

**UNCLASSIFIED**

**Annual Budget  
Submission**

**FY 1989**

**CHAD**

BEST AVAILABLE

May 1987



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

**UNCLASSIFIED**

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## PROGRAM RATIONALE

### CHAD

#### MAJOR DEVELOPMENT CONSTRAINTS

Chad has an area of 1,284,000 km<sup>2</sup> spread over three climatic zones. The population was estimated at about 5 million in 1985, with a low average density of about 4 inhabitants per square kilometer. Only about 3% of the population inhabits the Saharan zone, 57% the Sahelian zone and 40% the Sudanian zone. Although 80% of the population lives in the rural areas, the urban population has been growing at an annual rate three times that of the population at large (6.4% compared to 2.1%).

With a per capita income of about \$130 in 1985, Chad is classified as one of the poorest and least developed countries in the world. According to World Bank statistics, it ranks near the bottom of the low-income economies with respect to life expectancy, literacy and health related indicators. Chad's war with Libya and past internal conflict have disrupted economic and social activities and discouraged investment. Development is also constrained by poor roads and natural factors, such as being landlocked, long distances between towns and cyclic drought.

Just prior to a devastating period of intensive fighting (1979-82), the Chadian economy had reached peak production, with a GDP of CFA 162 billion (US\$157 per capita in 1977) due to a record cotton crop. Chad had four domestic banks, several large domestic manufacturing facilities and about 90 small and medium private enterprises. During the conflict, most enterprises severely reduced or suspended operations. The banking sector, along with the Central Bank, closed down for two years. Only the cotton industry continued to operate at about 65% of its previous level. Much infrastructure and physical capacity were damaged and maintenance halted.

After the cessation of internal conflict in 1982, reconstruction began and in the 1982-1984 period the GNP grew by an annual average rate of 7%. By 1984, despite Libyan aggression, the economy returned to about 77% of its 1977 level according to World Bank calculations. However, this promising start was stalled in 1984 by an unprecedented drought and a 40% drop in cotton prices. The drought had immediate, severe and widespread effects. Food production dropped from the 1975-80 yearly level of 600,000 tons to 300,000 tons - half of the total requirements. AID participated in an international relief effort, carried out with the full cooperation of the GOC, that averted widespread famine. However, the food supply situation remains fragile due to the continual threat of drought, risk of a premature return of displaced populations to ecologically unstable areas, the dilapidated road network and the lack of agricultural support services.

With a 40% drop in world cotton prices, Chad's cotton exports generated only 50% of expected revenues in 1984-85. Cotton is priced in U.S. dollars but production costs are in CFA and a decline in the value of the dollar during the same period further reduced revenues. As a result, COTONTCHAD, the previously profitable national cotton production company, experienced deficits of US\$52.5 million in 1984 and US\$55.7 million in 1985. This represents 60% of all credit to the private sector and 460% of the banking system's net worth. Although the restructuring program and donor assistance (EEC, France, the Netherlands and World Bank) may permit COTONTCHAD to pay off its arrears and begin reimbursing some principal by 1988, this debt remains a heavy burden on the banking system. There is little leeway for granting credit to other sectors of the economy. For the foreseeable future, these deficits appear intractable. There are no sources of revenue to replace cotton duties in the short term. The potential for immediate improvements in Chad's production and terms of trade is limited and highly contingent on external factors.

Chad does have the potential to develop its economy over the longer term. Precise data are not available but in years of normal or near normal rainfall, Chad produces sufficient grains to be self-sufficient. Self-sufficiency is attained

utilizing only a small portion of the land suitable for cultivation. The Mission and GOC estimate that 1,000,000 ha. can be irrigated without complicated systems. Only 10,000 ha. actually receive water through irrigation. In the areas around Lake Chad and in Salamat, there are approximately 100,000 ha. of land that can be cultivated using the traditional agricultural methods common in the area. Of this 100,000 ha. it is estimated that only 20,000 ha. are currently under cultivation. Either an expansion of the cultivated areas or the introduction of improved farming techniques to increase yields can produce exportable surplus grains. Cattle and other livestock are a traditional Chadian export. According to report written in 1983 by Dr. James Dickey, a livestock specialist with the Sahel Development Program Team, normal exports can be augmented by 25% without a negative environmental impact by the introduction of a basic animal health program to reduce losses through disease.

A petroleum consortium has been systematically exploring for oil in Chad, spending an estimated US\$200 million in 1984-85 alone. There are known exploitable oil fields in southern and central Chad. The World Bank is studying one site in central Chad, the Rig-Rig oil field, as a source to satisfy local consumption needs. According to one informal analysis, petroleum exploitation becomes profitable despite of the high cost of pipeline construction to Cameroonian ports when oil prices rise and stabilize above US\$23/barrel.

#### AID STRATEGY

The financial stability of the Chadian government is in the best interests of the United States as well as Chad. Chad has successfully repulsed Libyan military aggression and largely ended Libyan occupation of the north. Chad is pro-Western in its foreign policies. The high cost of defending itself, coupled with the effects of the conflict and the recent prolonged drought, have necessarily caused GOC expenditures to exceed revenues. AID strategy is to assist in maintaining a financially stable environment necessary for our developmental programs to operate by providing a portion of the budgetary

support required for the GOC to continue its civilian developmental programs. Because the foundation of the Chadian economy is agriculture, AID will focus upon projects to increase food production which will in turn increase the incomes of the rural poor and increase government revenues as exports resume.

Financial Stabilization: Administrative and fiscal stability of the national government are essential prerequisites to implementing U.S. and other development programs in Chad. Unless the GOC can pay civilian salaries, minimum operating expenses and non-deferable debts, the GOC cannot provide this secure developmental environment. GOC revenues from the private sector have been below expectations due in part to reluctance of enterprises to reestablish in Chad. Despite direct budgetary support from the French government and GOC actions to reduce and consolidate GOC administrative units and to reduce civilian fringe benefits and salaries, minimum GOC expenditures continue to exceed revenues. To assist the GOC achieve fiscal stability, we have programmed a portion of ESF resources to direct budgetary aid. This support program helps assure regular payment of salaries in civilian development ministries.

