles:</u></b>			
(a) Number of vehicles on-hand at start of year	9	5	5
(b) Plus number of vehicles to be purchased during the year	5	0	5
(c) Less number of vehicles to be disposed of during the year	9	0	5
(d) Number of vehicles on hand end of year	5	5	5
<b>2. <u>Leased Vehicles:</u></b>			
Average number of leased vehicles in use during year	0	0	0
<b>B. <u>Estimated Obligations:</u></b>			
1. Vehicle purchases	71.9	0	95.1
2. Special modifications (such as armor plating)	0	0	0
3. Transportation of purchased vehicles	12.5	0	16.1
4. Vehicle leases	0	0	0
5. Vehicle maintenance/repairs*	*	*	*
6. Salaries/benefits of drivers/dispatchers*	*	*	*
7. Supplies/materials/gas/oil	13.0	15.0	17.2
8. Rental of warehouse/garage space	0	0	0
9. Other miscellaneous costs			
10. Total obligations	97.4	15.0	128.8
<b>C. <u>Estimated Disbursements:</u></b>			
1. Vehicle purchases	43.3	28.6	0
2. Special modifications (such as armor plating)	0	0	0
3. Transportation of purchased vehicles	7.5	5.0	0
4. Vehicle leases	0	0	0
5. Vehicle maintenance/repairs*	*	*	*
6. Salaries/benefits of drivers/dispatchers*	*	*	*
7. Supplies/materials/gas/oil	13.0	15.0	17.2
8. Rental of warehouse/garage space	0	0	0
9. Other miscellaneous costs	0	0	0
10. Total disbursements	63.8	48.6	17.2
<b>D. Vehicles included in (A) above owned by A.I.D. but operated/maintained by JAO/Embassy motor pool:</b>			
(1) On-hand at start of year	N/A	N/A	N/A
(2) To be purchased during the year			
(3) To be disposed of during the year			

\*Note: Paid by Trust Funds

TABLE VIII(F) - 2  
REPORT ON MOTOR VEHICLE OPERATIONS  
 (Trust Funds)  
 (\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
A. <u>Number of Vehicles:</u>			
1. <u>Purchased Vehicles:</u>			
(a) Number of vehicles on-hand at start of year	2	2	2
(b) Plus number of vehicles to be purchased during the year	0	0	2
(c) Less number of vehicles to be disposed of during the year	0	0	2
(d) Number of vehicles on hand end of year	2	2	2
2. <u>Leased Vehicles:</u>			
Average number of leased vehicles in use during the year	0	0	0
B. <u>Estimated Obligations:</u>			
1. Vehicle purchases	0	0	34.4 <u>1/</u>
2. Special modifications (such as armor plating)	0	0	0
3. Transportation of purchased vehicles	0	0	0
4. Vehicle leases	0	0	0
5. Vehicle maintenance/repairs	0	0	0
6. Salaries/benefits of drivers/dispatchers	10.7	14.4	19.5
7. Supplies/materials/gas/oil	13.3	18.0	24.3
8. Rental of warehouse/garage space	0	0	0
9. Other miscellaneous costs	0	0	0
10. Total obligations	24.0	32.4	78.2
C. <u>Vehicles included in (A) above owned by A.I.D. but operated/maintained by JAO/Embassy motor pool:</u>			
(1) On-hand at start of year	N/A	N/A	N/A
(2) To be purchased during the year			
(3) To be disposed of during the year			

1/ Includes transportation paid by vendor.

ANNEX I  
TABLE VIII (g)

