

**Annual Budget
Submission**

FY 1990

SOMALIA

June 1988



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

MEMORANDUM

June 5, 1988

TO: AFR/DP, John Westley
FROM: USAID/Somalia, Lois Richards *LR*
SUBJECT: FY 1990 ABS for Somalia

Enclosed is the FY 1990 ABS for USAID/Somalia. The ABS is being handcarried today by a contractor who will put it into the U.S. mail at Kennedy International Airport on June 6.

The levels used for our ABS submission are justified in the ABS narrative, which we have inserted in the ABS to explain the situation here in Somalia and the unacceptability of the DFA and PL 480 APPLs provided by Washington.

cc: AFR/EA:DMendelson

Somalia
 FY 1990 ANNUAL BUDGET SUBMISSION
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ABS NARRATIVE

Somalia is currently in a state of transition, having introduced new economic policies which it is now reconsidering. In September 1987 the GSDR announced that foreign exchange auctions would be abolished and that it planned to set the exchange rate at an over-valued rate of Sosh 100 per dollar. In February 1988 price controls were instituted on several commodities.

As a result of these acts, foreign exchange has been virtually unattainable for the private sector except through the parallel market, inflation has escalated, and many foods are unavailable. Since establishment and maintenance of a market-determined exchange system was an essential element of the IMF Standby, abolition of the auction system forced the IMF to suspend the Agreement signed in June 1987. Abolition of the auction also suspended many donor programs, including the FY 1987 ESF program, because many donors were either channeling funds to the private sector through the auction or using the auction rate in determining local currency equivalents for their programs. Since September, Somalia has faced a severe shortage of foreign exchange due to suspension of donor programs and a decline in remittances. Recently, the Somali Government has relaxed enforcement of price controls and is recognizing the need to change the foreign exchange rate and system.

Beginning in March 1988 when an IMF team was in Mogadishu for Article IV consultations, the GSDR and IMF began talking seriously about resumption of an IMF program. A two-person team returned in late May for discussions, and a return visit is tentatively planned for late June. At present, the Fund and GSDR are talking about instituting a "shadow" program beginning this summer, to be followed by a new Standby in early 1989. The GSDR and IMF need to negotiate the key elements of a program, which would include devaluation of the Somali Shilling to a market level, either gradually or in one step, and institution of a mechanism for maintaining a market-oriented rate. Price controls would be eliminated. Determination of a mutually acceptable exchange rate and system and repayment of the sizable arrears owed the IMF are the major factors still requiring further negotiation. USAID/Somalia's program will most certainly be affected by the outcome of negotiations.

The current economic situation provides needed background for the proposed budget figures presented in the succeeding pages. The figures as presented represent careful consideration of the needs of our current portfolio as well as Somalia's near and medium term development requirements, the concerns behind and conclusions reached at the February Program Review (State 059175 and State 069423), recent signs that Somalia may re-establish a formal standby with the IMF in early CY 1989, and AID's need to adjust its portfolio accordingly. As will be evident from the tables, we are proposing budget levels in FY 1989 and FY 1990 that are well above the levels provided in State 160269. Our reasons for proposing these higher levels are that our program cannot reasonably be responsive to Program Review decisions and the evolving situation here at the levels proposed to Congress in the FY 1989 CP and in the APPLs provided for FY 1990 and the outyears in State 160269. In order to maintain credibility and dialogue with the GSDR, we must be able to provide at least a reasonable level of assistance in the coming years, especially with U.S. access rights due for renegotiation in 1990.

In FY 1986 USAID provided \$64.155 million in economic assistance to Somalia (ESF - \$22.011 million, DA - \$22.144 million, PL 480 - \$20.000 million, excluding refugee feeding). In FY 1988 this level has dropped to \$36 million; State 160269 proposes to drop these levels to \$29 million in FY 1989, with a slight increase to \$31 million in FY 1990, which will essentially be offset in real terms by world-wide inflation. The composition of this total assistance package also has changed, with significant decreases in PL 480 and DFA levels, despite the fact that PL 480 assistance is needed to respond to balance of payments and food shortage requirements and DFA assistance is needed to fund development projects to which we are already committed. As noted in the Development Rationale paper prepared for the February Program Review, Somalia has considerable potential for development impact and remains a valid candidate for A.I.D. development support.

These changes come at a time when Somalia is experiencing severe economic difficulties requiring increased, not decreased support from the donor community. Somalia must rely on donor assistance for helping repay debt and to fund critical imports such as fuel and food. Without sufficient fast disbursing balance of payments assistance, the country will necessarily default on large amounts of debt as well as be unable to finance needed fuel and food imports with potentially serious consequences for its stability. Somalia also needs adequate funding for development programs to foster the long-term growth necessary for eventual reduction in reliance on donors. While USAID understands and concurs in the need for budget reductions in AID's programs worldwide, we do not agree with the magnitude and the kinds of the cuts for Somalia and propose instead different alternatives in the coming two fiscal years.

In FY 1989 and FY 1990 a DFA budget level above the proposed \$4 million per year amount will be essential if we are to fund the current mortgage for on-going projects. The proposed \$4 million in FY 1989 and FY 1990 will cover only the existing mortgage to the Somali Management Training for Development project (some of which we have already had to shift to ESF funding in FY 1989 in order to maintain project operations) as well as projected minimal requirements for Project Development and Support and Human Resources Development. As noted in Tables III and IV and as outlined in the new project narratives section, the Livestock Marketing and Health project will require a currently estimated \$10 million in FY 1989 and an estimated \$5 million in FY 1990 in additional funds beyond the current \$17 million life of project budget. The increase is required to cover shortfalls in financing for a sharply curtailed construction effort as well as to ensure extension of technical assistance through the construction period so as to support the construction performed. The proposed technical assistance extension is in line with conclusions and recommendations of the February 1988 project evaluation. We emphasize that it is not politically feasible to reduce the level of effort on either the SOMTAD or the Livestock Marketing and Health projects. We also propose an additional (and final) \$250,000 in FY 1989 for the Central Rangelands Development Project to ensure greater institutionalization at the Department of Range Management at the Faculty of Agriculture as recommended by a recent evaluation.

In addition, since eleven of the projects in our current portfolio will end in FY 1988 and FY 1989, we are proposing one new DFA project FY 1990 (as well as two more to begin in FY 1991 and one more to begin in FY 1992). The FY 1990 new start proposed - Land Registration - is essential

to our strategy in Somalia and is highly supportive of a number of other USAID and other donor projects. As a result of the above, USAID is proposing a DFA total of \$14.730 million (or \$10.730 million more than has been proposed to Congress) in FY 1989 and a total \$10.8 million (or \$6.8 million more than has been proposed to Congress) for FY 1990.

In order to fund on-going projects in our current portfolio that cannot be covered by the sharply reduced DFA levels (i.e., SOMTAD and Shebelli Water Management), we have had to shift obligations that originally had been DFA to ESF and reduce our proposed Program Assistance levels for FY 1989 and FY 1990. We anticipate that, as a part of the project redesign scheduled for September 1988, the ESF funded Policy Initiatives and Privatization Project will require an additional \$2 million (\$.955 million to complete the existing mortgage and \$1.045 million in new funding) in FY 1989 and an additional \$4 million in FY 1990. These new funds are essential to our private sector strategy. We have also shifted obligations for the Somali Management Training for Development project and Shebelli Water Management project (which are part of our existing mortgage) into ESF in order to save even more scarce DFA funds. USAID Somalia is proposing one new ESF funded project for FY 1990, Somali Tax Administration and Structure. This high priority effort will be designed both to reform taxes to stimulate private sector activity and general development, as well as to improve revenue, thus potentially reducing the Government budget deficit, and hence inflation.

The additional ESF project funding requirements within the approved ESF APPL levels mean that Program Assistance will have to be reduced to \$15 million per year. We note that these reduced Program Assistance levels come at a time when program assistance needs are increasing. The GSDR is beginning a "shadow" program leading to a new IMF program in early 1989; the GSDR will first need to clear its IMF debt arrears which will require program assistance from the United States and other key bilateral donors. Consistent with the need for more program assistance, USAID also proposes higher PL 480 levels for FY 1989 and FY 1990 than those provided in State 160269. The full justification for higher PL 480 levels is proved in the comments section of Table IX.

We find the levels proposed in this ABS justified given the circumstances in Somalia at present. For development reasons, Somalia cannot comfortably absorb the sharp reductions in assistance currently being proposed by Washington. For humanitarian reasons, AID should be anxious to maintain a reasonable level of assistance to ensure that progress continues to be made in addressing the current problems of Somalia. For political reasons, AID cannot expect to maintain its credibility without a reasonable contribution to the country's short-term and long-term economic needs.

We note for the record that the USAID program in Somalia is having successes in development. In a recent development, the only legal political party in the country has declared female circumcision illegal in Somalia and has instructed the Government to draft legislation to enforce this decision; as noted in the Development Rationale prepared for the February Program Review, the Family Health Services project has been instrumental in bringing this issue to the attention of top decision makers in the country. One of the covenants of the Shebelli Water Management project was that the Ministry of Agriculture would charge water users a fee for the maintenance of irrigation systems in Somalia.

In December 1987, the Ministry instituted a system of issuing water user permits and has been collecting water user fees on the basis of these permits. This new system, in response to the project's covenant, will be highly supportive of the project's irrigation rehabilitation efforts. A February-March 1988 visit of a PD&S funded tax specialist coincided with GSDR establishment of a Tax Reform Commission, originally established almost solely to increase revenues in the short run, not truly reform the tax system and consider the impact of taxes on long run development and private sector productivity. As a result of this specialist's visit, the GSDR is beginning to appreciate some of the development implications of tax reform (e.g., effects on private sector growth, distribution of resources). The Tax Reform Commission is using the report and has invited the specialist to return to work with them. Finally, the Somali Management Training for Development project has been training 240 participating students in English for several months, and the most advanced cohort of 70 students has recently begun their Masters degree courses.

In summary, though it is difficult to implement development activities in a country like Somalia and progress is relatively slow, there are very legitimate development reasons for continuing a development assistance program in Somalia. To reduce DFA and PL 480 on the grounds that Somalia is politically motivated program, suggests the general assumption that politically motivated US assistance programs cannot have development impact. This assumption is false in general and clearly so in the specific case of Somalia.

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ABS1

TABLE I - LONG-RANGE PLAN
FY 1990 ANNUAL BUDGET SUBMISSION

	FY 1987 ACTUAL	FY 1988 EST.	FY 1989 EST.	FY 1990	-----PLANNING PERIOD-----			
					1991	1992	1993	1994
DEVELOPMENT FUND FOR AFRICA								

TOTAL	14,279	6,000	14,730	10,800	11,700	12,500	14,500	14,500
GRANTS	14,279	6,000	14,730	10,800	11,700	12,500	14,500	14,500
LOANS	---	---	---	---	---	---	---	---
ECONOMIC SUPPORT FUND								

TOTAL	17,125	25,000	23,000	25,000	26,000	27,000	28,000	29,000
GRANTS	17,125	25,000	23,000	25,000	26,000	27,000	28,000	29,000
LOANS	--	--	--	--	--	--	--	--
PL 480								

Total	12,033	5,000	13,535	13,964	14,000	14,000	14,000	14,000
Title I	--	5,000	13,535	13,964	14,000	14,000	14,000	14,000
Title II	12,033	--	--	--	--	--	--	--

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TABLE III - FY 1990 ANNUAL BUDGET SUBMISSION
PROJECT OBLIGATIONS BY APPROPRIATIONS

(\$000)

APPROPRIATION ACCOUNT PROJECT NO. PROJECT TITLE	L/G	FY 1988	FY 1989	FY 1990
DEVELOPMENT FUND FOR AFRICA (DFA)				
649 0108 Central Rangeland Development	6	0	250	0
649 0109 Livestock Health & Marketing	6	0	10,000	5,000
649 0119 Somali Mgt. Trng. for Dev.	6	1,940	3,520	3,340
649 0129 Shabelle Water Management	6	2,850	0	0
649 0138 PVD Development & Support	6	250	0	0
649 0150 Shebelle Land Registration	6	0	0	1,500
649 0510 Project Development Support	6	800	800	800
649 HRDA Human Resource Development	6	160	160	160
Appropriation total		6,000	14,730	10,800
Grants		6,000	14,730	10,800
Loans		0	0	0
Economic Support Fund				
649 0119 Somali Mgt. Trng. inDevelopment	6	0	2,000	0
649 0129 Shebelle Water Management	6	3,000	4,000	4,500
649 0132 Policy Initiatives & Privat.	6	1,000	2,000	4,000
649 0144 ESF Program Assistance	6	21,000	0	0
649 0145 ESF Program Assistance	6	0	15,000	0
649 0146 ESF Program Assistance	6	0	0	15,000
649 0151 Tax Admin. & Structure	6	0	0	1,500
Appropriation Totals		25,000	23,000	25,000
Grants		25,000	23,000	25,000
Loans				
DA and ESF Account Totals		31,000	37,730	35,800
Grants		31,000	37,730	35,800

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ANNUAL BUDGET SUBMISSION - FY 1990
TABLE IV - Project Budget Data

Estimated U.S. Dollar Costs (\$000)

Project Number and Title	Oblig. Total Cost	Thru FY87	FY 1987	FY 1988	FY 1988	FY 1989	FY 1990	Special Item No.
Init Date	Auth Plan	Obli Pipeline	Obli Oblig	Expend	Obli Oblig	Expend	MAPL Expend	Codes
Fin								
Agriculture, Rural Dev., and Nutrition:								
6490104	Comprehensive Groundwater Development							
6 79 84	11944	11944	936	-	936	-	-	9434
6490108	Central Rangeland Development							
6 79 83	14944	14444	3902	-	1880	-	2022	9435
6490109	Livestock Marketing & Health							
6 84 87	17000	17000	15110	-	3550	-	7353	8980
6490112	Agricultural Delivery Systems							
6 79 83	8635	8435	109	-	109	-	-	9436
6490113	Bay Regional Development							
6 80 83	11171	10671	1721	-	1000	-	721	9437
6490129	Shebelle Water Management							
6 87 92	3548	3548	3548	-	1600	-	1948	10052

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Project Number and Title	Oblig. Total Cost	Auth Plan	Oblig Thru FY87	FY 1987		FY 1988		FY 1989		FY 1990		Special Ites No. Codes
				Pipeline	Expnd	Expnd	Expnd	Expnd	Expnd	AMPL	Expnd	
Init Fin				Oblig		Oblig		Oblig		Oblig		

6490134	Juba Valley Analytical Studies											
6 83 86	8550	8550	8550	2656		1156		1500				9439
				SUBCAT: FMPA		PACD: 5/90		PVO: 02		PVO: 02		

6490138	PVO Development Partners											
6 8E 86	9350	9350	9350	9243		2500		3000		87%		9634
				SUBCAT: FMPV		PACD: 6/91		PVO: 87%		PVO: 87%		

6490510	PBS											
6 85 C	-	-	-	1150	412	412						9635
				SUBCAT: FMZ		PACD:		PVO: 02		PVO: 02		

ARDN TOTAL GRANT	85142	83942	85092	37637	0	13143	0	16544	0	7207		

POPULATION												

6490131	Family Health Services											
6 84 86	10100	10100	10100	6113		3000		3000				8979
				SUBCAT: PMFP		PACD: 12/89		PVO: 02		PVO: 02		

POP TOTAL GRANT	10100	10100	10100	6113	0	3000	0	3000	0	113		

HEALTH												

6490104	Comprehensive Groundwater Development											
6 79 83	6556	6556	6556	45		45						9433
				SUBCAT: HENS		PACD: 9/88		PVO: 02		PVO: 02		