With the encouragement of AID and other donors, the GOC is taking a variety of steps to achieve budgetary equilibrium. It is reviewing customs schedules and collection procedures to improve receipts; establishing more reliable tax collection systems; and reviewing the extent of government participation in parastatals, such as COTONTCHAD, which occupy a large segment of the commercial sector but make little or no contribution to revenues. Priority is being given to reestablishing budgetary controls and monitoring expenditures. The GOC is also reviewing overall staffing patterns to determine what changes are necessary and cost effective. Traditionally, France has been Chad's main source of budgetary support and this support is expected to continue during the next few years. France also provides approximately 95 technical advisors, some of whom work in the Ministry of Finance. A French government advisor is attached directly to the office of the Minister of Finance to monitor GOC finances suggest appropriate policies for the GOC to implement for improved financial management. Other French advisors

have been placed in the Treasury to monitor and assist with disbursements and records. AID also expects that France and other donors will continue to fund directly the operations of selected GOC institutions. AID intends to promote this continuation and expansion of other donor activities and encourage the increased involvement of international financial institutions which are equipped to provide technical advice on fiscal policies and commit additional resources. However, AID's present level of support remains vital for the GOC to meet civilian salaries at reduced levels. The GOC is conducting a census of civilian public sector employees to provide an accurate data base for setting personnel levels and adjusting manpower in the various ministries for the most efficient operations at the lowest cost. As GOC revenues increase through the gradual recovery of world cotton prices and the GOC institutes improved revenue collection of taxes and duties and financial equilibrium is attained, AID-funded budgetary support may be ended.

**Agriculture:** The 80% of the Chadians practicing subsistence agriculture form the basis of the Chadian economy. Improvements in the agricultural sector affect the largest and poorest group of Chadians and have the most potential to improve the overall economy of the country. In Chad agriculture in the southern Sudanian zone, where rainfall is in excess of 800 mm/year, is the most productive and is the center for cotton production. As a result, the farmers in the Sudanian zone have been targets of intensive extension campaigns, recipients of credit and subsidized inputs and participants in organized marketing operations. The GOC agricultural extension services are concentrated in this area. However, more than half of Chad's population lives in the less productive Sahelian zone. Unlike their Sudanian zone counterparts, Sahelian farmers generally use much less sophisticated technology, little animal traction, no improved seeds and no fertilizers and is, as a result, much poorer. The AID agricultural strategy is to provide technical assistance and resources to farmers in the Sahelian zone in areas of need and with potential for improvement while recognizing the existing economic, financial and physical constraints. The implementing mechanism is through the PVO Development Initiatives project. It

will experiment with new approaches to Chadian agriculture to increase food production and introduce the best of the improved agricultural systems and low-cost irrigation in selected areas and construct water containment dams in areas presently under cultivation. Private enterprise loans to small farmers and businessmen will improve the agricultural support system and expand markets. As the PVOS have tested and refined their approaches to improving food production, AID will select the best and most cost effective techniques wider replication. Additional resources to support the GOC agricultural and rural development projects will be provided by local currency generated through a three year Section 206 program to be developed in FY 1988. This program will be small in order not to compete with local cereal markets but will provide limited financial resources for small development projects and a carefully supervised opportunity for experience in proper management of donor funds.

Although there is the possibility to increase livestock herds through animal health interventions, especially in the south, we have left the livestock sector to FAC and FED. Both organizations are engaged in animal health activities. The IEMVT (Veterinary Vaccine Production and Research Laboratory) is financed by the EEC and FAC. It has the capacity to produce all the vaccines needed by Chad but it is not at full production and lacks sufficient staff. The two large government-owned slaughterhouses that formerly processed meat for export are in poor condition and are not capable of increasing their output beyond that required for local consumption.

AID's largest project in Chad, the Strengthening Road Maintenance project (677-0050), provides technical assistance and equipment to the Ministry of Public Works to develop the capability to repair and maintain the Chadian road network. AID's strategy is to reopen farmers' access to markets and allow food to move easily between areas of good and inadequate production. This will increase farm income and reduce urban cost of living by reducing transportation costs as truck fuel consumption and rates of repair drop. Food shortages become most acute as stocks are reduced to the lowest levels just before the harvest at the end of the rainy season. Should serious food deficits recur and require external assistance, the renovated road system greatly reduces the cost and time for food deliveries. A useable road network is vital to private enterprises by providing a dependable transportation system for raw materials, finished products and access to markets.

AID will continue to assist the GOC to develop rational planning of manpower and resources in the health sector through regionally and centrally funded projects. With limited GOC resources and trained personnel, this approach is a necessary first step before donors consider increased inputs into the health sector. AID-funded technical assistance to assist the GOC to develop an appropriate family planning policy and program and to develop a health monitoring system to evaluate health trends and needs is required to lay a solid foundation for the future.



TABLE III  
PROJECT OBLIGATION BY APPROPRIATION  
(ALL GRANT \$000)

APPROPRIATION ACCOUNT PROJECT	FY 87 ESTIMATE	FY88 ESTIMATE	FY 89 APPL
<b>SAHEL DEVELOPMENT PROGRAM</b>			
Strengthening Road Maintenance 677-0050	-	4000	5000
PVO Dev. Initiatives 677-0051	4000	1000	-
Subtotal	4000	5000	5000
<b>ECONOMIC SUPPORT FUND</b>			
Strengthening Road Maintenance 677-0050	4750	-	-
Budgetary Support 677-0055	-	5000	-
Budgetary Support (new)	-	-	5000
Subtotal	-	5000	5000
TOTAL	8750	10000	10000