FY 1989 ANNUAL BUDGET SUBMISSION  
INFORMATION ON U.S. DIRECT HIRE STAFFING

<u>POS NO.</u> <u>SA Code*</u>	<u>POSITION TITLE</u>	<u>PROGRAM MANAGEMENT</u> <u>RESPONSIBILITY</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
6111005	AID Director	-- All	1.0	1.0	1.0
6111014 (e) (g)	AID Assistant Director	-- All, plus project development responsibilities (until PDO arrives) and program responsibilities	1.0	1.0	1.0
6111017 (f)	General Development Officer	-- Small Scale Enterprise Development, 611-0209 -- Regional program responsibilities	0.8	-0-	-0-
6111020 (f)	Project Development Officer	-- Small Scale Enterprise Development, 611-0209 -- Regional program responsibilities	0.2	1.0	1.0
6111043	Agricultural Dev. Officer	-- Ag. Development: Research and Extension, 611-0201 -- Western Province Small Farmer Production, 611-0205 -- Zambia Emergency Locust Control, 611-0212	0.8	-0-	-0-
6111052 (h)	Executive Officer	-- Project Support Unit (PSU) -- Technical support to projects (admin., financial, etc.)	1.0	1.0	1.0
6111075 (a) (c)	Regional Food for Peace Officer	-- PL 480 Programs, Food for Progress -- Counterpart fund management	1.0	1.0	1.0
6111080	Agricultural Economics Officer	-- Zambia Multi-Channel Agricultural Marketing, 611-0747 -- Ag. Training, Planning and Institutional Development, 611-0075 -- Ag. Training, Planning and Institutional Development II, 611-0207	1.0	1.0	1.0

POS NO. SA Code*	POSITION TITLE	PROGRAM MANAGEMENT RESPONSIBILITY		
		FY 1987	FY 1988	FY 1989
6111090	Commodity Management Officer	1.0	1.0	1.0
	-- Commodity Import Program, 611-0070/611-0213			
	-- Zambia Regional Transport and Storage Development, Phase II (Kafue-Chirundu Road Rehabilitation), 690-0209			
	-- Regional Transport Development (Zambia Railways), 690-0231			
6111095	Program Economics Officer	1.0	1.0	1.0
	-- Zambia Auction Program Support, 611-0757			
TOTAL POSITIONS		9.0	8.0	8.0
TOTAL WORKYEARS		8.8	8.0	8.0

Note: The Mission employs a Personal Services Contract Human Resources Development Officer who is the Mission's EEO Officer and Women-in-Development Officer.

\*SACode - Special Activity Codes:

- (a) Disaster Relief Officer
- (b) EEO Officer
- (c) Emergency Preparedness Officer
- (d) Energy Officer
- (e) Environmental Officer
- (f) PVO Officer
- (g) Private Enterprise Officer
- (h) Security Officer
- (i) Women-in-Development Officer
- (j) Other (Specify)

ANNEX I  
TABLE VIII (h)  
FY 1989 ANNUAL BUDGET SUBMISSION  
INFORMATION ON IDI STAFFING

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BS CODE	TITLE	FY 1987	FY 1988	FY 1989
03	Assistant Executive Officer (completes training 8/89)	0.1	1.0	0.9
	Total Positions	<u>1</u>	<u>1</u>	<u>1</u>
	Total Workyears	<u>0.1</u>	<u>0.1</u>	<u>0.9</u>

NOTE: IDI workyear totals shown in TABLE VIII (h) are to be included in Function Code 101 Unit Table VIII.

ANNEX I  
TABLE VIII(i)

FY 1989 ANNUAL BUDGET SUBMISSION  
Information on Foreign and Third Country National  
Direct Hire Staffing

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Category Descriptive Job Title	Funding	FY 1987	FY 1988	FY 1989
FSN-DH Training Specialist/Project Officer	TF	1.0	1.0	1.0
FSN-DH Agriculture Assistant (PL480)	TF	1.0	1.0	1.0
FSN-DH Agriculture Assistant	TF	1.0	1.0	1.0
FSN-DH Cashier	TF	0.3	1.0	1.0
FSN-DH Secretary	TF	1.0	1.0	1.0
FSN-DH Driver	TF	1.0	1.0	1.0
Total Positions	TF	6.0	6.0	6.0
Total Workyears	TF	<u>5.3</u>	<u>6.0</u>	<u>6.0</u>
Total Positions FY 87 only	TF	6.0	0	0
Total Workyears FY 87 only	TF	5.3	0	0

NOTE: Foreign National, including TCNs, direct hire OE funded workyear totals shown in TABLE VIII(i) must agree with Function Code 201 Units on TABLE VIII.