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Project Number and Title		Oblig. Total Cost		Oblig Thru		FY 1987 Pipeline Oblig		FY 1988 Expnd		Mortgage End of		FY 1989 Oblig		FY 1990 Expnd		Special Ites No.
L	Date	Auth	Plan	FY87	FY87	FY87	FY87	Expnd	Expnd	FY 1988	FY 1988	FY 1989	Expnd	Expnd	Codes	
Init	Fin															
6490138 PVO Development Partners																
6	85	86	7600	7600	7600	7600	7060	-	2000	-	6/91	2000	2000	-	2000	9975
				SUBCAT: HEPV		PACD: 6/91		PVO: 87Z		PVO: 87Z		PVO: 87Z		PVO: 87Z		
6490510 PDS																
6	85	C	-	-	300	47	-	47	-	-	-	-	-	-	-	9971
				SUBCAT: HEPP		PACD:		PVO: 0Z		PVO: 0Z		PVO: 0Z		PVO: 0Z		
HEALTH TOTAL 6		14156	14156	14456	7152	0	2092	0	0	2000	0	2000	0	2000	0	29379

EDUCATION AND HUMAN RESOURCES MANAGEMENT

Project Number and Title		Oblig. Total Cost		Oblig Thru		FY 1987 Pipeline Oblig		FY 1988 Expnd		Mortgage End of		FY 1989 Oblig		FY 1990 Expnd		Special Ites No.
L	Date	Auth	Plan	FY87	FY87	FY87	FY87	Expnd	Expnd	FY 1988	FY 1988	FY 1989	Expnd	Expnd	Codes	
Init	Fin															
6490119 Social Mgmt. Trng. for Dev.																
6	85	91	7700	7700	7700	7700	6218	-	3500	-	12/91	2718	-	-	-	9977
				SUBCAT: EHMA		PACD: 12/91		PVO: 0Z		PVO: 0Z		PVO: 0Z		PVO: 0Z		
6490510 PDS																
6	85	C	-	-	37	37	-	37	-	-	-	-	-	-	-	9972
				SUBCAT: EHPP		PACD:		PVO: 0Z		PVO: 0Z		PVO: 0Z		PVO: 0Z		
EHRM TOTAL GRANT		7700	7700	7700	6255	0	3537	0	0	2718	0	2718	0	0	0	
SELECTED DEVELOPMENT ACTIVITIES																
6490138 PVO Development Partners																
6	83	88	1000	1000	1000	1000	794	-	400	-	6/91	200	-	200	-	9637
				SUBCAT: SDPV		PACD: 6/91		PVO: 100Z		PVO: 100Z		PVO: 100Z		PVO: 100Z		

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Project Number and Title	Oblig Thru FY87	FY 1987 Pipeline Oblig	FY 1988 Expnd	Mortgage End of FY 1988 Oblig	FY 1989 Expnd	FY 1990 Expnd	Special Item No. Codes
L Date Auth Plan	Init	Fin					
6490510 PDS	-	-	15	15	-	-	10885
SDA TOTAL GRANT 1000 1000 809 0 415 0 200 0 194							
DEVELOPMENT FUND FOR AFRICA							
6490108 Central Rangeland Dev. Project							PE
6 89 89	-	250	-	6/89	250	-	8977
6490109 Livestock Marketing & Health							PE
6 89 90	-	15000	-	12/91	10000	5000	8977
6490115 Somali Mgt. Trng. for Dev.							PE
6 88 91	10800	8620	-	12/91	3520	3340	8977
6490129 Shebelli Water Management							PE
6 88 88	2850	2850	-	9/92	2850	-	10753
6490138 PVQ Development Partners							PE
6 88 88	250	250	-	6/91	250	-	10804
6490150 Land Registration							PE
6 90 95	-	3500	-	6/97	-	1500	-

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Project Number and Title	Oblig Thru	FY 1987	FY 1988	Mortgage End of	FY 1989	FY 1990	Special Ites No.
Oblig. Total Cost	FY87	Pipeline Oblig	Expend	FY 1988	Oblig	Expend	Codes
Date Auth Plan	Init	Fin					
649 HRDA Human Resources Development							
6	-	-	160	60	160	160	
			SUBCAT: EHSP	PACD: 9/92	PVD: 0%	PVD: 0%	
6490510 Project Development Support							
6	-	-	800	400	800	800	
			SUBCAT: FMPV	PACD: 6/97	PVD: 0%	PVD: 0%	
D F FOR AFRICA TOTAL	13900	30470	0	460	2850	14730	10800
DA TOTAL	131998	147368	118348	57966	22647	2850	14730
							35696
							10800
							27012
ECONOMIC SUPPORT FUNDS							
6490114 Kisumu Port Rehabilitation							
6 82 85	42000	36000	36000	16713	-	5000	-
			SUBCAT: ESZ	PACD: 9/88	PVD: 0%	PVD: 0%	
				11713	-	-	8975
6490119 Somali Mgt. Trng. for Dev.							
6 85 91	-	2000	-	-	2000	-	2000
			SUBCAT: EHMA	PACD: 12/91	PVD: 0%	PVD: 0%	
6490120 Commodity Import Program II							
6 83 83	16000	16000	16000	276	-	-	-
			SUBCAT: ESCI	PACD: 2/87	PVD: 0%	PVD: 0%	
				276	-	-	9438
6490125 Commodity Import Program III							
6 85 85	27000	27000	27000	736	-	-	-
			SUBCAT: ESCI	PACD: 6/87	PVD: 0%	PVD: 0%	
				736	-	-	9640

Project Number and Title	Oblig Thru FY87	Mortgage End of FY 1988	FY 1988		FY 1989		FY 1990		Special Item No. Codes	
			Pipeline Oblig	Expend	Oblig	Expend	Oblig	Expend		
L Date	Auth Plan	FY87								
Init	Fir									

6490129	Shebelle Water Management									PE
6 87 92	16202	16202	-	3000	-	13202	4000	-	4500	4602
				SUBCAT: FMHC		PACD: 9/92		PVO: 01		

6490132	Policy Initiatives & Privatization									PE
6 88 90	7000	12045	5045	1965	1500	955	2000	1500	4000	2000
				SUBCAT: SDPE		PACD: 9/90		PVO: 01		

6490151	Somali Tax Adm. & Structure									9639
6 90 95	-	-	-	-	-	-	-	-	-	1500
				SUBCAT: SDTA		PACD: 6/97		PVO: 01		

649K606	Foreign Exchange Market Support II									PE
6 87 87	15500	15125	15125	15125	-	-	-	-	-	-
				SUBCAT: ESCI		PACD: 8/88		PVO: 01		

649K607	Program Assistance I									8974
6 86 86	-	21000	-	-	5000	-	-	12000	-	4000
				SUBCAT: ESCI		PACD: 9/90		PVO: 01		

649K608	Program Assistance I									PE
6 89 89	-	15000	-	-	-	-	15000	10000	-	5000
				SUBCAT: ESCI		PACD: 9/91		PVO: 01		

649K609	Program Assistance III									PE
6 90 90	-	15000	-	-	-	-	-	-	15000	10000
				SUBCAT: ESCI		PACD: 9/92		PVO: 01		

649 DLCS	Local Costs Support									
6 87 87	455	455	455	119	-	-	-	-	-	-
				SUBCAT:		PACD:		PVO: 01		

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Project Number and Title	Collig		FY 1987		FY 1988		FY 1989		FY 1990		Special Task No.
	Thru FY87	Plan	Pipeline Collig	Expend	Collig	Expend	Collig	Expend	Collig	Expend	
Auth	Cost										Index
Init	Fin										
ESF TOTAL GRANT	124157	176827	99225	34834	35000	34459	14157	23000	25000	25000	27800
D A TOTAL GRANT	131298	147368	116348	57256	6000	22647	2550	14730	35255	30110	27012
COUNTRY TOTAL	256155	326195	217973	92090	31000	57115	17007	37730	64195	55110	54812

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ANNUAL BUDGET SUBMISSION FY 1990
TABLE V - PROPOSED RANKING

RANK	PROJECT NO.	PROJECT TITLE	NEW/ CONT.	APPROP	INCR.	CUM.
1.	649 0145	Program Assistance III	N	ESF	15,000	15,000
2.	649 0109	Livestock Mrkting & Hlth.	C	DFA	5,000	20,000
3.		PL 480, Title I	C		(13,954)	(13,954)
4.	649 0129	Shebelli Water Mgmt.	C	ESF	4,500	24,500
5.	649 0119	Somali Mgmt. Trng. for Development	C	DFA	3,340	27,840
6.	649 0151	Somali Tax Adm. & Structure	N	DFA	1,500	29,340
7.	649-0132	Policy Initiatives & Privatization	C	ESF	4,000	33,340
8.	649 0150	Land Registration	N	DFA	1,500	34,840
9.	649 0149	Rural Roads Maintenance +	N	DFA	4,000	38,840
10.	649 0510	Project Development & Support	C	DFA	800	39,640
11.	649 0148	Somali Mgmt. Trng. and Dev. II *	N	DFA	3,000	42,640
12.	649 0146	Livestock Forage Res.**	N	DFA	3,000	45,640
13.	649 HRDS	Human Resources Dev.	N	DFA	160	45,800
		TOTAL			45,800	

Project Title and Number: Livestock Marketing and Health, 649-0114

Project Funding: Current LOP - \$17,000,000; this amendment would increase the LOP funding by up to an estimated \$15,000,000 to a total of \$32,000,000. Funds needed in FY 1989 may be \$10,000,000; an additional \$5,000,000 might be required in FY 1990.

Appropriation Account: Development Fund for Africa

Major Development Problem To Be Addressed: In 1983 Saudi Arabia imposed a ban on importation of cattle from East Africa due to an outbreak of rinderpest in certain African countries. This resulted in a drastic decrease in Somali foreign exchange earnings as virtually all Somali cattle had been sold in Saudi Arabia prior to the ban. Exports of livestock account for 60% of Somalia's foreign exchange earnings annually. The Livestock Marketing and Health project was designed to construct and operate a quarantine system which will certify the health of Somali cattle and support expanded livestock exports. The project also includes provision for a Livestock Investment Fund to finance importation of equipment for fodder production and livestock transport equipment in support of the quarantine stations, and a series of studies on livestock marketing to provide information of use in strengthening the Somali livestock industry and in design of future projects.

Under the project quarantine stations for cattle are to be constructed near the three major ports of Kismayo, Mogadishu and Berbera. As noted in a project evaluation performed in January 1988, progress on the project to date has been poor, primarily because construction of the quarantine stations, which are central to the project, has still not begun four years after project authorization. The lengthy delay, Somalia's heightened foreign exchange crisis, its prolonged inability to regain access to its former Saudi cattle market, and the criticality of animal health to export market improvements have made this project an especially critical problem in the AID-GSDR relationship. It is essential that this project proceed without any further delay and without any further reduction in scope.

Delays began in the project's design phase when design for construction was prepared without adequate preparation of specifications and cost estimates. As implementation began, USDA's initial design specifications for bids were nearly \$4.5 million over the amount budgeted for construction; verification of this USDA estimate further added to the delays. Design modifications were made and a PP amendment approved to add \$6 million, much of which was to cover construction. When bids were received in October 1987, however, all eligible firms' bids were considerably in excess of available funds. A new cost estimate revealed that bids were high for a number of reasons, including inflation, increased costs due to changes in the exchange rate, bonding requirements and costs of doing business in Somalia. The GSDR now has agreed to further reduce the size of the stations by one-third (to the minimum size

considered adequate to handle Somalia's annual cattle exports). A new Request for Proposals has been issued which asks bidders to propose lower cost options in materials and construction and also allows bids for one, two or all three of the stations. It is hoped that these steps will result in bids approximating funds available and will enable start up as soon as possible of construction on some portion, if not all, of the facilities in case bids for the totality again exceed funds available. Nonetheless, project funds now available for construction may not be sufficient to cover the full requirements as specified in the RFP or to cover costs for additional technical assistance as recommended in the recent evaluation.

Although construction has been delayed, the project has made some progress in marketing. New markets for livestock have been opened and expanded in North Yemen and Egypt and potential new markets identified in South Yemen, Turkey and North Africa if quarantine and other health criteria can be met and foreign exchange rate adjustments made. With the assistance of the project's technical advisors export cattle are being held under semi-quarantine conditions before shipment. Other marketing activities have also been initiated, including data collection at livestock markets throughout Somalia. Nonetheless, as pointed out in the evaluation report, many of these activities have not been as effective as they could have been had construction of the quarantine stations remained on schedule. At this point, the full benefit of such project activities as technical assistance and training is not being realized as a result of the delays in construction and for the benefits of both construction and technical assistance inputs to be realized, further technical assistance is required.

Project Amendment Purpose: The purpose of this project amendment is to add up to an estimated \$15,000,000 in funding in order to ensure that sufficient funding is available to finance construction of the three quarantine stations as well as to extend technical assistance and training efforts to coincide with the revised (delayed) construction schedule. Actual funding needed for construction will be determined after re-bids are received on the construction in mid-July 1988. The focus and intent of the project otherwise remains unchanged.

Preliminary Project Amendment Description: As noted above, only project funding will change as a result of this amendment. It is estimated that the increased funds will be used as follows: approximately \$11,000,000 for construction; \$1,800,000 for technical assistance; \$1,000,000 for contractor support costs; \$600,000 for training; and \$600,000 for contingency.

A.I.D. Policy Paper Factors: These factors remain unchanged from the original and previous amendments to the project design.

Design Schedule: A Project Paper amendment will be prepared by August 1988 and approved in September, with increased funding obligated as soon thereafter as possible. The Mission would hope that FY 1988 fall-out funding might be available for obligation for this project in September to reduce the demand for funds in FY 1989 and beyond.

Project Title and Number: Land Registration, 649-0150

Project Funding: LOP - \$3,500,000; FY 90 - \$1,500,000

Appropriation Account: Development Fund for Africa

Major Development Problem To Be Addressed: Only thirteen percent of the land in Somalia is considered arable. Of this amount, 61.5 percent is presently under cultivation (approximately 51,000 square kilometers). It is estimated that, at present, only 10 percent of the land being farmed has been registered. Most of the currently registered farmland belongs to parastatals, cooperatives, and private owners with larger than average size holdings. The vast majority of small farmers lack any secure form of land tenure. In the years to come, as the remaining agricultural land is brought under cultivation, the question of security of land tenure, already a recognized problem, will become increasingly important. The problem of land tenure security will become even more pressing as projects designed to rehabilitate and expand irrigation in the Shebelle and Juba valleys begin to take effect and as resettling of refugees expands. This is of particular concern for USAID projects such as Shebelle Water Management and Refugee Settlement as well as for any subsequent involvement we or other donors may have in Juba Valley development in conjunction with the Bardhere Dam construction; we are concerned about the current difficulties and time delays in the land registration process and seek to ensure that project investments are protected with land tenure security. The increasing value of land will encourage land grabbing and consolidation of plots within the control of a limited number of relatively larger farmers as is already being seen in the case of banana plantations in the Lower Shebelle. It is important to ensure that the land tenure of the majority of farmers in Somalia be legally established and recognized by all.

Project Purpose: The purpose of this project will be to accelerate the registration of land within selected agricultural and resettlement areas. This project will directly contribute to one of the Mission's stated objectives, i.e., increased domestic production, primarily by the private sector, which will assist in the achievement of the Mission's longer-term objective of helping to establish the basis for a self-sustaining, productive economy.

Preliminary Project Description: In coordination with the World Bank, UNHCR and UNDP, the project will provide technical assistance to (a) undertake necessary parcel mapping, (b) verify parcel ownership, and (c) develop and facilitate implementation of more time efficient, less costly systems for individual small farmer registration. The project will build on land tenure studies just completed by the Land Tenure Center. The target group for this project will be smallholders farming unregistered land (estimated to be 90 percent of all farmers in the project areas).

Implementation of the project will be performed primarily by the staff of the Ministry of Agriculture with technical assistance provided by the Land Tenure Center of the University of Wisconsin/Madison or some other appropriate contractor. The Mission's Agriculture and Rural Development Office will oversee project implementation. Primary expenses will be technical assistance (estimated \$2,500,000) and commodities, primarily vehicles (\$250,000) and mapping equipment (\$500,000).

The project will be closely coordinated with World Bank, UNHCR and UNDP activities aimed at restructuring the land registration process on a country-wide basis. The project will also be closely related to other agricultural projects supported by the Mission, especially the Shebelli Water Management project (649-0129) and the Refugee Settlement project (649-0140).