TABLE 4  
PROJECT BUDGET DATA

-----Estimated U. S. Dollar Cost (000)-----

OBL DATE INIT	FIN	TOTAL COST AUTH	OBL THRU FY 86	FY 86 PIPE LINE	FY 1987 OBLIGATIONS	FY 1987 EXPENDITURES	FY 1988 OBLIGATIONS	FY 1988 EXPENDITURES	FY 89 APPL	ITEM NO	SPECIAL CODES	SUB CAT
<b>AFRICA RESETTLEMENT</b>												
84	84	3000	3000	-	-	3000	-	-	-	-	PV0,FR,WA	FNMC
beche Rural Development 698-0502.4A												
84	84	1500	1500	1500	-	1500	-	-	-	-	-	PV0
VITA Private Enterprise 698-0502.4B												
Total		4500	4500	1500	-	4500	-	-	-	-	-	
<b>SAHEL DEVELOPMENT</b>												
78	79	1669	968	-	-	968	-	-	-	9851	WA	HEWS
Rural Sanitary Water 677-0022												
83	84	5500	5500	5500	-	5500	-	-	-	6501	PV0,FR,WA	SDSS
Chad Relief & Rehab. 677-0041												
85	89	14000	14000	5000	-	3000	4000	5000	5000	9139	-	FNRR
Strengthening Road Maint. 677-0050												
85	89	12725	12725	7725	4000	1400	1000	2400	-	8536	PV0,PC,FR	FNPU
PV0 Dev. Initiatives 677-0051												
85	85	350	350	312	-	38	200	200	-	9675	ORT	HEDH
Oral Rehydration 677-0034												
Subtotal		34244	33543	18537	4000	10906	5200	7600	5000	-	-	
<b>ECONOMIC SUPPORT FUND</b>												
82	84	2822	2822	2822	-	2822	-	-	-	-	5005	-
Chad Relief & Rehab. 677-0041												
84	84	3000	3000	3000	-	3000	-	-	-	7638	-	FNSA
Strengthening Dev. Minist 677-0047												
85	89	13500	13500	5000	4750	1200	231	5000	-	8537	-	ENRR
Strengthening Road Maint. 677-0050												
86	88	7000	7000	-	7000	5000	-	2000	-	9676	-	ESCT
Support Dev. Ministries 677-0052												
88	88	5000	5000	-	-	-	5000	5000	-	-	-	ESCT
Support Dev. Ministries 677-0055												
89	89	5000	5000	-	-	-	-	-	5000	-	-	ESCT
Support Dev. Ministries (new)												
Subtotal		36322	36322	10822	11750	12022	231	5000	12000	5000	-	
<b>TOTAL SDF and ESF</b>												
		70566	69865	29359	15750	22928	5431	10000	19600	10000	-	

TABLE 4  
ATTACHMENTS

FORESTRY  
(\$000)  
ALL GRANT

APPROPRIATION PROJ. NUMBER TITLE	LOP	FY 87 ESTIMATE	FY88 ESTIMATE	FY 89 AAPL
<b>Sahel Development Fund</b>				
PVO Development Initiatives 677-0051	12725	350	350	-
<b>Africa Resettlement Fund</b>				
Abeche Rural Development 698-0502.4R	3000	750	-	-
Total	15725	1100	350	

TABLE 5  
 PROPOSED PROGRAM RANKING  
 ALL GRANT

RANK	PROJ#	TITLE	NEW/ CONT	APPROP	INCR	CUM
1	0050	Strengthening Road	C	SDF	5000	5000
2	0052	Budget Support	N	ESF	5000	10000
3		Title II	C	P2	(2494)	10000

TABLE 6  
Expenditures of Local Currency Generations  
(\$000)

	1986 ACTUAL	1987 EST	1988 PLANNED	1989 PROP
PL 480				
A. Public Development Activities				
PVO Agricultural project	-	-	-	2000
B. Private Sector Programs				
PVO Credit project	-	-	-	500
VITA Small Ent.& Farm Loans	105	567	300	-
C. Public Sector Recurrent Budget				
Total	105	567	300	2500

TABLE 7  
EVALUATION SCHEDULE

PROJECT	LAST EVAL.	PROPOSED EVAL.	ISSUES	FUNDING SOURCE	FUNDING AMOUNT	USAID PERSON DAYS	TOY PERSON DAYS
ROAD MAINTENANCE 677-0050	NONE	01/88	MID-TERM	0050T10	15000	10	15
PYO DEVELOPMENT 677-0051	NONE	04/88	MID-TERM	0051I0	12000	10	20

Organization: USAID/Chad  
 Budget Plan Code: COEA-87-21677-U000

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TABLE VIII  
 (\$000)

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS
<u>U.S. Direct Hire</u>	<u>U100</u>				
U.S. Full time Basic Pay	U101	460.7	-0-	460.7	8.0
U.S. Part time Basic Pay	U102	23.4	-0-	23.4	1.0
Differential Pay	U103	115.2	-0-	115.2	
Other AID/W Funded Code 11	U104	9.7	-0-	9.7	
Education Allowances	U106	47.9	-0-	47.9	4.0
Retirement	U107	44.9	-0-	44.9	
Cost of Living Allowances	U108	69.8	-0-	69.8	
Other AID/W Funded Code 12	U109	24.2	-0-	24.2	
Other Mission Funded Code 12	U110	18.0	-0-	18.0	
Post Assignment Travel	U111	15.0	-0-	15.0	2.0
Post Assignment Freight	U112	61.0	-0-	61.0	2.0
Home Leave Travel	U113	21.3	-0-	21.3	3.0
Home Leave Freight	U114	11.5	-0-	11.5	3.0
Education Travel	U115	13.1	-0-	13.1	4.0
R&R Travel	U116	21.9	-0-	21.9	6.0
Other Code 215 Travel	U117	23.0	-0-	23.0	3.0
<u>Contract Personnel</u>	<u>U300</u>				
U.S. PSC Salaries/Benefits	U302	109.8	-0-	109.8	3.0
F.N. PSC Salaries/Benefits	U304	34.9	-0-	34.9	.8
Manpower Contracts	U306	385.0	-0-	385.0	85.8
<u>Housing</u>	<u>U400</u>				
Residential Rent	U401	63.0	-0-	63.0	4.0
Residential Utilities	U402	270.2	-0-	270.2	
Maintenance & Renovation	U403	12.0	-0-	12.0	
Residential Furniture/Equip.	U405	5.1	-0-	5.1	
Trans/Freight - Code 311	U406	1.5	-0-	1.5	
Security Guard Services	U407	83.0	-0-	83.0	
Official Residence Allowance	U408	1.0	-0-	1.0	
Representation Allowance	U409	1.0	-0-	1.0	
<u>Office Operation</u>	<u>U500</u>				
Office Rent	U501	2.1	-0-	2.1	
Office Utilities	U502	110.0	-0-	110.0	
Building Maint/Renovation	U503	64.1	-0-	64.1	
Office Furniture/Equipment	U504	20.8	-0-	20.8	
Vehicles	U505	0.0	-0-	0.0	
Other Equipment	U506	20.6	-0-	20.6	
Transportation Freight	U507	28.2	-0-	28.2	
Furn/Equip/Veh Repair/Maint	U508	55.0	-0-	55.0	
Communications	U509	53.1	-0-	53.1	
* Security Guard Services	U510	28.0	-0-	28.0	
Printing	U511	7.5	-0-	7.5	
* Site Visits - Mission	U513	17.5	-0-	17.5	23.0
* Site Visits - AID/W	U514	17.0	-0-	17.0	3.0
* Information Meetings	U515	2.4	-0-	2.4	1.0

* Training Attendance	U516	7.4	-0-	7.4	3.0
* Conference Attendance	U517	25.3	-0-	25.3	9.0
* Other Operational Travel	U518	0.0	-0-	0.0	
Supplies & Materials	U519	217.2	-0-	217.2	
FAAS	U520	65.5	-0-	65.5	
Contract Mgt/Prof. Services	U522	335.8	-0-	335.8	
All other Code 25	U524	19.0	-0-	19.0	
TOTAL OPERATING EXPENSE BUD.		3,043.6	-0-	3,043.6	
Reconciliation		743.6	-0-	743.6	
TOTAL ALLOWANCE REQUIREMENTS		2,300.0	-0-	2,300.0	

NOTE: FUNCTION CODE U512 (RIG OPERATIONAL TRAVEL) IS NO LONGER A VALID CODE.  
ALL RIG OPERATIONAL TRAVEL WILL BE CHARGED TO FUNCTION CODES U513  
THROUGH U518 AS APPROPRIATE.