ANNEX I  
TABLE VIII(j)

FY 1989 ANNUAL BUDGET SUBMISSION  
Information on Part-Time  
Staffing

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US/ FSN/TCN Descriptive Job Title	Funding	FY 1987	FY 1988	FY 1989
US - PSC Librarian	OE	0.5	0.5	0.5
Total Positions	OE	0.5	0.5	0.5
Total Workyears	OE	0.5	0.5	0.5
Total Positions	PRG	0	0	0
Total Workyears	PRG	0	0	0

ANNEX I  
TABLE VIII(k)

FY 1989 ANNUAL BUDGET SUBMISSION  
Information on U.S., Foreign and Third Country National  
Contract Staffing

<u>Category</u>	<u>Descriptive Job Title</u>	<u>Funding</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
US-PSC	Human Resources Dev. Officer	OE	1.0	1.0	1.0
US-PSC	Administrative Specialist	OE	1.0	1.0	1.0
US-PSC	Librarian	OE	0.5	0.5	0.5
TCN-PSC	Financial Analyst	OE	1.0	1.0	1.0
FN-PSC	Financial Analyst	OE	1.0	1.0	1.0
FN-PSC	Property Management Officer	OE	1.0	1.0	1.0
FN-PSC	Maintenance Foreman	TF	1.0	1.0	1.0
FN-PSC	Administrative Clerk	TF	1.0	1.0	1.0
FN-PSC	Secretaries (2)	OE	2.0	2.0	2.0
FN-PSC	Secretary	TF	1.0	1.0	1.0
FN-PSC	Receptionist	TF	1.0	1.0	1.0
FN-PSC	Electrician	TF	1.0	1.0	1.0
FN-PSC	Warehouse Clerk	TF	1.0	1.0	1.0
FN-PSC	Asst. Warehouse Clerk	TF	1.0	1.0	1.0
FN-PSC	Maintenance Helpers (2)	TF	2.0	2.0	2.0
FN-PSC	Janitors (2)	TF	2.0	2.0	2.0
FN-PSC	Drivers (8)	TF	8.0	8.0	8.0
	Total Positions	OE/TF	<u>26.5</u>	<u>26.5</u>	<u>26.5</u>
	Total Workyears	OE/TF	<u>26.5</u>	<u>26.5</u>	<u>26.5</u>
	Total Positions	PRG	0	0	0
	Total Workyears	PRG	0	0	0

Country/Office: USAID/Zambia

TABLE XI  
 FY 1989 ANNUAL BUDGET SUBMISSION  
 PL 480 TITLE I/III REQUIREMENTS  
 (Dollars in millions, tonnages in thousands)

	ACTUAL FY 1987		ESTIMATED FY 1988		PROJECTED FY 1989	
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>						
Vegoil	4.0	10.0	--	--	--	--
Tallow	6.0	14.0	4.0	9.35	4.0	9.35
Total	10.0	24.0	4.0	9.35	4.0	9.35
<hr/>						
Of Which						
Title III:	(--)	(--)	(--)	(--)	(--)	(--)
Total	10.0	24.0	4.0	9.35	4.0	9.35

Comment: It is proposed that the Title I Program in 1988 and 1989 be replaced by a Title II, Section 206 Program, with the exception of tallow.

PL 480 TITLE II SECTION 206 PROJECT

Project Funding

<u>A. FY 88</u>	<u>FY 89</u>	<u>Life of Project</u>
\$6.0 million	\$6.0 million	\$18.0 million

Appropriation Account PL 480 (Grant)

B. Purpose

The purposes of this project are (1) to address Zambia's structural deficits in certain basic food commodities; (2) to provide balance of payments support to Zambia; (3) to support implementation of reform and restructuring in the agricultural production and marketing subsectors; (4) to support small scale enterprise development, primarily in rural areas.