A.I.D. Policy Paper Factors: This project is consistent with A.I.D. policy in promoting private small farmer development in support of increased agricultural productivity. It is particularly supportive of equitable access to a productive resource, thereby ensuring a relatively broad distribution of the benefits of development as interventions designed to increase agricultural productivity begin to take effect. Given that a large number of Somali farmers are female heads of households, there will be clear benefits to women in this project in granting them greater security in their land rights. There also will be institutional benefits to be gained from this project in training GSDR staff in land registration and in demonstrating the means by which widespread land tenure can be achieved within a relatively short period of time (which can then be replicated in other parts of the country).

Design Schedule: This project will be an FY 1990 new start, therefore design will not begin until mid-1989. A PID will be completed by late 1989 and a PP developed and approved by April 1990. Design efforts will need to be closely coordinated with the World Bank, UNHCR and UNDP. Field approval authority will be requested.

Project Title and Number: Somali Tax Administration and Structure,
649-0151

Project Funding: LOP - \$3,000,000; FY 90 - \$1,500,000

Appropriation Account: Development Fund for Africa

Major Development Problem To Be Addressed: Somalia has a large and growing domestic budget deficit. One of the reasons for this is the extremely low level of tax effort (percentage of a country's national income going for taxes). For the past four years, the ratio of revenues to GDP has been between five and six percent. Although the overall tax burden is low in Somalia, some groups are relatively heavily taxed. In addition, certain taxes as administered pose potential disincentives to business and discourage productivity. The Somali Government recognizes the need to increase revenues and to reform the tax structure. It is extremely important, however, that a revised tax structure involve true reform and not simply an increase in tax rates or addition of new taxes solely to increase revenues. Given the need for immediate revenue and the difficulties inherent in identifying the long-term implications of various systems of taxation, assistance from experts is required in assisting the Somali Government restructure its system. The tax system also requires improvement in all levels of administration. At present, inadequate administrative procedures result not only in inequities but in lack of uniform treatment of taxpayers, adding to the lack of equity and economic efficiency. Furthermore, in some instances, the need for a well-administered system will become more important as changes in the overall tax structure (e.g., tax rates and tax base) are made. In some instances the nature of the present tax structure is resulting in increased administrative time and costs. USAID/Mogadishu has recently funded a study of the Somali tax structure which notes the above difficulties and stresses the need for a long-term, well-planned tax reform effort.

Project Purpose: The purpose of this project will be to assist the Somali Government in developing and implementing a tax system which not only provides adequate revenues but also is equitable and encourages productive activity, thereby fostering long-run development. The project will contribute directly to the Mission's stated objective of increasing productivity, especially through the private sector, by providing a tax system which encourages rather than discourages productive activity. The project is consistent with short-term macro-economic objectives. The project will also assist in achieving the Mission's longer-term objective of helping to establish the basis for a self-sustaining, productive economy.

Preliminary Project Description: This project will provide technical assistance to (a) identify administrative changes reforms which need to be made, including changes in assessment, collection, and enforcement to simplify procedures; (b) establish a schedule for introduction of

administrative changes, including identification of actions which must necessarily be accomplished in sequential order; (c) provide assistance in improving tax administration, including on-the-job training to persons involved in tax assessment, collection, and enforcement; and (d) establish a system for computerization of tax records and other information, including establishment of a timetable for introduction. In addition to technical assistance the project will provide micro-computers and general materials required for improved tax administration.

Implementation of the project will be provided by experts in various aspects of taxation. Technical advisors will work primarily with the staff of the Ministry of Finance and Revenue. The Mission's Office of Public/Private Sector Development will oversee project implementation. Primary expenses will be for technical assistance (estimated at \$2,500,000). Commodities, primarily micro-computers, are estimated to cost approximately \$400,000. Approximately \$100,000 is estimated for short-term education and study tours.

A.I.D. Policy Paper Factors: This project is first and foremost an institution building project, assisting the GSDR to improve its revenue system on a long-term and self-sustaining basis. In promoting these institutional changes the project will assist the private sector by restructuring the tax system in such a way as to provide incentives to private business.

Design Schedule: The project is estimated to be authorized in early FY 1990. Design is scheduled to begin in October, 1988, with the PID completed by February, 1989, and the PP completed the first quarter of FY 1990. The USAID will rely on a series of TDY tax experts in FY 1988 and FY 1989 to move tax reform efforts forward and to create a solid basis for this new project. Mission requests field approval authority.

3544A

Project Title and Number: Somalia Management Training and Development II (SOMTAD II), 649-0148

Project Funding: LOP - \$15,000,000; FY 91 - \$3,000,000

Appropriation Account: Development Fund for Africa

Major Development Problems To Be Addressed: A number of studies have identified two major obstacles to improved economic performance by both the GSDR and Somalia's private sector. First, there is a continuing shortage of individuals with strong technical and managerial skills across all sectors and at all levels of the Somali workforce. Insufficient knowledge of planning, accounting, financial analysis, management, and a host of other specialized skills contribute heavily to poor performance throughout the public sector. This poor performance in turn contributes to an inability to effectively pursue development efforts and severely constrains the ability of a private sector to respond to economic growth opportunities.

Another major obstacle to be addressed by this project is the GSDR civil service structure which is inchoate, lacks specification, and cannot pay civil servants a living wage. There are no standard job descriptions, no standard organization or personnel structures, and no standard policies, regulations or procedures for governing civil service operations. Employment, placement, tenure, salary level and promotions become highly personalized and dependent on relationships between or among the individuals concerned. Civil servants must spend portions of their workday away from their GSDR jobs to pursue other means of earning a living. The result is a public sector workforce that, in addition to being poorly trained, is not motivated to devote time or effort to improved performance.

The recent evaluation of the current Somalia Management for Training and Development (SOMTAD) project (of which this project will be a follow on) indicates that the project will have a substantial positive impact on Somalia's management capabilities in both the public and private sectors. However, while there is provision for strengthening selected training capabilities at the Somali Institute for Development Administration and Management (SIDAM), there is no focused effort to firmly institutionalize or to expand those capabilities to carry on indefinitely into the future. The original PP for the current SOMTAD project envisioned this need for a follow-on effort to institutionalize and expand the project's achievements in stating, "SOMTAD is the first phase of an anticipated multi-phase joint US/GSDR effort aimed at improving the management capability of both the public and private sectors in Somalia."

Project Purpose: The purpose of this project is to strengthen existing Somali institutional management and management training capabilities for both the public and private sectors. The achievement of this purpose will strengthen the GSDR capability for implementing economic and development activities. A longer-range goal of this project is to initiate the

necessary groundwork for strengthening and rationalizing the civil service structure in Somalia. Achievement will lay the basis for improved performance by both the public and private sector workforce. In so doing, this project is directly supportive of the Mission's objectives of assisting (a) to expand domestic production, primarily by the private sector, and (b) to improve public sector efficiency.

Preliminary Project Description: The project will consist of five components: (1) continued long-term technical assistance to the Ministries of Planning and Jubba Valley Development, Labor and Sports, Finance and Revenue, Interior, as well as to SIDAM, currently provided under the SOMTAD project; (2) provision of technical assistance and commodities to build on institutional strengthening efforts at SIDAM started under SOMTAD, with concentration on the Worksite Management Training Unit (WMTU) as the means of strengthening SIDAM's ability to provide short courses in a variety of specialized skills to a wide segment of the public and private sector workforces; (3) short-term technical assistance to all participating institutions to work on specific technical issues, as identified by the concerned ministries and the longer-term advisors; (4) short-term training in technical and managerial skills areas in third country and U.S. institutions, for all participating Somali institutions; and (5) analyses previously identified as necessary lead-in to any civil service strengthening activities (such as wage and non-wage constraints to improved public sector performance; social, cultural and political determinants that affect the nature of civil service structure; job classification, compensation schemes, personnel procedures; civil service commission, legal codes underlying civil service, ministerial structure; budget rationalization; and revenue enhancement).

The target group for this project will be the civilian workforce at the middle and upper management levels of the GSDR and private sector middle and upper-level managers. The implementing organizations for the project within the GSDR will be the Ministry of Labor and Sports and SIDAM; within the Mission project management will rest with the Public/Private Sector Development office, which currently manages the SOMTAD project.

This proposed Phase II project will extend beyond the current objectives of the SOMTAD project in addressing more directly the longer-term requirements of strengthening and institutionalizing the management and management training capabilities of the Somali civil service and private sector. Other donors are not currently involved in this area of management training although the World Bank was involved until several years ago.

The estimated life of project budget of \$15,000,000 for five years will be used as follows: \$10,000,000 for technical assistance (70 person years), \$1,000,000 for training, \$2,000,000 for construction and commodities, and \$2,000,000 for related support costs as well as contingency, inflation and miscellaneous expenses to be detailed during project design.

A.I.D. Policy Paper Factors: This project is intended primarily as an institution building effort, consistent with A.I.D. objectives worldwide. It also addresses essential private sector needs in Somalia in assisting to strengthen private sector management capabilities and improve the human resource base available to the private sector. The private sector will be further assisted over time by improved efficiency and effectiveness in the public sector, thereby allowing an improved policy and regulatory environment in which private businesses can work. By providing management training opportunities for women, the project will promote greater economic participation by Somali women in their country's development.

Design Schedule: This project will be an FY 1991 new start; therefore, design will take place in 1990. The PID will be completed by October 1990, and the PP will be submitted for approval by February 1991. Field approval authority will be requested.

Project Title and Number: Rural Road Maintenance, 649-0149

Project Funding: LOP - \$20,000,000; FY 1991 - \$4,000,000

Appropriation Account: Development Fund for Africa

Major Development Problem To Be Addressed: Historically, there has been little rural road maintenance in Somalia. The difficulty of travelling these roads results in very high transport costs. As a result, Somali farmers receive fewer agricultural inputs and are able to provide fewer agricultural commodities to the market while Somali consumers have access to less and poorer quality agricultural produce than if transport were cheaper and easier. Livestock herders and traders are less able to transport animals to market in a timely and effective manner.

Agricultural and livestock production has increased over the last several years due to improved price policies, and it should continue to increase in the near future reflecting recent research and extension project efforts as well as improved access to essential inputs (such as upgraded irrigation systems). This increased productivity -- and the resultant increases in production that are expected -- should benefit smallholder farmers and herders in particular. It is most likely that a sizeable proportion of the increases in production will be above subsistence requirements and therefore will be marketed by these small agriculturalists. An efficient transportation network will help to maintain producer incentives as well as allow agricultural produce and livestock to arrive in the market in a more timely fashion and in better quality. An improved rural roads system, therefore, is an important companion to other agricultural and livestock interventions currently being undertaken by A.I.D. and other donors.

Project Purpose: The purpose of this project is to maintain rural roads. This purpose will be achieved by establishing the capacity to maintain these roads by Somali private sector companies. Achievement of the purpose will lead to attainment of the goal of reducing the time and cost of moving privately produced rural commodities to market and privately supplied agricultural and livestock inputs to farmers and herders. This project's purpose will allow smallholder farmers and herders to more fully participate in the market economy as they increase their productivity. The Mission's stated objective of expanded domestic production, primarily by the private sector, will be directly addressed by this project. While the primary focus of this project is agricultural/livestock, it is anticipated that improved rural roads will contribute significantly to the general rural social and economic development in project areas.

Preliminary Project Description: The project will require five years and will upgrade and maintain roads in Somalia's major agricultural and livestock producing regions (i.e., Bay, Gedo, Central Rangelands, Middle Shebelli, Lower Shebelli, Middle Jubba and Lower Jubba). The road

maintenance program will be implemented through contracts with private sector companies. Technical assistance will be provided to these companies and to the Ministry of Public Works, the agency responsible for overseeing the project and contracting for the actual road work itself. Mission management responsibilities will be located in the engineering division of the Projects and Development Services Office.

Beneficiaries include both producers and consumers through the reduction of the costs of transportation. It is anticipated that a large majority of the beneficiaries will be in the private sector, either as small agricultural producers or as private suppliers of inputs and other services (such as trucking, which is primarily privately owned) to the producers. Private sector road maintenance and construction companies will also be prime beneficiaries.

This project is closely related to a number of other Mission agricultural and livestock activities, in particular the Shebelli Water Management project, the Bay Region Agricultural Development project, the Refugee Settlement project, the Central Rangelands Development project and the Livestock Marketing and Health project. As the effects of these projects, as well as other donors' agricultural and livestock projects, help to increase farm and animal productivity and production, the need for improved rural roads will be increasingly important.

The estimated cost of this project is \$20,000,000 over the five-year life of project. Proposed costs include: \$3,000,000 for technical assistance; \$15,000,000 for construction/maintenance contracts; and up to \$2,000,000 for commodities.

A.I.D. Policy Paper Factors: This project is directly supportive of A.I.D.'s concern for increased agricultural self-sufficiency in Africa. By improving on domestic distribution systems and permitting an expanded distribution of domestic agricultural production, Somali smallholder farmers and herders will be drawn more directly and actively into the national economy, and Somali consumers will have more direct access to locally produced commodities. It is expected that the private sector will derive very significant benefits from the improved rural roads through the increased opportunities for private businesses in transport and trade and through construction contracts for road work at a time when GSDR financing for such work will remain very limited.

Design Schedule: This project will begin in FY 1991, therefore design will take place in FY 1990. The PID will be developed in early FY 1991 (i.e., by December 1990), and the PP will be submitted for approval by June 1991. Field approval authority will be requested.

Project Title and Number: Livestock Forage Research, 649-0146

Project Funding: LOP - \$18,000,000; FY 1992 - \$3,000,000

Appropriation Account: Development Fund for Africa

Major Development Problems To Be Addressed: Present farm and livestock management practices often fail to take advantage of many cropping practices that could serve a productive economic function. The timing of harvests at present is not used to maximize use of certain crop by-products; preservation and storage of fodder crops is poor; and supplementary feeds already available for livestock are not used as effectively as possible. While Somalia is near to attaining self-sufficiency in maize and sorghum production in normal rainfall years and must consider expanding into other dryland and irrigated crops, farmers are not aware of the best forage crops to plant or the benefits of crop rotation and alley cropping. New techniques of fodder production can increase soil fertility and production of food crops, while simultaneously making increased crop by-products and forage crops available to livestock. Expanded forage crop production will enable farmers and herders to provide livestock with a more secure supply of food and better nutrition year-round.

Larger and more consistent supplies of available forage are particularly important to the livestock export market which, with the completion of the livestock quarantine stations under the Livestock Marketing and Health project, will need to rely heavily on timely and adequate supplies of fodder to maintain the animals before and during export. Given the importance of both agriculture and livestock to the Somali economy, there are significant agricultural and animal production benefits to be gained from researching, and extending to farmers/herders, selected production improvements which overlap, integrate and/or otherwise affect both. This proposed project will have forage as the central focus and will address a number of related and interconnected problems faced by Somali farmers and livestock producers and exporters.

Project Purpose: The purpose of this project is to establish the capability to carry on research on forage production and the interaction of nutrition with animal health, breeding and production. The goal is to improve the productivity of both crop and livestock sectors of the Somali economy with a view towards increased livestock exports. This project will help to meet the Mission objective of helping to establish the basis for a self-sustaining, productive economy through expansion of agricultural production and through support for the export of Somali livestock to earn essential foreign exchange.

Preliminary Project Description: The project will focus on areas of research that highlight the overlap or integration of benefits to both crop and livestock production. For livestock, such subjects as animal nutrition and the relation of nutrition to available or potentially

cultivable forage crops would be examined. In the area of forage production, research will include the value of leguminous forage crops, soil enrichment and alley cropping of fodder crop production, preservation and storage of fodder and the use of fresh cut fodder crops. The project would develop technical packages which could be used by the existing agriculture extension service to assist farmers in increasing availability of feed for livestock.

Farmers and livestock herders are the primary beneficiaries of the project as research results are disseminated. The economy as a whole will benefit as improved forage and livestock production techniques are put into practice resulting in increased livestock exports and greater availability of foreign exchange. Since much of agricultural labor is provided by women, who also are responsible for much of the livestock (sheep and goats), many farm women will be participants as well as beneficiaries. As women are also an important element of the Somali agriculture extension service, they will also participate in and benefit from the project through the extension aspect of the project as well.