\* Unit data must be provided.

Organization: USAID/Chad  
 Budget Plan Code: COEA-88-21677-U000

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TABLE VIII  
(\$000)

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTALS	UNITS
<u>U.S. Direct Hire</u>	<u>U100</u>				
U.S. Full time Basic Pay	U101	525.0	-0-	525.0	10.0
U.S. Part time Basic Pay	U102	48.0	-0-	48.0	2.0
Differential Pay	U103	131.3	-0-	131.3	
Other AID/W Funded Code 11	U104	11.1	-0-	11.1	
Education Allowances	U106	43.3	-0-	43.3	3.5
Retirement	U107	49.2	-0-	49.2	
Cost of Living Allowances	U108	85.0	-0-	85.0	
Other AID/W Funded Code 12	U109	26.3	-0-	26.3	
Other Mission Funded Code 12	U110	15.0	-0-	15.0	
Post Assignment Travel	U111	24.8	-0-	24.8	5.0
Post Assignment Freight	U112	180.0	-0-	180.0	5.0
Home Leave Travel	U113	24.4	-0-	24.4	6.0
Home Leave Freight	U114	70.1	-0-	70.1	6.0
Education Travel	U115	28.4	-0-	28.4	8.0
R&R Travel	U116	47.3	-0-	47.3	7.0
Other Code 215 Travel	U117	32.6	-0-	32.6	12.0
<u>Contract Personnel</u>	<u>U300</u>				
U.S. PSC Salaries/Benefits	U302	145.1	-0-	145.1	2.0
F.N. PSC Salaries/Benefits	U304	106.5	-0-	106.5	2.2
Manpower Contracts	U306	472.5	-0-	472.5	94.4
<u>Housing</u>	<u>U400</u>				
Residential Rent	U401	69.3	-0-	69.3	5.5
Residential Utilities	U402	239.7	-0-	239.7	
Maintenance & Renovation	U403	12.6	-0-	12.6	
Residential Furniture/Equip	U405	70.4	-0-	70.4	
Trans/Freight - Code 311	U406	37.9	-0-	37.9	
Security Guard Services	U407	87.2	-0-	87.2	
Official Residence Allowance	U408	1.1	-0-	1.1	
Representation Allowance	U409	1.5	-0-	1.5	
<u>Office Operations</u>	<u>U500</u>				
Office Rent	U501	2.1	-0-	2.1	
Office Utilities	U502	115.5	-0-	115.5	
Building Maint/Renovation	U503	7.8	-0-	7.8	
Office Furniture/Equipment	U504	84.1	-0-	84.1	
Vehicles	U505	4.3	-0-	4.3	
Other Equipment	U506	20.0	-0-	20.0	
Transportation/Freight	U507	28.3	-0-	28.3	
Furn/Equip/Veh Repair/Maint	U508	38.2	-0-	38.2	
Communications	U509	52.9	-0-	52.9	
* Security Guard Services	U510	29.5	-0-	29.5	
Printing	U511	8.0	-0-	8.0	
* Site Visits - Mission	U513	22.3	-0-	22.3	25.0
* Site Visits - AID/W	U514	34.7	-0-	34.7	6.0
* Information Meetings	U515	2.6	-0-	2.6	1.0

* Training Attendance	U516	10.4	-0-	10.4	4.0
* Conference Attendance	U517	26.6	-0-	26.6	9.0
* Other Operational Travel	U518	3.0	-0-	3.0	1.0
Supplies & Materials	U519	267.7	-0-	267.7	
FAAS	U520	76.4	-0-	76.4	
Contract Mgt/Prof. Services	U522	284.4	-0-	284.4	
All Other Code 25	U524	20.3	-0-	20.3	
TOTAL OPERATING EXPENSE BUD.		3,724.7	-0-	3,724.7	
Reconciliation		867.3	-0-	867.3	
TOTAL ALLOWANCE REQUIREMENTS		2,857.4	-0-	2,857.4	

NOTE: FUNCTION CODE U512 (RIG OPERATIONAL TRAVEL) IS NO LONGER A VALID CODE.  
ALL RIG OPERATIONAL TRAVEL WILL BE CHARGED TO FUNCTION CODES U513  
THROUGH U518 AS APPROPRIATE.

\* Unit Data must be provided.

Organization: USAID/Chad  
 Budget Plan Code: COEA-89-21677-U000

FY 89  
TABLE VIII  
 (\$000)