C. Background

In the past two years Zambia's production of wheat has increased very significantly. Signs are encouraging, that if Zambia can maintain the trend of improving price incentives, that this production will continue to increase. Research in oilseeds has resulted in some promising varieties, and, as with wheat, prospects are encouraging for increased production. Nevertheless, at the present Zambia suffers from a structural deficit in both wheat and edible oil production. Despite the recent advances made to encourage agricultural production, the structural deficit in wheat is expected to persist for at least three years, and that of edible oil for five years or more. The country must, at present, import these essential commodities. Commercial purchases of wheat have declined recently, due to increased domestic production, increasingly large donor shipments, and reduced demand. This notwithstanding, a structural deficit on the order of 20,000 MT annually is to be expected from 1988--1990. In the absence of donor assistance, wheat will have to be imported on commercial terms, in order to maintain present rates of food processing capacity utilization and cater to the existing market. Insofar as vegetable oil is concerned, Zambia faces a structural deficit of approximately 10,000 MT of edible oils annually. This deficit is expected to persist through (at least) the early 1990's.

Zambia's trade balance, balance of payments, external debt and foreign exchange crisis are (singularly and collectively) frightening. Zambia urgently requires as much external assistance, on the most concessional terms, as can be made available.

The need for diversification of the Zambian economy is well-known, and the primary sectors that can provide the new jobs required are agriculture and small scale enterprise development, particularly in rural areas. The GRZ's ability to provide the assistance required in these areas is limited, and insufficient. Donor assistance is a condition sine qua non for development in these two sectors.

#### D. Preliminary Project Description

It is proposed that a three-year PL 480 Title II Section 206 program be developed. Wheat and vegetable oil, and ocean and inland freight of the commodities, will be provided to the GRZ on a grant basis for three years. It is proposed that 10,000 MT of wheat and 8,000 MT of vegetable oil be provided in each of FY's 1988--1990. The total estimated value of the program (each year) is \$ 6.0 million.

The commodities will be monetized through normal commercial channels, and the counterpart funds utilized to promote agricultural and small scale enterprise development in (primarily) rural areas.

The second and third years of funding under this project will be contingent on successful implementation of the domestic production and other measures agreed to under the three year project. The thrust of our program is to increase production of wheat and vegetable oil to such an extent that we eventually can work our way out of a PL 480 program in Zambia.

#### E. Problem Areas and Resolution

The primary area of difficulty that will be encountered in the development and successful implementation of this project is the uncertainty (at this point) as to the extent of the GRZ's commitment to a policy reform agenda consistent with sound economic principles. The effect of this uncertainty, and the erratic agricultural policies and policy implementation of the GRZ, will be to delay the production increases that will allow us to eventually phase out of a PL 480 program. This problem area will be addressed, on a continuing basis, by Mission staff and consultants, working with the GRZ to develop a coherent and workable plan of action for continued rationalization of the agricultural and small scale enterprise development sectors.

It is anticipated that this project will parallel and complement the Small Scale Enterprise Development Project (SSED) planned for 1988 design and authorization. By means of the monetization of commodities, this project will provide a continuous source of local currency required for sustained project implementation, and institutionalization of GRZ and the private sector's ability to participate in development in these two important areas. The counterpart funds generated through this program will reinforce our strategy to increase rural incomes and agricultural production.

A yearly evaluation of progress will be undertaken, and progress attaining project targets and benchmarks assessed. Releases of the second and third year tranches of funding will be conditioned on acceptable progress in meeting project goals.

#### F. Target Groups

The primary beneficiaries of this project will be: (1) the existing and potential small entrepreneurs and farmers who will benefit from an improved policy environment in which to earn their livelihoods; (2) the Zambian consumers of bread, other wheat products, and edible oils (especially important for infantile growth); and (3) the farmers and small entrepreneurs who will benefit from expanded access to loans and training in agriculture and small scale enterprise development.

G. Design Schedule

The USAID Mission, under the coordination of the R/FFPO stationed in Lusaka and with the assistance of REDSO/ESA, and or contract personnel, will develop a PID-type document for this activity in the first quarter of FY 1988. The document will be submitted to AID/W for consideration by AID and the other DCC subcommittee members in December, 1987.

H. Workforce Implications

The additional personnel required for this project design have been discussed above. It is not anticipated that any additional Mission staff will be required for project implementation.