The project will be implemented by the Faculty of Agriculture and the Ministries of Livestock, Forestry and Range and of Agriculture. Mission management of this project will be under the Office of Agriculture and Rural Development.

The Faculty of Agriculture has recently been upgraded, but it still needs equipment and books, as well as staff housing and some additional classrooms and laboratories. There is a shortage of advanced-degree professors to meet the training and research needs of the school, therefore the project will provide long-term degree training for selected participants. The project budget, therefore, will fund the following: \$7,000,000 in technical assistance; \$3,000,000 for training; \$6,000,000 for commodities; and \$2,000,000 for construction and miscellaneous expenses.

This project will complement a number of USAID projects (both current and past). For example, it will assist the Livestock Marketing and Health project by providing advice on fodder production and supplementary feeding to traders. It will work with the Agricultural Farm Management, Extension and Training project (which had been a part of the now completed USAID Agricultural Delivery Systems project) for extension services, with the Central Rangelands Development project in work on agropastoralism, and with the Bay Region Agriculture Development project in dryland agriculture and livestock/crop interactions. It will also complement activities in the Shebelli Water Management project on irrigated agriculture and small farmer cropping and livestock for household use.

A.I.D. Policy Paper Factors: This project will directly support A.I.D.'s and the Africa Bureau's emphasis on increasing agricultural exports.

Design Schedule: This project will be FY 1992 new start. PID development will be completed by September 1991; PP review and approval will be expected by May 1992. Field approval authority will be requested.

FY 1990 ANNUAL BUDGET SUBMISSION
 Table VI: Expenditures of Local Currency Generations
 (in U.S. dollar equivalents, in \$ millions)

<u>Source/Purpose</u>	<u>1987 Actual</u>	<u>1988 Est.</u>	<u>1989 Planned</u>	<u>1990 Prop.</u>
I. ECONOMIC SUPPORT FUND				
A. Public Development Activities				
1. Agriculture and Livestock (of which for USAID bilateral activities)	.92 (.60)	-- --	-- --	6.00 (2.00)
2. Infrastructure (of which for USAID bilateral activities)	2.10 (.01)	1.07 (.01)	1.00 --	.80 --
3. Education (of which for USAID bilateral activities)	1.02 (.33)	1.89 (.93)	2.00 (1.40)	2.00 (1.50)
4. Population (of which for USAID bilateral activities)	2.20 (2.20)	-- --	-- --	-- --
5. Other (including PVOs) (of which for USAID bilateral activities)	1.33 (1.30)	.54 (.38)	.50 (.35)	1.00 (.35)
B. Private Sector Programs (of which for USAID bilateral activities)	-- --	-- --	-- --	-- --
C. Public Sector Recurrent Budget	--	--	--	--
D. USAID OE Trust Fund	2.20	.66	1.50	1.55
E. USAID Project Support Fund	.97	2.35	2.50	3.00
F. Debt Repayment	3.10	--	--	--
SUBTOTAL ESF LC EXPENDITURES	11.74	6.53	7.50	14.35
(Unexpended ESF LC end of each yr.)	6.55	.02	17.62	21.27

<u>Source/Purpose</u>	<u>1987 Actual</u>	<u>1988 Est.</u>	<u>1989 Planned</u>	<u>1990 Prop.</u>
II. DEVELOPMENT ASSISTANCE				
A. Public Development Assistance (of which for USAID bilateral activities)	--	--	--	--
B. Private Sector Programs	--	--	--	--
C. Public Sector Recurrent Budget	--	--	--	--
D. USAID OE Trust Fund	--	--	--	--
SUBTOTAL OF DA LC EXPENDITURES (Unexpended DA LC balance end of yr.)	--	--	--	--
III. PL 480				
A. Public Development Activities				
1. Agriculture and Livestock (of which for USAID bilateral activities)	6.72 (5.31)	14.23 (10.39)	15.00 (11.00)	9.00 (9.00)
2. Health and Water (of which for USAID bilateral activities)	.65 (.45)	.23 --	.20 --	.20 --
3. Population (of which for USAID bilateral activities)	-- --	.65 (.65)	.50 (.50)	-- --
4. Other (of which for USAID bilateral activities)	.06 (.04)	.60 --	.50 --	-- --
B. Private Sector Programs	--	--	--	--
C. Public Sector Recurrent Budget	--	--	--	--
D. USAID Project Support Fund	2.29	.34	.30	--
SUBTOTAL OF PL 480 EXPENDITURES (Unexpended PL 480 LC balance end of yr.)	9.72 19.32	16.05 20.07	16.50 7.47	9.20 14.00
GRAND TOTAL (grand total all unexpended balances)	24.56 25.87	22.58 20.29	24.00 25.09	23.55 35.27

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 89 ANNUAL BUDGET SUBMISSION
 USAID/SOMALIA

Project No. and Title	FY 1989		FY 1990		Reasons/Issues	Funding		Person Days	USAID Collateral Assistance
	Last Eval. Completed (Mo/Yr)	Start (Qtr)	To AID/W (Qtr)	Start (Qtr)		To AID/W (Qtr)	Source (\$000)		
<u>Agriculture/Rural Dev:</u>									
Central Rangelands Development (649-0108)	4/87	2	3		Final evaluation to review achievements in meeting stated objectives PACD: 6/89	Project	65	90 (3 Persons for 30 days)	20 days
Shebelle Water Management (649-0129)	N/A			4	Midterm evaluation approx. 2 years after arrival of TA to assess progress enhance potential impact PACD: 9/92	project	30	90 (2 Persons for 30 days)	10 days
PVO Development Partners(649-0138)	N/A		1		Midterm evaluation to resolve problems and make recommendations for adjustments if/as necessary PACD: 6/91	project	40	60 (2 persons for 30 days)	20 days

Refugee Settlement (649-0140)	N/A	3	4	Midterm evaluation to assess progress to date/enhance potential impact PACD: 6/91	Project 25	40 (2 persons for 20 days)	10 days
Management Training and Development (649-0119)	5/86	4	1	Midterm evaluation to assess GSDR compliance with civil service reform as outlined in PP PACD: 12/91	Project 65	90 (3 persons for 3 days)	10 days
Family Health Services (649-0131)	4/87	1	2	Final evaluation/health and population sector assessment for use in CDS development PACD: 12/89	Project 40	60 (2 persons for 30 days)	10 days
Economic Support Fund Program Assistance (649-0144)	N/A		2	Assess impact of program on the economy, problems in implementation	OE 9	40 (1 REDSO POC and 1 REDSO economist)	30 days

Mission Evaluation Officer: Emily B. McPhie, 251

Organization USAID/Somalia
 Budget Plan Code COEA-87-21649-U000

TABLE VIII - FY 1987 ACTUAL
 (\$000)

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>U.S. Direct Hire</u>	<u>U100</u>	<u>637.6</u>	<u>0.0</u>	<u>637.6</u>	<u>0.0</u>	
Other Mission Funded Code 11	U105	0.0	0.0	0.0	0.0	
Education Allowances	U106	114.5	0.0	114.5	0.0	16 Deps
Cost of Living Allowances	U108	0.0	0.0	0.0	0.0	
Other Mission Funded Code 12	U110	5.2	0.0	5.2	0.0	
Post Assignment Travel	U111	43.3	0.0	43.3	0.0	8 Empl
Post Assignment Freight	U112	183.8	0.0	183.8	0.0	8 Empl
Home Leave Travel	U113	88.9	0.0	88.9	0.0	11 Empl
Home Leave Freight	U114	97.5	0.0	97.5	0.0	11 Empl
Education Travel	U115	8.0	0.0	8.0	0.0	3 Deps
R & R Travel	U116	54.3	0.0	54.3	0.0	24 Pers
Other Code 215 Travel	U117	42.1	0.0	42.1	0.0	18 TA's
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>0.0</u>	<u>18.2</u>	<u>18.2</u>	<u>18.2</u>	
F.N. Basic pay	U201	0.0	14.6	14.6	14.6	7 w/years
Overtime/Holiday Pay	U202	0.0	0.2	0.2	0.2	1 w/years
All Other Code 11 - F.N.	U203	0.0	0.2	0.2	0.2	
All Other Code 12 - F.N.	U204	0.0	3.2	3.2	3.2	
Benefits - Former F.N. Pers.	U205	0.0	0.0	0.0	0.0	
<u>Contract Personnel</u>	<u>U300</u>	<u>554.7</u>	<u>258.6</u>	<u>813.3</u>	<u>258.6</u>	
PASA Technicians	U301	0.0	0.0	0.0	0.0	0.0
U.S. PSC Salaries/Benefits	U302	188.3	0.0	188.3	0.0	7.5 w/y
All Other U.S. PSC Costs	U303	25.9	0.0	25.9	0.0	
F.N. PSC Salaries/Benefits	U304	156.0	83.3	239.3	83.3	51.7 w/y
All Other F.N. PSC Costs	U305	20.2	0.0	20.2	0.0	
Manpower Contracts	U306	164.3	175.3	339.6	175.3	85.9 w/y
<u>Housing</u>	<u>U400</u>	<u>30.5</u>	<u>611.1</u>	<u>641.6</u>	<u>611.1</u>	
Residential Rent	U401	0.0	409.3	409.3	409.3	31 Res.Yrs.
Residential Utilities	U402	0.0	106.6	106.6	106.6	
Maintenance & Renovation	U403	17.0	0.0	17.0	0.0	
Quarters Allowances	U404	0.0	0.0	0.0	0.0	
Residential Furniture/Equip	U405	7.5	0.0	7.5	0.0	
Trans/Freight - Code 311	U406	2.3	0.0	2.3	0.0	
Security Guard Services	U407	0.0	95.2	95.2	95.2	49 W/years
Official Residence Allowance	U408	2.3	0.0	2.3	0.0	
Representation Allowance	U409	1.4	0.0	1.4	0.0	

Organization USAID/Somalia
 Budget Plan Code COEA-87-21649-U000

TABLE VIII - FY 1987 ACTUAL
Continued
 (\$000)

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>Office Operations</u>	<u>U500</u>	<u>987.2</u>	<u>880.6</u>	<u>1867.8</u>	<u>880.6</u>	
Office Rent	U501	146.4	7.7	154.1	7.7	
Office Utilities	U502	0.0	30.9	30.9	30.9	
Building Maint/Renovation	U503	21.8	94.0	115.8	94.0	
Office Furniture/Equipment	U504	22.0	0.0	22.0	0.0	
Vehicles	U505	43.1	0.0	43.1	0.0	
Other Equipment	U506	178.8	33.7	212.5	33.7	
Transportation/Freight	U507	56.0	0.0	56.0	0.0	
Furn/Equip/Veh Repair/Maint	U508	67.2	11.0	78.2	11.0	
Communications	U509	0.0	18.0	18.0	18.0	
Security Guard Services	U510	0.0	10.7	10.7	10.7	
Printing	U511	0.0	0.0	0.0	0.0	
Site Visits - Mission	U513	33.5	14.0	47.5	14.0	102 Trips
Site Visits - AID/W	U514	12.9	0.0	12.9	0.0	5 Trips
Information Meetings	U515	10.3	0.0	10.3	0.0	7 Trips
Training Attendance	U516	30.6	0.0	30.6	0.0	16 Trips
Conference Attendance	U517	28.1	0.0	28.1	0.0	11 Trips
Other Operational Travel	U518	6.5	7.1	13.6	7.1	111 Trips
Supplies & Materials	U519	183.6	65.3	248.9	65.3	
FAAS	U520	0.0	404.3	404.3	404.3	
Contract Consulting Servives	U521	0.0	0.0	0.0	0.0	
Contract Mgt/Prof. Services	U522	115.0	0.0	115.0	0.0	0.5 w/y
Special Studies/Analyses	U523	0.0	0.0	0.0	0.0	
All Other Code 25	U524	31.4	183.9	215.3	183.9	27.0 w/y
TOTAL OPERATING EXPENSE BUDGET		2210.0	1768.5	3978.5	1768.5	
636(C) Requirements	U601					
TOTAL ALLOWANCE REQUIREMENTS	U000	2210.0	1768.5	3978.5	1768.5	

OTHER INFORMATION

Exchange Rate Used in Calculations Ssh.128.56 to \$1
 Estimated Inflation Rate 0.0

U.S. Direct Hire workforce levels: Positions 25
 Workyears 24.5

Organization USAID/Somalia
 Budget Plan Code COEA-C8-21649-U000

TABLE VIII - FY 1988 ESTIMATE
 (\$000)

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>U.S. Direct Hire</u>	<u>U100</u>	<u>895.4</u>	<u>0.0</u>	<u>895.4</u>	<u>0.0</u>	
Other Mission Funded Code 11	U105	0.0	0.0	0.0	0.0	
Education Allowances	U106	261.9	0.0	261.9	0.0	20 Deps
Cost of Living Allowances	U108	0.0	0.0	0.0	0.0	
Other Mission Funded Code 12	U110	17.0	0.0	17.0	0.0	
Post Assignment Travel	U111	70.9	0.0	70.9	0.0	20 Empl
Post Assignment Freight	U112	403.0	0.0	403.0	0.0	20 Empl
Home Leave Travel	U113	28.5	0.0	28.5	0.0	7 Empl
Home Leave Freight	U114	28.6	0.0	28.6	0.0	7 Empl
Education Travel	U115	1.5	0.0	1.5	0.0	1 Dep
R & R Travel	U116	44.9	0.0	44.9	0.0	26 Pers
Other Code 215 Travel	U117	39.1	0.0	39.1	0.0	20 TA's
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>20.7</u>	<u>15.5</u>	<u>36.2</u>	<u>36.2</u>	
F.N. Basic pay	U201	14.8	11.1	25.9	25.9	6 Workyears
Overtime/Holiday Pay	U202	1.7	1.6	3.3	3.3	1 Workyears
All Other Code 11 - F.N.	U203	0.4	0.0	0.4	0.4	
All Other Code 12 - F.N.	U204	2.5	2.8	5.3	5.3	
Benefits - Former F.N. Pers.	U205	1.3	0.0	1.3	1.3	
<u>Contract Personnel</u>	<u>U300</u>	<u>651.6</u>	<u>187.0</u>	<u>838.6</u>	<u>511.4</u>	
PASA Technicians	U301	0.0	0.0	0.0	0.0	
U.S. PSC Salaries/Benefits	U302	205.8	0.0	205.8	0.0	5.5 w/y
All Other U.S. PSC Costs	U303	23.4	0.0	23.4	0.0	
F.N. PSC Salaries/Benefits	U304	417.7	186.9	604.6	511.3	137.5 w/y
All Other F.N. PSC Costs	U305	4.7	0.0	4.7	0.0	
Manpower Contracts	U306	0.0	0.1	0.1	0.1	
<u>Housing</u>	<u>U400</u>	<u>534.1</u>	<u>332.9</u>	<u>867.0</u>	<u>691.1</u>	
Residential Rent	U401	178.7	188.1	366.8	366.8	28 Res.Yrs.
Residential Utilities	U402	63.6	90.0	153.6	153.6	
Maintenance & Renovation	U403	56.0	0.0	56.0	0.0	
Quarters Allowances	U404	0.0	0.0	0.0	0.0	
Residential Furniture/Equip	U405	89.0	0.0	89.0	0.0	
Trans/Freight - Code 311	U406	26.6	0.0	26.6	0.0	
Security Guard Services	U407	115.9	54.8	170.7	170.7	65.3 Workyears
Official Residence Allowance	U408	2.3	0.0	2.3	0.0	
Representation Allowance	U409	2.0	0.0	2.0	0.0	

Organization USAID/Somalia
 Budget Plan Code COEA-88-21649-U000

TABLE VIII - FY 1988 ESTIMATE

Continued
 (\$000)