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS
<u>U.S. Direct Hire</u>	<u>U100</u>				
U.S. Full time Basic Pay	U101	532.7	-0-	532.7	10.0
U.S. Part time Basic Pay	U102	48.0	-0-	48.0	2.0
Differential Pay	U103	133.2	-0-	133.2	
Other AID/W Funded Code 11	U104	11.2	-0-	11.2	
Education Allowances	U106	39.9	-0-	39.9	3.0
Retirement	U107	49.9	-0-	49.9	
Cost of Living Allowances	U108	85.2	-0-	85.2	
Other AID/W Funded Code 12	U109	26.6	-0-	26.6	
Other Mission Funded Code 12	U110	15.0	-0-	15.0	
Post Assignment Travel	U111	30.0	-0-	30.0	5.0
Post Assignment Freight	U112	192.5	-0-	192.5	5.0
Home Leave Travel	U113	29.6	-0-	29.6	4.0
Home Leave Freight	U114	36.0	-0-	36.0	4.0
Education Travel	U115	56.2	-0-	56.2	16.0
R&R Travel	U116	69.0	-0-	69.0	8.0
Other Code 215 Travel	U117	34.3	-0-	34.3	12.0
<u>Contract Personnel</u>	<u>U300</u>				
U.S. PSC Salaries/Benefits	U302	144.6	-0-	144.6	2.0
F.N. PSC Salaries/Benefits	U304	49.4	-0-	49.4	1.0
Manpower contracts	U306	496.1	-0-	496.1	103.8
<u>Housing</u>	<u>U400</u>				
Residential Rent	U401	239.0	-0-	239.0	14.0
Residential Utilities	U402	251.7	-0-	251.7	
Maintenance & Renovation	U403	13.3	-0-	13.3	
Residential Furniture/Equip	U405	56.3	-0-	56.3	
Trans/Freight - Code 311	U406	31.7	-0-	31.7	
Security Guard Services	U407	91.6	-0-	91.6	
Official Residence Allowance	U408	1.2	-0-	1.2	
Representation Allowance	U409	1.5	-0-	1.5	
<u>Office Operations</u>	<u>U500</u>				
Office Rent	U501	2.2	-0-	2.2	
Office Utilities	U502	99.2	-0-	99.2	
Bulding Maint/Renovation	U503	8.1	-0-	8.1	
Office Furniture/Equipment	U504	81.9	-0-	81.9	
Vehicles	U505-	4.5	-0-	4.5	
Other Equipment	U506	21.4	-0-	21.4	
Transportation/Freight	U507	35.4	-0-	35.4	
Furn/Equip/Veh Repair/Maint	U508	40.5	-0-	40.5	
Communications	U509	55.6	-0-	55.6	
* Security Guard Services	U510	31.0	-0-	31.0	
Printing	U511	9.0	-0-	9.0	
* Site Visits - Mission	U513	23.9	-0-	23.9	26.0
* Site Visits - AID/W	U514	26.8	-0-	26.8	5.0
* Information Meetings	U515	2.8	-0-	2.8	1.0

* Training Attendance	U516	11.0	-0-	11.0	4.0
* Conference Attendance	U517	27.9	-0-	27.9	9.0
* Other Operational Travel	U518	3.2	-0-	3.2	1.0
Supplies & Materials	U519	223.8	-0-	223.8	
FAAS	U520	80.2	-0-	80.2	
Contract Mgt/Prof. Services	U522	298.6	-0-	298.6	
All Other Code 25	U524	18.8	-0-	18.8	
TOTAL OPERATING EXPENSE BUD.		3,871.5	-0-	3,871.5	
Reconciliation		881.8	-0-	881.8	
TOTAL ALLOWANCE REQUIREMENTS		2,989.7	-0-	2,989.7	

NOTE: FUNCTION CODE U512 (RIG OPERATIONAL TRAVEL) IS NO LONGER A VALID CODE.  
ALL RIG OPERATIONAL TRAVEL WILL BE CHARGED TO FUNCTION CODES U513  
THROUGH U518 AS APPROPRIATE.

ORGANIZATION: USAID/CHAD

TABLE VIII (a)  
NARRATIVE

TRUST FUNDS:

Chad does not have capacity to generate enough local currency to cover its own costs, much less create a trust fund. USAID has provide \$ 7,000,000 budgetary support to Chad in FY 87, and expects to provide an additional \$ 5,000,000 in FY 88.

CHANGES IN UNIT COSTS:

FC.100 items: During FY 87, we had an obstetrical medical evacuation which required travel and extended per diem for the mother and two other minor children. The cost of this singles trip greatly increased the unit cost in this FC in FY 87. FY 88 and 89 estimates are based on more usual travel costs. We also expect, in FY's 88 and 89, several home leave/RTP trips and several home leave/transfer to AID/W trips. This type of trip results in increased travel and freight costs per trip as opposed to simple home leave/transfer trips.

FC 300: We anticipate the addition of a professional technical position with full overseas benefits as well as the continuation of the local-hire, minimal-benefit secretarial position.

FC 400: The lower unit cost of residential rents in FY 88 is a result of a single low-cost lease which provides 18 months of housing at much less than current rental rates. This cost is of course expected to rise when this lease is renegotiated in FY 89.

FC 500: The only significant unit cost change in this class is in Site Visits of Mission Personnel. The Mission has cancelled most of its planned international site visits for FY 87. They are however included in estimates for FY's 88 and 89. FY 87 therefore reflects many lowercost in-country trips, while the higher cost of the few added international site visits increases the unit costs in FY's 88 and 89.

OTHER NOTES:

Mission would like to point out that our FY 87 budget alone should have been increased by \$ 200,000 to cover the 16.5% devaluation of the dollar. We were allowed only an increase of \$ 100,000. There were also serious underestimations of costs in FY 86, and the Mission was forced to postpone the addition of \$ 194,000 in incremental funding for our support package contract until a later year. This underestimation of costs also resulted in a shortfall in FY 87 local cost items overs and above the shortfall due to the devaluation of the dollar. To live with these unavoidable cost increases and our FY 87 budget level, Mission has been forced to further shift costs to fy 88 an FY 89. We have also the addition of another USDH position, expected to be filled in late FY 87, which increases support costs across the board. Considering all these factors, it is thanks only to our stringent cost-reduction measures that the overall budget increase from FY 87 to FY 88 is only 19.5%. The budget increase from FY 88 to 89 has been held to the minimal level of 4.4%. In summary, we must stress that the FY 88 increase is largely a result of serious shortages in FY's 86 and 87, the addition of another USDH position, and the resumption of a normal NXP replacement program.

ORGANIZATION: USAID/CHAD

TABLES VIII (b)  
INFORMATION ON U.S. PSC COSTS

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
SECRETARY	20.8 (10/86-9/87)	23.3 (10/87-9/88)	24.3 (10/88-9/89)
HEALTH ADVISOR	70.0 (10/87-5/87)		
FOOD FOR PEACE OFFICER	0.0	121.8 (1/88-7/89)	120.3 (97/89-7/90)
C & r SUPERVISOR	19.0 (10/86-8/87)		
TOTALE	109.8	145.1	144.6

Organization USAID/CHAD

TABLE VIII(c)  
All Other Code 25 Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
Manpower Contract which	385.0	404.3	424.5
Provides charforce, secretarial, chauffeur, translator, maintenance, and accounting services	109.0 WY	110.0 WY	115.0 WY

2 ✓ Y c

Organization USAID/CHAD

TABLE VIII(d)  
Manpower Contract Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
1. Administrative and Logistical Support Services Contractor provides general services, housing, travel and transportation, communications, procurement, general administration, property management and security	335.8	352.6	370.2
2. Language Training	2.5	3.0	3.8
3. Architectural Services	3.0	3.2	-0-
4. Insurance/Deed Registration	<u>13.5</u>	<u>14.5</u>	<u>15.0</u>
	354.8	373.0	389.0