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>Office Operations</u>	<u>U500</u>	<u>998.2</u>	<u>139.8</u>	<u>1138.0</u>	<u>287.4</u>	
Office Rent	U501	153.7	1.5	155.2	10.1	
Office Utilities	U502	51.0	39.7	90.7	90.7	
Building Maint/Renovation	U503	193.0	23.0	216.0	27.0	
Office Furniture/Equipment	U504	37.0	0.0	37.0	0.0	
Vehicles	U505	0.0	0.0	0.0	0.0	
Other Equipment	U506	30.5	0.0	30.5	0.0	
Transportation/Freight	U507	20.2	0.0	20.2	0.0	
Furn/Equip/Veh Repair/Maint	U508	90.0	1.8	91.8	1.8	
Communications	U509	2.0	23.0	25.0	25.0	
Security Guard Services	U510	0.0	0.0	0.0	0.0	
Printing	U511	0.0	0.0	0.0	0.0	
Site Visits - Mission	U513	18.7	11.0	29.7	11.0	119 Trips
Site Visits - AID/W	U514	22.9	0.0	22.9	0.0	5 Trips
Information Meetings	U515	7.5	0.0	7.5	0.0	7 Trips
Training Attendance	U516	39.4	0.0	39.4	0.0	13 Trips
Conference Attendance	U517	29.1	0.0	29.1	0.0	11 Trips
Other Operational Travel	U518	4.5	2.3	6.8	2.3	134 Trips
Supplies & Materials	U519	164.7	7.5	172.2	48.6	
Contract Consulting Services	U521	0.0	0.0	0.0	0.0	
Contract Mgt/Prof. Services	U522	25.0	0.0	25.0	0.0	0.1 W/years
Special Studies/Analyses	U523	0.0	0.0	0.0	0.0	
All Other Code 25	U524	109.0	30.0	139.0	70.9	17.7 W/years
TOTAL OPERATING EXPENSE BUDGET		3100.0	675.2	3775.2	1526.1	
636(C) Requirements	U601					
TOTAL ALLOWANCE REQUIREMENTS	U000	3100.0	675.2	3775.2	1526.1	

OTHER INFORMATION

Exchange Rate Used in Calculations Ssh.112.94 to \$1 (TF); Ssh.99 to \$1 (\$ funded LC)
 Estimated Inflation Rate 14.1%

U.S. Direct Hire workforce levels: Positions 27
 Workyears 22.7

Organization USAID/Somalia
 Budget Plan Code COEA-89-21649-U000

TABLE VIII - FY 1989 ESTIMATE
 (\$000)

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>U.S. Direct Hire</u>	<u>U100</u>	<u>898.6</u>	<u>0.0</u>	<u>898.6</u>	<u>0.0</u>	
Other Mission Funded Code 11	U105	0.0	0.0	0.0	0.0	
Education Allowances	U106	370.1	0.0	370.1	0.0	29 Deps
Cost of Living Allowances	U108	0.0	0.0	0.0	0.0	
Other Mission Funded Code 12	U110	7.4	0.0	7.4	0.0	
Post Assignment Travel	U111	57.5	0.0	57.5	0.0	13 Empl
Post Assignment Freight	U112	287.3	0.0	287.3	0.0	13 Empl
Home Leave Travel	U113	30.6	0.0	30.6	0.0	8 Empl
Home Leave Freight	U114	20.3	0.0	20.3	0.0	8 Empl
Education Travel	U115	0.0	0.0	0.0	0.0	
R & R Travel	U116	86.4	0.0	86.4	0.0	40 Pers
Other Code 215 Travel	U117	39.0	0.0	39.0	0.0	20 TA's
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>5.0</u>	<u>33.3</u>	<u>38.3</u>	<u>33.3</u>	
F.N. Basic pay	U201	0.0	24.1	24.1	24.1	6 Wk.Yrs.
Overtime/Holiday Pay	U202	0.0	2.5	2.5	2.5	1 Wk.Yr.
All Other Code 11 - F.N.	U203	5.0	0.4	5.4	0.4	
All Other Code 12 - F.N.	U204	0.0	5.0	5.0	5.0	
Benefits - Former F.N. Pers.	U205	0.0	1.3	1.3	1.3	
<u>Contract Personnel</u>	<u>U300</u>	<u>527.5</u>	<u>545.2</u>	<u>1072.7</u>	<u>545.2</u>	
PASA Technicians	U301	0.0	0.0	0.0	0.0	
U.S. PSC Salaries/Benefits	U302	280.0	0.0	280.0	0.0	9.5 w/y
All Other U.S. PSC Costs	U303	20.0	0.0	20.0	0.0	
F.N. PSC Salaries/Benefits	U304	98.9	545.2	644.1	545.2	138 w/y
All Other F.N. PSC Costs	U305	128.6	0.0	128.6	0.0	
Manpower Contracts	U306	0.0	0.0	0.0	0.0	
<u>Housing</u>	<u>U400</u>	<u>379.0</u>	<u>646.8</u>	<u>1025.8</u>	<u>646.8</u>	
Residential Rent	U401	0.0	344.7	344.7	344.7	28 RES.YRS.
Residential Utilities	U402	0.0	145.7	145.7	145.7	
Maintenance & Renovation	U403	56.0	0.0	56.0	0.0	
Quarters Allowances	U404	0.0	0.0	0.0	0.0	
Residential Furniture/Equip	U405	245.2	0.0	245.2	0.0	
Trans/Freight - Code 311	U406	73.5	0.0	73.5	0.0	
Security Guard Services	U407	0.0	156.4	156.4	156.4	65.3 W/years
Official Residence Allowance	U408	2.3	0.0	2.3	0.0	
Representation Allowance	U409	2.0	0.0	2.0	0.0	

Organization USAID/Somalia
 Budget Plan Code COEA-89-21649-U000

TABLE VIII - FY 1989 ESTIMATE
Continued
 (\$000)

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>Office Operations</u>	<u>U500</u>	<u>1419.9</u>	<u>287.2</u>	<u>1707.1</u>	<u>287.2</u>	
Office Rent	U501	145.1	9.1	154.2	9.1	
Office Utilities	U502	0.0	84.4	84.4	84.4	
Building Maint/Renovation	U503	115.3	27.0	142.3	27.0	
Office Furniture/Equipment	U504	134.0	0.0	134.0	0.0	
Vehicles	U505	148.0	0.0	148.0	0.0	
Other Equipment	U506	141.0	0.0	141.0	0.0	
Transportation/Freight	U507	126.9	0.0	126.9	0.0	
Furn/Equip/Veh Repair/Maint	U508	110.0	18.5	128.5	18.5	
Communications	U509	0.0	25.0	25.0	25.0	
Security Guard Services	U510	0.0	0.0	0.0	0.0	
Printing	U511	0.0	0.0	0.0	0.0	
Site Visits - Mission	U513	18.7	11.0	29.7	11.0	119 Trips
Site Visits - AID/W	U514	22.9	0.0	22.9	0.0	5 Trips
Information Meetings	U515	7.5	0.0	7.5	0.0	7 Trips
Training Attendance	U516	39.4	0.0	39.4	0.0	13 Trips
Conference Attendance	U517	29.1	0.0	29.1	0.0	11 Trips
Other Operational Travel	U518	4.5	2.3	6.8	2.3	134 Trips
Supplies & Materials	U519	230.5	50.7	281.2	50.7	
Contract Consulting Services	U521	0.0	0.0	0.0	0.0	
Contract Mgt/Prof. Services	U522	30.0	0.0	30.0	0.0	0.2 W/years
Special Studies/Analyses	U523	0.0	0.0	0.0	0.0	
All Other Code 25	U524	117.0	59.2	176.2	59.2	11.2 W/years
TOTAL OPERATING EXPENSE BUDGET		3230.0	1512.5	4742.5	1512.5	
636(C) Requirements	U601					
TOTAL ALLOWANCE REQUIREMENTS	U000	3230.0	1512.5	4742.5	1512.5	

OTHER INFORMATION

Exchange Rate Used in Calculations Ssh.112.94 to \$1
 Estimated Inflation Rate 0.0

U.S. Direct Hire workforce levels: Positions 27
 Workyears 24.9

Organization USAID/Somalia
 Budget Plan Code COEA-90-21649-U000

TABLE VIII - FY 1990 REQUEST
 (\$000)

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>U.S. Direct Hire</u>	<u>U100</u>	<u>894.0</u>	<u>0.0</u>	<u>894.0</u>	<u>0.0</u>	
Other Mission Funded Code 11	U105	0.0	0.0	0.0	0.0	
Education Allowances	U106	337.9	0.0	337.9	0.0	28 Deps
Cost of Living Allowances	U108	0.0	0.0	0.0	0.0	
Other Mission Funded Code 12	U110	7.7	0.0	7.7	0.0	
Post Assignment Travel	U111	55.5	0.0	55.5	0.0	13 Empl
Post Assignment Freight	U112	287.3	0.0	287.3	0.0	13 Empl
Home Leave Travel	U113	60.4	0.0	60.4	0.0	13 Empl
Home Leave Freight	U114	35.3	0.0	35.3	0.0	13 Empl
Education Travel	U115	0.0	0.0	0.0	0.0	
R & R Travel	U116	70.8	0.0	70.8	0.0	31 Pers
Other Code 215 Travel	U117	39.1	0.0	39.1	0.0	20 TA's
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>5.0</u>	<u>39.6</u>	<u>44.6</u>	<u>39.6</u>	
F.N. Basic pay	U201	0.0	29.6	29.6	29.6	6 Wk.Yrs.
Overtime/Holiday Pay	U202	0.0	3.3	3.3	3.3	1 Wk.Yr.
All Other Code 11 - F.N.	U203	5.0	0.4	5.4	0.4	
All Other Code 12 - F.N.	U204	0.0	5.0	5.0	5.0	
Benefits - Former F.N. Pers.	U205	0.0	1.3	1.3	1.3	
<u>Contract Personnel</u>	<u>U300</u>	<u>479.6</u>	<u>622.0</u>	<u>1101.6</u>	<u>622.0</u>	
PASA Technicians	U301	0.0	0.0	0.0	0.0	
U.S. PSC Salaries/Benefits	U302	240.0	0.0	240.0	0.0	9 w/y
All Other U.S. PSC Costs	U303	7.5	0.0	7.5	0.0	
F.N. PSC Salaries/Benefits	U304	103.5	622.0	725.5	622.0	138 w/y
All Other F.N. PSC Costs	U305	128.6	0.0	128.6	0.0	
Manpower Contracts	U306	0.0	0.0	0.0	0.0	
<u>Housing</u>	<u>U400</u>	<u>335.3</u>	<u>760.5</u>	<u>1095.8</u>	<u>760.5</u>	
Residential Rent	U401	0.0	409.1	409.1	409.1	28 RES.YRS.
Residential Utilities	U402	0.0	172.9	172.9	172.9	
Maintenance & Renovation	U403	56.0	0.0	56.0	0.0	
Quarters Allowances	U404	0.0	0.0	0.0	0.0	
Residential Furniture/Equip	U405	211.1	0.0	211.1	0.0	
Trans/Freight - Code 311	U406	63.4	0.0	63.4	0.0	
Security Guard Services	U407	0.0	178.5	178.5	178.5	65.3 W/years
Official Residence Allowance	U408	2.3	0.0	2.3	0.0	
Representation Allowance	U409	2.0	0.0	2.0	0.0	

Organization USAID/Somalia
 Budget Plan Code COEA-90-21649-U000

TABLE VIII - FY 1990 REQUEST
Continued
 (\$000)

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>Office Operations</u>	<u>U500</u>	<u>1348.4</u>	<u>127.9</u>	<u>1476.3</u>	<u>306.7</u>	
Office Rent	U501	155.9	0.0	155.9	10.8	
Office Utilities	U502	0.0	99.9	99.9	99.9	
Building Maint/Renovation	U503	118.4	0.0	118.4	29.4	
Office Furniture/Equipment	U504	104.0	0.0	104.0	0.0	
Vehicles	U505	74.0	0.0	74.0	0.0	
Other Equipment	U506	101.0	0.0	101.0	0.0	
Transportation/Freight	U507	83.6	0.0	83.6	0.0	
Furn/Equip/Veh Repair/Maint	U508	131.8	0.0	131.8	12.8	
Communications	U509	0.0	28.0	28.0	28.0	
Security Guard Services	U510	0.0	0.0	0.0	0.0	
Printing	U511	0.0	0.0	0.0	0.0	
Site Visits - Mission	U513	31.2	0.0	31.2	12.5	119 Trips
Site Visits - AID/W	U514	22.9	0.0	22.9	0.0	5 Trips
Information Meetings	U515	7.5	0.0	7.5	0.0	7 Trips
Training Attendance	U516	39.4	0.0	39.4	0.0	13 Trips
Conference Attendance	U517	29.1	0.0	29.1	0.0	11 Trips
Other Operational Travel	U518	6.8	0.0	6.8	2.3	134 Trips
Supplies & Materials	U519	276.3	0.0	276.3	51.8	
Contract Consulting Services	U521	0.0	0.0	0.0	0.0	
Contract Mgt/Prof. Services	U522	0.0	0.0	0.0	0.0	
Special Studies/Analyses	U523	0.0	0.0	0.0	0.0	
All Other Code 25	U524	166.5	0.0	166.5	59.2	10.8 Workyears
TOTAL OPERATING EXPENSE BUDGET		3062.3	1550.0	4612.3	1728.8	
636(C) Requirements	U601					
TOTAL ALLOWANCE REQUIREMENTS	U000	3062.3	1550.0	4612.3	1728.8	

OTHER INFORMATION

Exchange Rate Used in Calculations
 Estimated Inflation Rate

Ssh.99 to \$1
 0.0%

U.S. Direct Hire workforce levels:

Positions 27
 Workyears 28.3

Organization USAID/Somalia

TABLE VIII (a)
Narrative

1. Reasons for Increase - FY89 to FY90

The increases under summary function codes U200, U300 and U400 are more than offset by the decreases under U100 and U500.

The 16% increase under summary function code U200 is caused by converting LC to \$ at the lower official exchange rate (SSH.99) vs. the average TF draw-down rate (SSH.112.94). The same is true for the 3% increase under U300 and the 7% increase under U400.

2. Funding Shortages in FY 1988

With a USDH turnover of 19 employees (70% of the USDH positions) our realistic O.E. budget for FY 1988 is \$4,345,200. However, with the suspension of the FY 1987 ESP grant and thereby unavailability of \$1.5 million equivalent for the FY 88 O.E. Trust Fund, we have been forced to budget at a level that is \$570,000 below our realistic budget. This large shortage is being absorbed by (1) funding of most PSCs only until 11/30/88 (an average of 1/2 year funding) and (2) deferring \$231,000 of NXP and \$30,000 of vehicle spare parts procurement to FY1989.

3. Management Improvements

Office maintenance and repair services have been withdrawn from the FAAS. This action has provided far superior services at less cost than the previous arrangement with the JAO.

We have completed the three-year process of setting up our Field Support Unit (FSU). The FSU provides logistical support to institutional contractors, their dependents and project vehicles. Having this facility frees valuable contractor time for project implementation activities rather than individually seeking out their logistical needs in the difficult environment which is Somalia. Based on a recent financial management review performed by a non-federal audit organization, FSU provides services comparable to those of JAO for about \$5,000 less per client.

The electrical rewiring of the USAID office compound will be completed during FY 1988. This will considerably reduce a recognized fire hazard.

The employment of a resident hire Contracts Officer has resulted in a marked improvement in the Mission's ability to handle contracting and has significantly reduced vulnerability in this area. A RIG audit in FY87 identified numerous discrepancies in contracting procedures. Follow-up to this audit has included contracting with a private consulting firm to conduct a contracting course for all professional staff; presentations to the staff on contracting procedures and ethics by the Regional Legal Advisor and Regional Contracts Officer, and issuance and enforcement of guidelines on handling contracting. A follow-up survey by the RIG/A/N performed at the Mission's request in May 1988 found the contracting problems had been very effectively resolved.

Management Improvements, cont.

The professionalism of the Mission staff has been enhanced through an ongoing effort to improve management skills. A contract with the private consulting firm which conducts the Agency's Management Skills and Senior Management Courses has resulted in four separate intensive training sessions for key staff over a 21-month period with the last scheduled for early FY 1989. This is having a discernable impact on Mission operations.

A major reorganization has been carried out to bring Mission staffing more in line with program responsibilities and workload. A related physical relocation of some offices has also been completed.