Organization USAID/CHAD

**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>
<b>1. <u>Capital Investment:</u></b>			
<b>A. Purchase of Hardware</b>	40.0	20.0	21.4
<b>B. Purchase of Software</b>			
<b>C. Site Facility</b>			
<b>SUBTOTAL Section 1</b>	<u>40.0</u>	<u>20.0</u>	<u>21.4</u>
<b>2. <u>Personnel:</u></b>			
<b>A. Compensation, Benefits and Travel</b>	15.0	16.0	18.0
<b>B. Workyears</b>	1.0	1.0	1.0
<b>3. <u>Equipment Rental, Space and Other Operating Costs:</u></b>			
<b>A. Lease of Equipment</b>			
<b>B. Space</b>			
<b>C. Supplies and Other Material</b>			
<b>D. Non-Commercial Training</b>			
<b>SUBTOTAL Section 3</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

Organization USAID/CHAD**TABLE VIII(e)**  
(Continued)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
4. <u>Commercial Services:</u>			
A. Computer Time			
B. Leased Telecommunications Services			
C. Operations and Maintenance			
(1) Operations			
(2) Maintenance:			
Other than WANG equipment			
WANG equipment (Local maintenance)	1.0	1.0	1.0
WANG equipment (A.I.D./W maintenance)	2.0	3.0	4.0
D. <u>Systems Analysis and Programming:</u>	5.0		
E. <u>System Design and Engineering</u>			
F. <u>Studies and Other</u>			
SUBTOTAL Section 4	<u>8.0</u>	<u>4.0</u>	<u>5.0</u>
5. TOTAL DOLLARS	<u>63.0</u>	<u>40.0</u>	<u>44.4</u>
TOTAL WORKYEARS (From item 2A)	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
6. <u>MISSION ALLOWANCE LEVELS:</u>			
A. Existing systems	<u>58.0</u>	<u>35.0</u>	<u>44.4</u>
B. New or expanded systems	<u>5.0</u>	<u>5.0</u>	

INFORMATION TECHNOLOGY NARRATIVESECTION A

Listed in priority order, the following lists indicate the uses of the Mission's Automation Equipment.

- Word Processing
- Budget Preparation - OE and Project
- Mission Accounting/Project Financial Reports
- Property Management
- Personnel Tracking, Staffing Patterns and Travel
- Local Payroll
- PSC Payroll
- Project Tracking/Time Line
- Statistical Analyses/Modeling
- PL 480 Food Monitoring/Tracking
- Voucher Tracking
- PIO Tracking
- Data Storage - Agricultural, Demographic, Sociological, and Meteorological
- Project Accounting for Project Manager
- Management Assistance Program (MAP)

SECTION B

Mission's Current Year and Long-Range (through 1993) Information Management Plan: The Mission has completed the installation of thirteen WANG PC's. All have IBM emulation capabilities and the Mission is in the process of expanding the utilization of the PC's from word processing and spreadsheets to mission accounting, project tracking (time line has been implemented), project accounting, data storage and analysis, voucher tracking, PIO tracking and participant training tracking. The Mission has hired a computer specialist locally, who is currently providing training to all Mission professional staff to ensure maximum use of the PCs.

Because of budget constraints, Mission has not been able to obtain sufficient equipment to fully implement all of the above. The Mission will make the purchase of additional equipment a high priority if/when funds become available. As our program grows without a corresponding growth in Mission size, word/data processing capability will become increasingly important as an effective management tool.

TABLE VIII(f)  
Report on Motor Vehicle Operations

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
<u>Numbers of Vehicles:</u>			
<u>Purchased Vehicles:</u>			
Number of vehicles owned (start of year)	12	12	11
Plus Number of vehicles to be purchased during FY	1 *	0	0
Less Number of vehicles to be disposed of during FY	1	1	1
Number of vehicles on hand (end of year)	<u>12</u>	<u>11</u>	<u>10</u>
<u>Leased Vehicles:</u>			
Average number of vehicles leased during FY	0	0	0
<u>Estimated Obligations:</u>			
Vehicle Purchases	0	0	0
Special modifications (such as armor plating)	0	0	0
Transportation of purchased vehicles	\$ 3,500 (armored) *		0
Vehicle Leases	0	0	0
Vehicle Maintenance/Repairs	\$ 10,891	11,436	12,008
Salaries/Benefits of Drivers/Dispatchers	\$ 54,189	56,899	59,744
Supplies/Materials/Gas/Oil	\$ 34,326	36,043	37,846
Rental of Warehouse/Garage space	\$ 0	0	0
Other Miscellaneous Costs	\$ 21,978	23,077	24,231
Total Obligations	\$ <u>124,884</u>	<u>127,455</u>	<u>133,829</u>
<u>Estimated Disbursements:</u>			
Vehicle Purchases	0	0	0
Special modifications (such as armor plating)	0	0	0
Transportation of purchased vehicles	\$ 3,500 (armored) *		0
Vehicle Leases	\$ 0	0	0
Vehicle Maintenance/Repairs	\$ 10,891	11,436	12,008
Salaries/Benefits of Drivers/Dispatchers	\$ 54,189	56,899	59,744
Supplies/Materials/Gas/Oil	\$ 34,326	36,043	37,846
Rental of Warehouse/Garage space	\$ 0	0	0
Other Miscellaneous Costs	\$ 21,978	23,077	24,231
Total Disbursements	\$ <u>124,884</u>	<u>127,455</u>	<u>133,829</u>

\* Purchased by IG/SEC from Security Funds.

NOTE: This is for OE vehicles only.

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TABLE VIII: (a) OPERATING EXPENSE SUMMARY

FTE WORKYEAR AUTHORIZATION

The FY 1989 U.S. Direct Hire (FTE) Workyear Authorization has been increased by the addition of a Program Economist Position, making the total number of USDH positions ten. An additional Part-Time (Resident Hire) position was also added for a total of two Part-Time positions. Spars are currently being processed by AID/W for the Economist position and the new Resident Hire position for which a Communications and Records Supervisor has been requested. The mission is in the process of recruiting for the already established Resident-hire secretarial position.

Recently USAID/Chad was upgraded from a schedule C to a schedule A Mission. The effect of this of course is to allow the Mission to become more autonomous and under the new DOA 551, to be more independent from REDSO/WCA, except for clearances in certain areas on waivers.

Nine of the Mission's USDH positions are fully staffed and an officer has been nominated for the economist position. By the end of the Fiscal Year 1987, it is expected that all ten USDH positions will be filled.