In response to continuing power outages in Mogadishu, we have completed a program of upgrading both office compound and residential generator capabilities. At the office compound a new, larger generator has been installed and the existing generator rebuilt to provide backup capability. Residences have been supplied with generators sufficient for whole-house service so necessary when public power is not available for extended periods. Residences have also been provided with large fuel tanks which are filled by tanker truck. This relieves employees of having to refuel through the use of jerrycans. All in all this program has had a perceptible beneficial influence on morale and thus productivity.

A Mission Training Program, including English language enhancement, professional writing skills, computer and secretarial skills upgrading, has increased Somali staff efficiency. The English language program encompasses over 95 per cent of the foreign national staff at four levels and uses native American speakers to conduct classes.

Changing conditions in Somalia and in the program have permitted the Mission to close two guest house facilities operated outside of Mogadishu. The operations of the remaining guest house in Mogadishu have been made more cost efficient through improved management and financial controls.

To strengthen the Mission's capacity to monitor counterpart deposits and fund balances, the previous diffused system of monitoring is being replaced by one based on a centralized recordkeeping mechanism in the Controller's Office.

4. Trust Funds:

We have in past years generated significant amounts of OE Trust Funds from ESF CIP and Cash Sales programs. In late FY87 a new cash sales agreement was signed providing for \$1,512,500 (10 percent) OE Trust Funds. Unfortunately, the GSDR violated a covenant to that agreement and the grant has been suspended. Thus the FY87 generations expected for FY88 have not been available. (See section 2 above.)

We now expect that the FY87 agreement will be reactivated and will generate the \$1,512,500 of trust funds to be available in FY89. For FY90 we expect to use the generations of both the FY 88 and FY 89 ESF programs. The maximum which could be expected from these two years' generations is \$1,550,000 computed as 5 percent of an estimated FY 88 commodity import program of \$16 million (\$800,000) and a FY 89 CIP of \$15 million (\$750,000). However, since the ESF grants have yet to be negotiated the total amount available for OE trust funds may be less than the \$1,550,000 budgeted. The reduced percentage (five versus ten) for OE trust fund is a program decision to bring the Somalia ESF grant agreements into line with agreements elsewhere in Africa.

Organization: USAID/Somalia

TABLE 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>	<u>FY 1990</u>
C&R Mgmt Specialist	8,479.0 (01/87-02/87)	21,671.0 (03/88-06/88)	0.0	0.0
Summer Interns (4)	22,322.0 (06/87-08/87)	0.0	0.0	0.0
Assistant System Manager	1,811.0 (06/87-07/87)	15,255.0 (03/88-11/88)	21,000.0 12/88-11/89)	22,000.0 (12/89-11/90)
Supervisory EXO	13,176.0 (09/87-10/87)	60,000.0 07/88-12/88)	60,000.0 (01/89-06/89)	0.0
Mogadishu Liaison Officer (NBO)	46,687.0 (10/86-06/88)	10,448.0 (07/88-11/88)	25,000.0 (12/88-11/89)	26,000.0 (12/89-11/90)
EXO Assistant Training Officer	28,380.0 (11/86-11/87)	20,943.0 11/87-06/88)	21,000.0 (11/88-10/89)	22,000.0 (11/89-10/90)
EXO Secretary	0.0	0.0	15,000 (02/89-01/90)	15,000 (02/90-01/91)
ADP System Manager	28,930.0 (05/87-04/88)	16,352.0 (05/88-11/88)	35,000.0 (12/88-11/89)	36,500.0 (12/89-11/90)
Acting Contracting Officer	28,124.0 (08/87-05/88)	0.0	0.0	0.0
Guest House Manager	18,430.0 (09/87-09/88)	0.0	19,000.0 (01/89-12/89)	20,000.0 (01/90-12/90)
Assist Proj Officer - Livestock	17,881.0 (09/87-12/87)	57,541.0 (01/88-11/88)	63,000.0 (12/88-11/89)	63,000.0 (12/89-11/90)
Admin Asst - CONT Office	0.0	14,103.0 (03/88-11/88)	19,000.0 (12/88-11/89)	20,000.0 (12/89-11/90)
Admin Asst - PDS Office	0.0	12,920.0 (04/88-11/88)	22,000.0 (12/88-11/89)	23,000.0 (12/89-11/90)
Total Cost	214,220.0	229,233.0	300,000.0	247,500.0
Total Work Years	7.5	5.5	9.5	9.0

Organization: USAID/Somalia

TABLE VIII(b)
Information on F.N. PSC Costs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Secretary - PPSD Office	17,096.0 (05/87-05/88)	8,308.0 (05/88-11/88)	18,000.0 (12/88-11/89)	18,500.0 (12/89-11/90)
EXO Secretary	15,600.0 (03/87-12/87)	13,250.0 (01/88-01/89)	0.0	0.0
Compound Maintenance Supervisor	36,943.0 (02/87-06/88)	19,337.0 (09/88-01/89)	38,000.0 (02/89-01/90)	40,000.0 (02/90-01/91)
Compound Maintenance Technician	25,468.0 (03/87-03/89)	4,882.0 (03/88-03/89)	22,000.0 (03/89-03/90)	23,000.0 (03/90-03/91)
Admin Asst - CONT Office	15,602.0 (03/87-03/88)	0.0	0.0	0.0
Acting Guest House Manager	2,394.0 (05/87-06/87)	10,146.0 (05/88-11/88)	0.0	0.0
Admin Asst - PDS Office	8,923.0 (05/87-12/87)	0.0	0.0	0.0
ARD Secretary	13,395.0 (05/87-05/88)	6,948.0 (06/88-11/88)	0.0	0.0
PDS/ENG Secretary	16,243.0 (05/87-05/88)	7,864.0 (06/88-11/88)	17,000.0 (12/88-11/89)	17,500.0 (12/89-11/90)
Assistant System Manager	24,510.0 (08/87-03/88)	0.0	0.0	0.0
C&R Supervisor	0.0	16,684.0 (10/87-10/88)	17,500.0 (10/88-10/89)	18,000.0 (10/89-10/90)
Compound Security Supervisor	0.0	10,528.0 (11/87-09/88)	0.0	0.0
Macro Economist (TF)	17,625.0 (01/87-12/87)	0.0	23,530.0 (01/89-12/89)	0.0
Macro Economist (\$)	0.0	26,843.0 (01/88-12/88)	0.0	26,843.0 (01/90-12/90)
CCN-PSCs-132 (TF)	65,625.0 (05/87-09/87)	186,900.0 (10/87-03/88)	521,703.0 (10/88-09/89)	0.0
CCN-PSCs-132 (\$)	0.0	297,610.0 (04/88-09/88)	115,000.0	710,220.0 (10/89-09/90)
Total Cost	259,424.0	609,300.0	772,733.0	854,063.0
Total Work Years	51.7	137.5	138.0	138.0

Organization USAID/Somalia

TABLE VIII(c)
Manpower Contract Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Charforce Contract with the RWA (\$) 6 wy/us 6 wy/fn	164.3	0.0	0.0	0.0
Charforce Contract with the RWA (TF) 73.9 wy/fn	175.3	0.1	0.0	0.0
Total Costs	339.6	0.1	0.0	0.0
Total Workyears	85.9			

Organization USAID/Somalia

TABLE VIII(d)
All Other Code 25 Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Mgmt. Skills Training	115,000.0 (1/87-9/88) 0.5 w/y	0.0	0.0	0.0
Contracting Course	0.0	25,000.00 (1 week) 0.1 w/y	0.0	0.0
English Lang Instructors (US)	92,844.0 (6/87-5/88) 1.5 w/y	30,000.0 (3/88-9/88) 1.0 w/y	60,000.0 (10/88-9/89) 2.0 w/y	60,000.0 (10/89-9/90) 2.0 w/y
Dep Summer Hire Program (US)	20,735.0 (06/87-08/87) 1.6 w/y	12,000.0 (06/88-08/88) 1.0 w/y	12,000.0 (06/89-08/89) 1.0 w/y	12,000.0 (06/90-08/90) 1.0 w/y
Various PO Hires (FN)	23,182.0 (10/86-09/87) 6.7 w/y	4,854.0 (10/87-10/88) 1.8 w/y	10,000.0 (10/88-09/89) 2.0 w/y	10,000.0 (10/89-09/90) 2.0 w/y
Gardening Services(FN)	4,180.0 (11/86-10/87) 3.0 w/y	5,522.0 (11/87-10/88) 3.0 w/y	6,000.0 (11/88-10/89) 3.0 w/y	6,000.0 (11/89-10/90) 3.0 w/y
Trash Pick-Up Services(FN)	1,839.0 (04/87-03/88) 1.7 w/y	1,200.0 (04/88-10/88) 1.0 w/y	2,100.0 (11/88-10/89) 1.7 w/y	2,100.0 (11/89-10/88) 1.7 w/y
Photocopy Services	8,361.0 (04/87-03/88)	4,000.0 (04/87-09/88)	8,500.0 (10/88-09/89)	8,500.0 (10/89-09/90)
Voucher Examination Training (US)	0.0	7,960.0 (03/88) 0.05 w/y	0.0	15,000.0 (12/89) 0.1 w/y
FSN Wage Survey (US)	0.0	7,301.0 (03/88) 0.05 w/y	25,000.0 (10/88) 0.5 w/y	0.0
Medical Services (FS 569)	11,614.0 (10/86-09/87)	6,000.0 (10/87-09/88)	14,600.0 (10/88-09/89)	14,900.0 (10/89-09/90)
Port Clearance/Misc. Svcs.	32,750.0 (10/86-09/87)	25,037.0 (10/87-09/88)	35,000.0 (10/88-09/89)	35,000.0 (10/89-09/90)

TABLE VIII(d), cont

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Post Language Training	1,190.0 (10/86-9/87)	1,200.0 (10/87-9/88)	1,200.0 (10/88-9/89)	1,200.0 (10/89-9/90)
Legal Services	1,882.0 (1/87-11/87)	1,750.0 (12/87-11/88)	1,750.0 (12/88-11/89)	1,750.0 (12/89-11/90)
Hargeisa Liaison Office (FN)	16,723.0 (10/86-09/87) 12 w/y	32,180.0 (10/87-06/88) 9 w/y	0.0	0.0
Total Costs	330,300.0	164,004.0	176,150.0	166,450.0
Total Work Years	27.0	17.7	11.2	10.8

Organization USAID/Somalia

TABLE VIII(e)
Obligations for Acquisition, Operation
and Use of Information Technology Systems

<u>Item and Explanation</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
<u>1. Capital Investment:</u>				
A. Purchase of Hardware	62,344	30,000	30,000	30,000
B. Purchase of Software	662	-0-	1,000	1,000
C. Site Facility				
SUBTOTAL Section 1	<u>63,006</u>	<u>30,000</u>	<u>31,000</u>	<u>31,000</u>
<u>2. Personnel:</u>				
A. Compensation, Benefits, and Travel				
B. Workyears				
<u>3. Equipment Rental, Space and Other Operating Costs:</u>				
A. Lease of Equipment				
B. Space	8,000	8,000	8,000	8,000
C. Supplies and Materials	10,862	10,000	20,000	20,000
D. Non-Commercial Training				
SUBTOTAL Section 3	<u>18,862</u>	<u>18,000</u>	<u>28,000</u>	<u>28,000</u>

Organization USAID/Somalia

TABLE VIII(e)
(Continued)

<u>Item and Explanation</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
4. <u>Commercial Services:</u>				
A. Computer Time				
B. Leased Telecommunications Services				
C. Operations and Maintenance				
(1) Operations	58,016	35,699	60,100	62,600
(2) Maintenance:				
Other than WANG	5,463	7,228	10,000	10,000
WANG (local funding)				
WANG (A.I.D./W funding)	47,338	65,800	80,000	90,000
D. Systems Analysis and Programming				
E. Systems Design and Engineering				
F. Studies and Other				
SUBTOTAL Section 4	<u>110,817</u>	<u>108,727</u>	<u>150,100</u>	<u>162,600</u>
5. TOTAL DOLLARS	<u>192,685</u>	<u>156,727</u>	<u>209,100</u>	<u>226,600</u>
TOTAL WORKYEARS (from item 2A)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6. <u>Mission Allowance Levels:</u>				
A. Existing Systems	130,341	126,727	179,100	196,600
B. New/Expanded Systems	62,344	30,000	30,000	30,000

ANNEX I
TABLE VIII[g]

FY 1990 ANNUAL BUDGET SUBMISSION
Information On U.S. Direct Hire Staffing

Posno./ SACode	Position Title	Program Management Responsibility	FY 1988	FY 1989	FY 1990
1005	Mission Director	None	1.0	1.1	1.0
1010	Deputy Director	None	1.0	1.0	1.1
1016	Secretary	None	1.0	1.1	1.0
2006	Controller	None	1.0	1.1	1.0
2010	Financial Analyst	None	1.0	1.1	1.0
2016	B&A Officer	None	1.1	1.0	1.1
3005	Sup Executive Officer	None	0.7	0.3	1.0
3010	Executive Officer	None	0.0	1.0	1.1
3015	Contracting Officer	None	0.3	1.0	1.1
4007	Sup Program Officer	None	1.1	1.0	1.1
4012	Program Officer	Local Currency Monitoring	1.6	1.0	1.0
4015	Food For Peace Off	PL 480 Program	0.4	1.0	1.1
4020	Sup Prog Econ Off	ESF Program	1.1	1.0	1.1
4023	Program Econ Off(New)	None	0.0	0.0	1.1
4030	Program Secretary	None	0.9	1.0	1.1
5005	Sup Agrl Dvl Off	None	0.8	1.0	1.1
5010	Agricultural Dvl Off	Sheb Water Mgt I(649-0129) Bay Region Agrl Dvl(649-0113) Ag Delivery Sys(649-0112)	0.8	0.0	1.0
5015	Agrl Dvl Off - Lvstck	CRDP (649-0108) Liv.Mrktg & Hlth(649-0109)	1.0	1.1	1.0
5020	Agrl Econ Off(New)	Land Registration(649-0150)	0.0	1.0	1.0
5025	Special Projects Off	PVO Dvl Prtnrs(649-0138) Ref Settlement(649-0140) JUDAS(649-0134) CDA Forestry (649-0122) Ref Self-Reliance (649-0123)	1.0	1.1	1.0
6005	Sup Proj Dvl Off	PD&S (649-0510)	0.9	1.0	1.1
6010	Project Dvl Off	Comp Groundwater Devl	1.1	1.0	1.1
6015	Sup Engineering Off	Kismayo Port Reh (649-0114) Rural Roads(649-0149)	1.0	1.1	1.0
6020	Sup Commodity Mgt Off	ESF (CIP)	1.1	1.0	1.1
8005	Sup General Dvl Off	None	1.0	1.1	1.0
8010	Human Rsrs Dvl Off	SOMTAD(649-0119) Human Rsrs Dvl (698-0463.49) IEES	1.1	1.0	1.0
8020	Special Projects Off	Fam Hlth Svcs(649-0131) PIPS (649-0132) Somali Tax Administration (649-0151)	0.7	0.8	1.0
		Total Positions	27	27	27
		Total Workyears	22.7	24.9	28.3

NOTE: In cases where position occupancy for a given year is shown as 1.1 personyears that has been done to reflect the departing employee's status with mission through the end of home leave.

ANNEX I
TABLE VIII[h]

FY 1990 ANNUAL BUDGET SUBMISSION
Information On IDI Staffing

BS Code	Title	FY 1988	FY 1989	FY 1990
03	Executive Office [Completes Training 10/88]	0.9	0.1	0.0
10	Agri & Rural Dvl Off [Completes Training 10/89]	0.0	1.0	0.0
11	Program Economics [Completes Training 10/89]	0.0	1.0	0.0
94	Proj Dvl Office [Completes Training 10/89]	0.0	1.0	0.0
	Total Positions	1	3	0
	Total Workyears	0.9	3.1	0.0

ANNEX I
TABLE VIII(i)

FY 1990 ANNUAL BUDGET SUBMISSION
Information on Foreign Service & Third Country National
Direct Hire Staffing

Category	Description	Job Title	Funding	FY 1988	FY 1989	FY 1990
FSNDH	Accounting Technician		OE/TF	1.0	1.0	1.0
FSNDH	Cashier		OE/TF	1.0	1.0	1.0
FSNDH	Chief Expeditor		OE/TF	1.0	1.0	1.0
FSNDH	Engineer		OE/TF	1.0	1.0	1.0
FSNDH	Financial Analyst		OE/TF	1.0	1.0	1.0
FSNDH	Program Assistant		OE/TF	1.0	1.0	1.0
	Total Positions		OE/TF	6	6	6
	Total Workyears		OE/TF	6.0	6.0	6.0

ANNEX I
TABLE VIII(j)

FY 1990 ANNUAL BUDGET SUBMISSION
Information on Part-Time
Direct Hire Staffing

US/ FSN/TCN	Descriptive Job Title	Funding	FY 1988	FY 1989	FY 1990
3020	Contract Officer (Resident Hire)	OE	0.8	0.0	0.0

N / A

Total Positions	OE	1	0	0
Total Workyears	OE	0.8	0.0	0.0

ANNEX I
TABLE VIII(k)

FY 1990 ANNUAL BUDGET SUBMISSION
Information on U.S. Foreign & Third Country National
Contract Staffing

Category	Descriptive Job Title	Funding	FY 1988	FY 1989	FY 1990
PSNPSC	Secretary	OE/TF	6.0	6.0	6.0
	Clerk/Typist	OE/TF	14.0	14.0	14.0
	Special Asst. to Director	OE/TF	1.0	1.0	1.0
	Messenger	OE/TF	2.0	2.0	2.0
	Librarian	OE/TF	1.0	1.0	1.0
	Macro Economist	OE/TF	1.0	1.0	1.0
	Program Project Assistant	OE/TF	12.0	12.0	12.0
	Engineer	OE/TF	3.0	3.0	3.0
	Agr. Economist	OE/TF	0.0	1.0	1.0
	Part. Training Specialist	OE/TF	1.0	1.0	1.0
	Voucher Examiner	OE/TF	7.0	7.0	7.0
	Accounting Technicians	OE/TF	2.0	3.0	3.0
	Accountant	OE/TF	3.0	3.0	3.0
	Management Assistant	OE/TF	1.0	1.0	1.0
	Personnel Assistant	OE/TF	3.0	3.0	3.0
	Customs Expeditor	OE/TF	2.0	2.0	2.0
	Tel. Operator	OE/TF	1.0	1.0	1.0
	Assistant C&R Supervisor	OE/TF	1.0	1.0	1.0
	Mail Clerk	OE/TF	5.0	5.0	5.0
	Janitor/Gardener	OE/TF	9.0	9.0	9.0
	Cook	OE/TF	2.0	2.0	2.0
	Guest House Attendant	OE/TF	2.0	2.0	2.0
	Security Officer	OE/TF	22.0	22.0	22.0
	Dispatcher	OE/TF	1.0	1.0	1.0
	Chauffeur	OE/TF	17.0	17.0	17.0
	Data Processing Spec.	OE/TF	1.0	1.0	1.0
	Maintenance Technician	OE/TF	9.0	9.0	9.0
	Travel Clerk	OE/TF	1.0	1.0	1.0
	Payroll Clerk	OE/TF	1.0	1.0	1.0

TABLE VIII(k)
(Continued)

Category	Descriptive Job Title	Funding	FY 1988	FY 1989	FY 1990
USPSC	Mogadishu Liaison Officer (NBO)	OE	0.4	1.0	1.0
	Asst. PRJ. Officer, Livestock	OE	0.9	1.0	1.0
	EXO Assistant Training Officer	OE	0.7	1.0	1.0
	C&R Mgmt Specialist	OE	0.3	0.0	0.0
	ADP System Manager	OE	0.6	1.0	1.0
	Assistant System Manager	OE	0.7	1.0	1.0
	Guest House Manager	OE	0.0	1.0	1.0
	Supervisory EXO	OE	0.5	0.5	0.0
	Admin Asst - CONT Office	OE	0.7	1.0	1.0
	Admin Asst - PDS Office	OE	0.7	1.0	1.0
	EXO Secretary	OE	0.0	1.0	1.0
TCNPSC	C&R Supervisor	OE	1.0	1.0	1.0
	ARD Secretary	OE	0.5	0.0	0.0
	PDS/ENG Secretary	OE	0.5	1.0	1.0
	PPSD Secretary	OE	0.5	1.0	1.0
	Compound Maintenance Supervisor	OE	0.4	1.0	1.0
	Compound Maintenance Technician	OE	0.0	1.0	1.0
	Compound Security Supervisor	OE	0.9	0.0	0.0
	Acting Guest House Manager	OE	0.7	0.0	0.0
	EXO Secretary	OE	1.0	0.0	0.0
	Total Positions	OE	149	148	147
	Total Workyears	OE	143	147.5	147.0

Country/Office : SOMALIA

FY 1990 Annual Budget Submission

TABLE XI

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

	ACTUAL		ESTIMATED		PROJECTED	
	FY 1988		FY 1989		FY 1990	
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>						
Cotton	1.1	2.8 bales	0	0	0	0
Vegoil	3.9	6.0	9.660	15.0	9.999	15.0
Wheat Flour			3.285	15.0	3.360	15.0
Wheat			.590	5.0	.605	5.0
Total	<u>5.0</u>		<u>13.535</u>	<u>35.0</u>	<u>13.964</u>	<u>35.0</u>

of which
Title III

Total

COMMENT:

The levels in Table XI have been increased above the wholly inadequate levels given in State 160269.

The PL 480 levels for Somalia have declined from \$20 million in FY 1986 to \$5 million in FY 1988 and a proposed \$2 million in FY 1989 and FY 1990, i.e., one tenth of the FY 1986 level. Such low proposed levels for FY 1989/90 essentially eliminate the main rationale for the Somalia Title I Program, i.e., provision of balance of payments assistance in support of the Mission's strategy of achieving short-term economic stability.

The proposed drastic cuts also will have negative humanitarian impact because food required to meet basic needs currently is scarce and should remain scarce for the next few years. Somalia imports about a third to a half of its total food needs annually. The current economic crisis in Somalia has drastically reduced the availability of foreign exchange for required imports of basic food commodities. Aside from some imported food funded from the Somali Cash Auction (which was abolished in September 1987) and some that was smuggled, there have been no/no commercial imports at all in CY1988 of food commodities basic to the Somali diet such as rice, wheat, and vegoil. All staple foods are in short supply and prices have increased 50% to 150%.

Given the foreign exchange situation, it is doubtful that there will be any additional commercial imports during the remainder of the year. The situation for 1989 and 1990 may be just as bad given Somalia's heavy debt burden even if the GSDR signs a new Standby Agreement with the IMF o/a January 1989 and donor funds begun to flow in increased amounts. The proposed severe cuts in the Title I allocation to Somalia will exacerbate the situation and reflect negatively on the USG.

From a programmatic perspective, the proposed level of \$2 million creates almost more financial and political problems than it resolves. The amount is so small that approaching the GSDR with that figure would be an embarrassment to the USG Mission in Mogadishu. It was difficult enough for us this year explaining an FY 1988 level which is 25% of the FY 1986 level. The costs of administering and shipping per metric ton increase as the dollar amount of the program declines. In addition, \$2 million is too small an amount of food to auction efficiently to the private sector. Washington FY88 Program Week Guidance (State 059175) supported continuation of the relatively successful food auction as a means of supporting private sector activity. This is even more crucial when foreign exchange shortages severely inhibit the private sector's ability to function. However, providing such support in any but a token fashion will not be possible with such a small PL 480 program.

PL 480 assistance is a basic piece of the total aid package which supports USG strategic interests in Somalia. The proposed severe cut in PL 480 for FY 1989/90 only adds to the perception that the USG has not honored its assistance commitments. With the access rights agreement up for renegotiation in 1990, the 1989-90 period is not the time to reduce this program to such a miniscule level.

For the above reasons, the Mission is compelled to submit an ABS PL 480 request that is at least large enough to meet strategic concerns, humanitarian needs, programmatic realities, and USG policy interests. Further justification for the increased levels is provided in cables: 87 Mogadishu 11415, 87 Mogadishu 12177, 87 Mogadishu 13272, and 88 Mogadishu 06415 (all classified).

doc#3460A, page 5 and 6

Country/Office : SOMALIA

FY 1990 Annual Budget SubmissionTABLE XIP.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

	ACTUAL		ESTIMATED		PROJECTED	
	FY 1988		FY 1989		FY 1990	
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>						
Cotton	1.1	2.8 bales	0	0	0	0
Vegoil	3.9	6.0	9.660	15.0	9.999	15.0
Wheat Flour			3.285	15.0	3.360	15.0
Wheat			.590	5.0	.605	5.0
Total	<u>5.0</u>		<u>13.535</u>	<u>35.0</u>	<u>13.964</u>	<u>35.0</u>

of which
Title III

Total

COMMENT:

The levels in Table XI have been increased above the wholly inadequate levels given in State 160269.

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The proposed drastic cuts also will have negative humanitarian impact because food required to meet basic needs currently is scarce and should remain scarce for the next few years. Somalia imports about a third to a half of its total food needs annually. The current economic crisis in Somalia has drastically reduced the availability of foreign exchange for required imports of basic food commodities. Aside from some imported food funded from the Somali Cash Auction (which was abolished in September 1987) and some that was smuggled, there have been no/no commercial imports at all in CY1988 of food commodities basic to the Somali diet such as rice, wheat, and vegoil. All staple foods are in short supply and prices have increased 50% to 150%.

policies which are proving detrimental to the economy in general and private sector in particular, for example, the fixed, over-valued exchange rate and price controls. Also, the Government recently held a symposium of ministry and private sector individuals to determine ways of promoting exports. Change in the near future is quite possible. The GSDR is presently discussing implementation of first a "shadow" program with the IMF, to be followed in 1989 by a new Standby. An agreement would necessarily involve changes helpful to the private sector, e.g., establishment of a realistic, more market-oriented foreign exchange system and removal of price controls. The Fund and GSDR are in the process of trying to reach a mutually agreeable program. We must be ready to move quickly to take advantage of opportunities if/when the policy environment becomes more conducive to increased private sector participation. Nonetheless, USAID is taking some steps within the current constrained environment to assist the private sector.

Under the proposed FY 1988 ESF Program Assistance, \$5.8 million of the Commodity Import Program (CIP) will be reserved for private sector agricultural and agro-industrial imports. Two anticipated covenants under the proposed FY 1988 ESF Agreement will support the private sector: (1) the Government will examine the impact of existing and proposed taxes on business (including agriculture) incentives, with the intent of reforming taxes to improve long-term productivity; and (2) the Government will ensure that no rules, regulations, or other impediments prohibit or hinder private sector importation and distribution of commodities eligible for private sector importation under the program's CIP.

In FY 1991, we propose a new Rural Roads Maintenance project that would establish a capacity to maintain rural roads throughout Somalia using the private sector to perform the roads maintenance work. By improving rural roads, Somalia's domestic distribution systems will be improved, thereby permitting an expanded distribution of privately produced, domestic agricultural production; in this way, private Somali smallholder farmers and herders will be drawn more directly and actively into the national economy, and Somali consumers will have more direct access to locally produced commodities.

PL 480 commodities will continue to be auctioned to the private sector. Under the FY 1987 Title II Section 206 Agreement, about 60% of the commodities were auctioned to the private sector. Under the FY 1988 PL 480 Program, USAID has proposed to Government that 100% of the food commodities be auctioned to the private sector and that self-help measures include examination and, as appropriate, revision of the tax system so as to improve productivity of the private sector.

The Policy Initiatives and Privatization (PIP) project has just been evaluated. Based on the results of this evaluation and on the findings in the private sector assessment report, the project will be redesigned in September 1988 to be more private sector oriented. Such a redesign may include provision of a full time private sector advisor to work with

the Somali private sector in identifying and overcoming its constraints to economic growth and development. In the meantime, the project's long-term technical advisor to the Ministry of Industry and Commerce is continuing to work to heighten the GSDR's awareness of the benefits of privatization as well as to encourage privatization opportunities where they may currently exist. The project's management training efforts for Somali private businesses also continue.

As noted in the FY 1989 Privatization Plan, USAID's private sector development and privatization timeframe is relatively long-term, based on a recognition of the realities of changing longstanding political and cultural expectations and perceptions in Somalia. Based on the policy setbacks in the past year, this is even more true today than it was a year ago. In the short-term, USAID will continue to address what private sector opportunities are available while simultaneously encouraging private sector growth in a variety of aspects as they appear. As GSDR commitment to private sector involvement and privatization begins to reappear, USAID will be able to address these issues more directly and broadly. However, for the time being, it is unrealistic for us to establish a fixed number of "privatization actions" per year in Somalia. For the coming year, the PIP project budget should be sufficient to meet USAID's realistically modest, current private sector plans in Somalia.

Doc# 3537A

FY 1990 Annual Budget Submission
Annex L
Micro, Small, and Farm Enterprises

ESF and DA
Dollar Commitments for Micro
and Small Enterprise Programs
(\$000s)

	FY 88 Est.	FY 89 Proposed	FY 90 AAPL
I. ESF Dollar Commitments*			
A. For Micro Enterprise			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
B. For Small Enterprise			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
II. DA Dollar Commitments*			
A. For Micro Enterprise			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
B. For Small Enterprise			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
C. For Small Farmer			
1. For Credit	----	----	----
2. For TA/Training	----	----	----

* See Mogadishu 02830 (dated 9 March 88) which responds to State 070472.

The Expenditure of Non-Project Assistance
Local Currency Generations for Micro and Small Enterprise
Programs
(In Thousands of U.S. Dollars Equivalents)

	<u>FY 88</u> <u>Est</u>	<u>FY 89</u> <u>Proposed</u>	<u>FY 90</u> <u>AAPL</u>
1. From ESP Generations*			
A. For Micro Enterprises			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
C. For Small Farmer			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
II. From DA Generations (if any)*			
A. For Micro Enterprises			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
B. For Small Enterprises			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
C. For Small Farmer			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
III. From P.L. 480 Generations*			
A. For Credit Enterprise			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
B. For Small Enterprises			
1. For Credit	----	----	----
2. For TA/Training	----	----	----
C. For Small Farmer			
1. For Credit	----	----	----
2. For TA/Training	----	----	----

* See Mogadishu 02830 (dated 9 March 88) which responds to State 070472.