MANAGEMENT IMPROVEMENTS

The purchase of the USAID Wing and GSO, was approved and completed out of 636 (c) funds at the end of FY-86. The USAID is now operating from two locations instead of four as was formerly the case. Both purchases were negotiated

at a cost of approximately \$160,000 each. The value of the USAID building in particular is expected to skyrocket, since the new Chadian Presidency is being constructed directly across the street from USAID. All renovations to the USAID have now been completed, including the extension of security bollards and the addition of a parking lot (leased from the Municipality of N'Djamena).

The contract with a service organization to provide general services to project-funded activities as well as to USDH and contract personnel continues to be a source of satisfaction to the mission because of the excellent support services it provides. Since USAID/Chad identifies project and O/E costs within this contract, USAID/Chad FAAS costs continue to be among the lowest in Africa Bureau. For FY 1986 Chad FAAS costs of \$47,000 were the 5th lowest out of 42 other Missions. the Mission expects to further reduce this charge by passing this applicable Health Room cost on to project. This will result in a saving to all agencies by directly reducing the cost be distributed among them.

Currently steps are being taken by the mission to reduce costs on the manpower contract. During the upcoming year salaries of Chadian professional personnel will be withdrawn from the manpower contract and paid directly by the mission. These items total approximately \$168,000 yearly; this action is expected to result in an annual savings of approximately 52,000. Another measure to reduce costs is the purchase of timers for residential water heaters. A savings of \$2,500 per month (an estimated saving of \$30,000 per year) is expected because of this other conservation efforts in the energy area. Such savings are crucial in these time of Gramm-Rudmann-Hollings.

Currently, the Mission has purchased and installed 13 Wang PC's, and has plans to purchase an additional four PC's, OE budget permitting, for FY-88. The Controller's Office has plans to train two employees on the Lotus (already installed in the Mission), if funding is available for workstations.

Given current budget constraints, Mission anticipates that all OE travel, including training and conferences, will have to be cut to the bone.

Non-expendable procurement is badly needed for FY-88 and 89 but will of course be the first item dropped if budget levels are further reduced. Both a normal and worst-case scenario were considered before arriving at our procurement levels for this FY-1988 ABS exercise

90 percent of mission support operations are funded from our OE, not under FAAS. A review of 85 data and FY 85 actual FAAS figures indicates that our support costs per for year of personnel are significantly lower than those of other Sub-Saharan/Sahelian countries. The analysis showed our support costs to be \$ 9,500 per workyear of personnel compared to \$ 10,700 for Mali \$ 12,000 for Senegal, and \$ 21,200 for Cameroon. (Note: workyears of personnel include USDH, USPSC, FN, and TCN.) At 114 workyers for

FT 86. Chad's support package saved at least \$ 125,000 over FAAS support packages. The problem with this is that our costs are highly visible in our OE instead of buried in FAAS figures which are accumulated and circulated separately from mission reports. Mission has a 3-year contract for support services (in lieu of JAO) with an OE funding requirement of \$ 2,000,000 over the contract life. \$ 170,000 were funded from 85 OE, leaving a Balance of \$ 1,638,000 to be funded from FY's 86 87, and 88. One-third of this per year would total \$ 610,000. However, Because of the non-defferable overruns in FY 85 only \$ 415,800 were actually committed to the contract this mortgage effect is now on FY 87 funds to pick up the FY 85 shortfall of \$ 184,200 in addition to the \$ 610,000 required in FY 87. Pick up could theoretically be shifted on to FY 88; Mission Preference is to solve the problem sooner rather than later.



AFRICA TABLE 2

## PIPELINE ANALYSIS AND MODIFICATIONS TO LOP AND PACO

TOTAL AUTH	COST PLAN	OBL THRU FY 86	FY 86 PIPE LINE	FY 1987		FY 1988		FY 1989		PACO
				OBLIGATIONS	EXPENDITURES	OBLIGATIONS	EXPENDITURES	OBLIGATIONS	EXPENDITURES	
<b>AFRICA RESETTLEMENT</b>										
3000	3000	3000	-	-	3000	-	-	-	-	7/29/87
Abeche Rural Development 698-0502.4a										
1500	1500	1500	1500	-	1500	-	-	-	-	6/30/87
BITA Private Enterprise 698-0502.4b										
4500	4500	4500	1500	-	4500	-	-	-	-	
<b>SAHEL DEVELOPMENT</b>										
1669	968	968	-	-	968	-	-	-	-	
Rural Sanitary Water 677-0022										
5500	5500	5500	5500	-	5250	-	200	-	50	12/30/88
Chad Relief & Rehab. 677-0041										
14000	14000	5000	5000	-	3000	4000	4000	5000	5000	9/30/90
Strengthening Road Maint. 677-0050										
12725	12725	7725	4300	4000	1400	1000	1000	2400	2400	7/30/91
PVO Dev. Initiatives 677-0051										
350	350	350	312	-	38	200	-	200	-	6/30/88
Oral Rehydration 677-0054										
34244	33543	19543	15112	4000	10656	5200	5000	7800	5000	2450
<b>ECONOMIC SUPPORT FUND</b>										
2822	2822	2822	2822	-	2822	-	-	-	-	12/30/88
Chad Relief & Rehab. 677-0041										
3000	3000	3000	3000	-	3000	-	-	-	-	9/30/84
Strengthening Dev. Minist 677-0047										
13500	13500	7519	5000	4750	1200	11069	-	5000	-	9/30/89
Strengthening Road Maint. 677-0050										
7000	7000	-	-	7000	5000	-	-	2000	-	9/30/88
Support Dev. Ministries 677-0052										
5000	5000	-	-	-	-	5000	5000	5000	-	9/30/88
Support Dev. Ministries 677-0055										
5000	5000	-	-	-	-	-	-	-	5000	5000
Support Dev. Ministries (new)										
36322	36322	13341	10822	11750	12022	11069	5000	12000	5000	5000
70566	69665	32884	25934	15750	22678	16269	10000	19800	10000	7450
TOTAL SDF and ESF										

## AFRICA TABLE 3

## PVO ACTIVITIES

PROJECT	PVO	PVO NAME	SHADOW ACCOUNT	LOP	85-89	PVO LOP % TOTAL	FY87 OBL	FY86 OBL	FY89 OBL
677-0051	PVO DEV. IN Bilateral	CARE VITA AFRICARE ORT (ALL US)	SOF		85-89	12725 100%	4000	1000	-

AFRICA TABLE 4

PRIVATE SECTOR ACTIVITIES

(<\$000)

PROJECT	ORGANIZATION	ACCOUNT	LOP	LOP AMOUNT	PERCENT PRIVATE SECTOR	AMOUNT	
						FY87	FY 88 FY 89
STRENGTHENING ROAD MAINTENANCE 677-0050*	USAID/60C	SDP*ESF	5	27500	54.6%	4100	5600 2300
PRIVATE ENTERPRISE DEVELOPMENT 698-0052.4B	VITA	REFUGEE REHABILITATION	3	1500	100%	270	- -
PRIVATE ENTERPRISE PROMOTION 677-0051.3	VITA	SDP	2	1200	100%	600	600

\*PRIVATE SECTOR INVOLVEMENT DOES NOT INCLUDE THE U.S. CONTRACTOR.  
IT INCLUDES LOCAL CONTRACTS FOR ROAD REHABILITATION, EQUIPMENT AND PARTS.

AFRICA TE SE 5  
REGIONALLY & CENTRALLY FUNDED ACTIVITIES  
( $\$000$ )

PROJECT	ORGANIZATION	ACCOUNT	LOP YEARS	LOP AMOUNT	FY 87	FY 88	FY 89
<b>DIRECTLY RELATED TO MISSION PORTFOLIO</b>							
POLICY ANALYSIS 625-0970	USAID/wChad	SOP	2	400	340	340	340
FINANCIAL MANAGEMENT 625-0950	Experience, Inc.	SOP	4	1255	-	-	-
SMRD III 625-0972	USAID/wChad	SOP	5	1700	400	450	450
POPULATION INITIATIVES 625-0969	Harvard (HIIID)	SOP	2	400	250	200	200
INTRAH 936-3031	INTRAH	SOP	2	280	140	-	-
<b>FAMILY PLANNING</b>							
COMMODITIES 936-3018	FPIA	SOP	2	120	60	60	-
JMPIEGO 932-0604	JMPIEGO	HE	5	150	30	30	30
PA AND R 625-0929	USAID/wChad	SOP	C	C	360	400	450
<b>INDIRECTLY RELATED TO MISSION PORTFOLIO</b>							
CHILD SURVIVAL	UNDP	HE	C	C	-	500	500
ORAL REHYDRATION	AFRICARE	HE	C	C	-	200	-
SMEL WATER DATA 625-0940	NOAA/WHO	SOP	5	90	30	30	30
INTEGRATED PEST MANAGEMENT 625-0928	FAO	SOP	2	570	-	-	-
DEMOGRAPHIC DATA 936-3000	BUCEM	HE	4	50	10	-	-
DEMOGRAPHIC SURVEY DEP-A-00-4049	COLUMBIA	HE	4	90	150	-	-
<b>NOT RELATED TO MISSION PORTFOLIO</b>							
DEV LAW & POLICY 932-0643	COLUMBIA	HE	3	30	30	-	-
FAMINE EARLY WARNING SYSTEM (FEWS)	TULANE	-	1	90	90	90	-
SELF-HELP 625-9901	EMB	SOP	C	C	50	65	50
HUMAN RIGHTS 625-9801	EMB	SOP	C	C	45	50	50

AFRICA TABLE 6

LOCAL CURRENCY TABLE  
(\$000)

GENERATIONS	ESF	DA	Food Dist	Energy	PL 480	
					Dev. Prog.	Other
Carry in	0	0	0	422	0	0
Current Year	0	0	0	0	0	0

EXPENDITURES	FY 86	FY 87	FY 88	FY 89
	ACTUAL	EST	PLANNED	PROJ
ESF	0	0	0	0
DA	0	0	0	0
PL 480				
Public Sector	0	0	0	2000
Private Sector	105	567	300	500

TABLE 7  
EVALUATION SCHEDULE

PROJECT	LAST EVAL.	PROPOSED EVAL.	ISSUES	FUNDING SOURCE	FUNDING AMOUNT	USAID PERSON DAYS	TOY PERSON DAYS
ROAD MAINTENANCE 677-0050	NONE	01/88	MID-TERM	0050T10	15000	10	15
PWD DEVELOPMENT 677-0051	NONE	04/88	MID-TERM	0051T10	12000	10	20

## ABS NARRATIVE

a. Project Number and Title: 677-0055, Support to Development Ministries III

b. Project Funding:

1987: \$ 0

1988: \$5,000

c. Appropriation Account: ESP

d. Objective: The purpose of this project is to assist the Government of Chad (GOC) to maintain financial, political and social stability during a difficult period of national reconstruction and economic adjustment. This is fully consonant with the U.S. Government's overall objective in Chad of promoting stability in the face of aggression, which requires the maintenance of effective civil administration of the continued provision of public services.

e. Problem: The price of cotton, Chad's principal source of foreign exchange and tax revenues, collapsed in 1985. Continuing fallout from this will lead to a financial crisis in 1988. These economic problems are compounded by the continuing Libyan invasion of northern Chad. Since 1985, the already austere GOC budget (e.g., payment of salaries at 60 percent of the official pay schedule) has been frozen. At the same time, tax revenues have fallen by 10 percent, which will produce deficits of nearly \$20 million in both 1986 and 1987.

The GOC is taking necessary corrective action. In the short term, it is implementing an IFM approved adjustment program to reduce the financial deficits through development of new sources of tax revenue and strict ceilings on public expenditures. Measures include sale of land and other GOC assets, a freeze on civil service employment and reform of budget and treasury operations. In the longer term, the GOC has embarked on a program with the assistance of the World Bank and another donors to restore the cotton sector to profitability as well as diversify into other activities.

In 1988, the GOC's budget will include expenditures of approximately \$85 million and revenues of about \$60 million, producing a deficit on the order of \$25 million. France will probably provide the same level of budgetary assistance as in past years, or \$20 million, to help finance the deficit. The GOC will need to find financing for the remainder of the deficit.

Means: To help the GOC make the necessary adjustments while maintaining essential services, A.I.D. will provide a \$5 million cash transfer to pay salaries and related expenses of civilian ministries. Funds will be released in quarterly tranches, in coordination with French budgetary aid. This will partially compensate for the lost revenues from the cotton sector. A.I.D. will strictly control expenditure of these funds through measures such as prior approval for GOC utilization plans and periodic inspections by independent auditors.

f. Target group: GOC employees and private sector merchants in N'Djamena will benefit directly from regular payment of civil service salaries. All users of GOC services will benefit from improved the resulting improved morale and efficiency of public administration.