AFRICA BUREAU TABLE I
DFA AND FOOD AID REPORTING MATRIX
YEAR FY 1987

MODALITIES (\$000s)

<u>Sector/Subsector Categories</u>	Total Budget	Policy Reform	Non-Project Assistance	WID	Private Sector	Training
<u>Agriculture</u>						
Sheep/11 (649-0129)	3,343	100		300		200
Livestock Health & Marketing (649-0109)	3,250				1,100	
<u>Development Management</u>						
Somali Mgr Training for Dev. (649-0119)	3,000	200		300	800	1,000
<u>Other</u>						
Project Dev. & Support (649-0510)	523	250				
PVO Dev. Partners (649-0138)	4,000			500		
PL 480 Title II, Section 2062/	12,033	500	12,033		7,850 ^{2/}	
DFA TOTAL	14,279	950		500		1,200
PL 480 TOTAL	12,033	500	12,033		7,850 ^{2/}	

^{1/} Excludes Drought Relief Program

^{2/} Value of food aid auctioned to Private Sector

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AFRICA BUREAU TABLE I
DFA AND FOOD AID REPORTING MATRIX
YEAR FY 1988

MODALITIES (\$000s)

Sector/Subsector Categories Project Title & Numbers	Total Budget	Policy Reform	Non-Project Assistance	AID	Private Sector	Training
<u>Agriculture</u>						
Shebelle (649-0129)	2,350	60		250		250
<u>Development Management</u>						
Somali Mgt Training for Dev. (649-0119)	1,340	140		200	500	650
<u>Other Education</u>						
Human Resource Development	160					160
<u>Other</u>						
PDS	300	200			50	
PVO Dev. Partners (649-0138)	250			50		
PL 480 Title :	5,300	200	5,000		3,900 0	
DFA TOTAL	6,000	420		450		960
PL 480 TOTAL	5,300	200	5,000		3,900 0	

2/ Value of food aid auctioned to Private Sector

Doc#3460A

AFRICA BUREAU TABLE I
DFA AND FOOD AID REPORTING MATRIX
YEAR FY 1989

MODALITIES (\$000s)

Sector/Subsector Categories Project Title & Numbers	Total Budget	Policy Reform	Non-Project Assistance	WID	Private Sector	Training
<u>Agriculture</u>						
Central Rangelands Dev. (649-0108)	250					
Livestock Health & Marketing (649-0109)	10,000				2,500	
<u>Development Management</u>						
Somali Mgt Training for Dev. (649-0119)	3,520	200	-	-	850	1,000
<u>Other Education</u>						
Human Resource Dev.	160					160
<u>Other</u>						
PDS	900					
PL 480 Title I	13,535		13,535	-	13,535 ^{b/}	
DFA TOTAL	14,730	200				1,160
PL 480 TOTAL	13,535		13,535		13,535 ^{b/}	

^{b/} value of food aid auctioned to Private Sector

AFRICA BUREAU TABLE :
DPA AND FOOD AID REPORTING MATRIX
YEAR FY 1990

MODALITIES (\$000s)

Sector/Subsector Categories Project Title & Numbers	Total Budget	Policy Reform	Non-Project Assistance	WID	Private Sector	Training
<u>Agriculture</u>						
Land Registration (649-0510)	1,500	-	-	-	-	-
Livestock Marketing & Health (649-0109)	5,300	-	-	-	1,250	-
<u>Development Management</u>						
Somali Mgt Training for Dev. (649-0119)	3,340	200	-	-	850	1,100
<u>Other Education</u>						
Human Resource Development	160	-	-	-	-	160
<u>Other</u>						
Project Dev. & Support	500	-	-	-	-	-
P2 430 Title :	13,964	500	13,964	-	13,954D/	-
DPA TOTAL	10,800	-	-	-	-	1,860
P2 430 TOTAL	13,964	500	13,964	-	13,954D/	-

D/ Value of food aid auctioned to Private Sector

05-Jun-88

AFR11
649-Somalia

AFRICA BUREAU TABLE No. 11
FY 1990 ANNUAL BUDGET SUBMISSION
PIPELINE-ANALYSIS AND MODIFICATIONS TO LOP AND PACD

(\$000)

Project Number	Project Name	Total Cost Auth. Plan	Oblig. Thru FY 87	FY 87 Pipeline	FY 1988		FY 1989		FY 1990		Current Proposed PACD*	
					Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.		
649 0104	Comprehensive Groundwater Development	11,944	11,944	936	0	936	0	0	0	0	9/88	9/88
649 0108	Central Kangelands Dev.	14,944	14,444	3,902	0	1,880	0	2,022	0	0	6/89	6/91
649 0109	Livestock Marketing & Health	17,000	17,000	15,110	0	3,550	0	7,353	0	4,207	12/89	12/92
649 0112	Agric. Delivery Systems	8,635	8,435	109	0	109	0	0	0	0	9/87	9/87
649 0113	Bay Regional Development	11,171	10,671	1,721	0	1,000	0	721	0	0	9/88	9/88
649 0129	Shebelle Water Management	3,548	3,548	3,548	0	1,600	0	1,948	0	0	9/92	9/92
649 0134	Juba Valley Analytical Studies	8,550	8,550	2,656	0	1,156	0	1,500	0	0	5/90	5/90
649 0138	PVO Dev. Partners	9,350	9,350	9,243	0	2,500	0	3,000	0	3,000	6/91	6/91
649 0510	PDS	0	0	412	0	412	0	0	0	0	0	0
ARDN TOTAL		85,142	83,942	85,092	0	13,143	0	16,544	0	7,207		
POPULATION												
649 0131	Family Health Services	10,100	10,100	6,113	0	3,000	0	3,000	0	113	12/89	12/90
POPULATION TOTAL		10,100	10,100	6,113	0	3,000	0	3,000	0	113		

Project Number	Project Name	Total Cost Auth. Plan	FY 87		FY 1988		FY 1989		FY 1990		Current Proposed		
			Thru FY 87	Pipeline Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	PACD+	PACD+
649 0104	Comprehensive Groundwater Development	6,556	6,556	45	0	45	0	0	0	0	0	9/88	9/88
649 0138	PWD Dev. Partners	7,600	7,600	7,060	0	2,000	0	2,000	0	2,000	6/91	6/91	6/91
649 0510	PDS	0	0	300	0	47	0	0	0	0	0	0	0
	HEALTH TOTAL	14,156	14,156	7,152	0	2,072	0	2,000	0	2,000	0	2,000	0

EDUCATION & HUMAN RESOURCES													

649 0110	School Mgnt. Prog. for Dev.	7,700	7,700	6,218	0	3,500	0	2,718	0	0	0	12/91	12/92
649 0510	PDS	0	0	37	0	37	0	0	0	0	0	0	0
	ED. & HUMAN RES. TOTAL	7,700	7,700	6,255	0	3,537	0	2,718	0	0	0	0	0

SELECTED DEVELOPMENT ACTIVITIES													

649 0138	PWD Dev. Partners	1,000	1,000	794	0	400	0	200	0	0	0	194	6/91
649 0510	PDS	0	0	15	0	15	0	0	0	0	0	0	0
	SDA TOTAL	1,000	1,000	809	0	415	0	200	0	0	0	194	194

Project Number	Project Name	Total Cost Auth. Plan	Oblig. Thru FY 87	FY 87		FY 1988		FY 1989		FY 1990		Current Proposed	
				Pipeline	Expend.	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	PACD	PACD*
DEVELOPMENT FUND FOR AFRICA													
649 0108	Central Rangeland Dev. Project	0	250	0	0	0	0	250	0	0	250		
649 0109	Livestock Marketing & Health	0	15,000	0	0	0	0	10,000	5,000	5,000	10,000	12/89	12/91
649 0119	Somali Mgt. Trng. and Dev.	10,800	8,620	0	0	1,940	0	3,520	2,282	3,340	6,000	12/91	12/92
649 0129	Shebelle Water Management	2,850	2,850	0	0	2,850	0	0	2,652	0	198	9/92	9/92
649 0138	PVO Dev. Partners	250	250	0	0	250	0	0	200	0	50	6/91	6/91
649 0150	Land Registration	0	3,500	0	0	0	0	0	0	1500	0	6/97	6/97
649 HRDA	Human Resources Development	0	0	0	0	160	60	160	100	160	0	9/92	9/92
649 0510	PDS	0	0	0	0	800	400	800	1,000	800	1,000	6/97	6/97
	DFA TOTAL	13,900	30,470	0	0	6,000	460	14,730	11,234	10,800	17,498		
	DEVELOPMENT ASSISTANCE TOTALS	131,998	147,368	118,348	57,966	6,000	22,647	14,730	35,696	10,800	27,012		
ECONOMIC SUPPORT FUNDS													
649 0114	Kisumu Port Rehab.	42,000	36,000	36,000	16,713	0	11,713	0	5,000	0	0	9/88	9/91
649 0119	Somali Mgt. Trng. for Dev.	0	2,000	0	0	0	0	2,000	0	0	2,000	12/91	12/92
649 0120	Commodity Import Program II	16,000	16,000	16,000	276	0	276	0	0	0	0	2/87	2/87

Project Number	Project Name	Total Cost Auth. Plan	Oblig. Thru FY 87	FY 87		FY 1988		FY 1989		FY 1990		Current Proposed	
				Pipeline	Exp.	Oblig.	Exp.	Oblig.	Exp.	Oblig.	Exp.	PACD	PACD+
649 0125	Commodity Import Program III	27,000	27,000	736	0	736	0	0	0	0	0	6/87	6/87
649 0129	Shabelle Water Management	16,202	0	0	3,000	0	4,000	0	4,500	4,602	4,602	9/92	9/92
649 0132	Policy Initiatives & Privatization	7,000	12,045	5,045	1,965	1,500	2,000	1,500	4,000	2,000	2,000	9/90	9/92
649 0151	Somali Tax Adm. & Structure	0	3,000	0	0	0	0	0	1,500	0	0	6/97	6/97
649 K606	Foreign Exchange Market Support II	15,500	15,125	15,125	15,125	0	15,125	0	0	0	0	8/88	8/88
649 K607	Program Assistance I	0	21,000	0	21,000	5,000	0	12,000	0	4,000	4,000	9/90	9/90
649 K608	Program Assistance II	0	15,000	0	0	0	15,000	10,000	0	5,000	5,000	9/91	9/91
649 K609	Program Assistance III	0	15,000	0	0	0	0	0	15,000	10,000	10,000	9/92	9/92
649 01CS	Local Support Costs	455	455	455	119	0	119	0	0	0	0	0	0
ESF TOTAL		124,157	178,827	99,625	34,934	25,000	34,469	23,000	28,500	25,000	27,602		
DA TOTAL		131,998	147,368	118,348	57,966	6,000	22,647	14,730	35,696	10,800	27,012		
COUNTRY TOTAL		256,155	326,195	217,973	92,900	31,000	57,116	37,730	64,196	35,800	54,614		

05-Jun-85

Project Number	Project Name	Oblig. Thru FY 87		FY 1987		FY 1988		FY 1989		FY 1990		Current Proposed	
		Total Cost	Plan	Pipeline	Exp.	Oblig.	Exp.	Oblig.	Exp.	Oblig.	Exp.	PACD	PACD+

CONSOLIDATION OF PROJECTS

Project Number	Project Name	Oblig. Thru FY 87		FY 1988		FY 1989		FY 1990		Current Proposed		
		Total Cost	Plan	Pipeline	Exp.	Oblig.	Exp.	Oblig.	Exp.	PACD	PACD+	
ARDM	649 0104 Comprehensive Groundwater	11,944	11,944	936	0	0	0	0	0	0	9/88	9/88
HLTH	649 0104 Comprehensive Groundwater	6,556	6,556	45	0	0	0	0	0	0	9/88	9/88
	Total	18500	18500	981	0	981	0	0	0	0	0	0

Project Number	Project Name	Oblig. Thru FY 87		FY 1988		FY 1989		FY 1990		Current Proposed		
		Total Cost	Plan	Pipeline	Exp.	Oblig.	Exp.	Oblig.	Exp.	PACD	PACD+	
ARDF	649 0106 Central Rangelands Dev.	14,444	14,444	3,902	0	1,880	0	2,022	0	0	6/89	6/91
DFA	649 0108 Central Rangelands Dev. Project	0	250	0	0	0	250	0	0	0	250	
	Total	14944	14694	3902	0	1880	250	2022	0	250	0	250

Project Number	Project Name	Oblig. Thru FY 87		FY 1988		FY 1989		FY 1990		Current Proposed		
		Total Cost	Plan	Pipeline	Exp.	Oblig.	Exp.	Oblig.	Exp.	PACD	PACD+	
ARDM	649 0109 Livestock Marketing & Health	17,000	17,000	15,110	0	3,550	0	7,353	0	4,207	12/89	12/92
DFA	649 0109 Livestock Marketing & Health	0	15,000	0	0	0	10,000	5,000	5,000	10,000	12/89	12/91
	Total	17000	32000	15110	0	3550	10000	12353	5000	14207	0	14207

Project Number	Project Name	Oblig. Thru FY 87		FY 1988		FY 1989		FY 1990		Current Proposed		
		Total Cost	Plan	Pipeline	Exp.	Oblig.	Exp.	Oblig.	Exp.	PACD	PACD+	
ARDM	649 0129 Shebelli Water Management	3,548	3,548	3,548	0	1,600	0	1,948	0	0	9/92	9/92
DFA	649 0129 Shebelli Water Management	2,850	2,850	0	2,850	0	0	2,652	0	198	9/92	9/92
ESF	649 0129 Shebelli Water Management	16,202	16,202	0	3,000	0	4,000	0	4,602	4,602	9/92	9/92
	Total	22600	22600	3548	5850	1600	4000	4600	4602	4800	0	4800

Project Number	Project Name	Total Cost		Oblig. Thru		FY 87		FY 1988		FY 1989		FY 1990		Current Proposed	
		Auth.	Plan	FY 87 Pipeline	FY 87 Pipeline	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	PACD	PACD#
		Auth.	Plan	FY 87 Pipeline	FY 87 Pipeline	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	PACD	PACD#
		9,350	9,350	9,243	0	2,500	0	3,000	0	3,000	6/91	6/91			
ARDN	PVD Dev. Partners	7,600	7,600	7,660	0	2,000	0	2,000	0	2,000	6/91	6/91			
HLTH	PVD Dev. Partners	1,000	1,000	794	0	400	0	200	0	194	6/91	6/91			
SDA	PVD Dev. Partners	250	250	0	250	0	200	0	200	6/91	6/91				
DFA	PVD Dev. Partners														
	Total:	18200	18200	17950	1797	250	4900	0	5400	0	5244				

Project Number	Project Name	Total Cost		Oblig. Thru		FY 87		FY 1988		FY 1989		FY 1990		Current Proposed	
		Auth.	Plan	FY 87 Pipeline	FY 87 Pipeline	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	PACD	PACD#
		7,700	7,700	6,218	0	3,500	0	2,718	0	2,718	12/92	12/92			
EMRG	Somali Mgt. Irng. for Dev.	10,800	8,620	0	1,940	0	3,340	2,282	3,340	6,000	12/91	12/92			
DFA	Somali Mgt. Irng. for Dev.	0	2,000	0	0	0	2,180	0	0	2,000	12/91	12/92			
ESF	Somali Mgt. Irng. for Dev.														
	Total:	18500	18320	7700	6218	1940	3500	5520	5000	3340	8000				

Project Number	Project Name	Total Cost		Oblig. Thru		FY 87		FY 1988		FY 1989		FY 1990		Current Proposed	
		Auth.	Plan	FY 87 Pipeline	FY 87 Pipeline	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	Oblig.	Expend.	PACD	PACD#
		0	0	1,150	412	0	412	0	0	0	0	0	0		
ARDN	0510 PDS	0	0	300	47	0	47	0	0	0	0	0	0		
HLTH	0510 PDS	0	0	0	37	0	37	0	0	0	0	0	0		
EHR	0510 PDS	0	0	0	15	0	15	0	0	0	0	0	0		
SDA	0510 PDS	0	0	0	0	800	400	500	700	500	700	700	700		
DFA	0510 PDS														
	Total:	0	0	1450	511	800	911	500	700	500	700	500	700		

AFRICA BUREAU TABLE III
FY 1990 ANNUAL BUDGET SUBMISSION

PVO ACTIVITY
(\$000)

Project/ Grant No	Project Title	PVO Name (US/Non U.S)	Source of Funding	LOP (FY Yrs)	Total PVO		FY-88 Obligations	FY-89 Obligations	FY 90 Obligations
					LOP	%			
649-0138	PVO Development Partners	MREF Africare Care Haqabtir* OEP CHP** VITA**	bilateral bilateral bilateral bilateral bilateral bilateral	87-91	1,725	9.3%	725	-	-
				87-91	3,240	17.5%	940	-	-
				87-91	1,200	6.4%	400	-	-
				87-91	116	.6%	-	-	-
				87-91	1,412	7.6%	612	-	-
				88- 88-	728 1,900	3.9% 10.3%	? ?	? ?	? ?
649-0140	Refugee Settlement	W. Concern** SCP**	bilateral bilateral	88-89	196	6.5%	196	-	-
				88- 88-	? ?	? ?	? ?	? ?	

* Non U.S. PVO

** Funds not yet committed; represents anticipated commitments

AFRICA BUREAU TABLE IV
FY 1990 ANNUAL BUDGET SUBMISSION

Regionally and Centrally Funded Buy-ins
(\$000)

Project/Number -----	FY 1988 Estimate -----	FY 1989 Planned -----	FY 1990 Proposed -----
NRMS/698-0467			
AFGRAD III/698-0455			
ASCI-CCCD/698-0421			
Medex/698-0471			
SAARFA/698-0435			
AALC II/698-0442			
AFR-AGRF/698-9801			
AFR-SSH/698-9901			
Locusts/698-0517/625-0517			
NCNW-ID/698-0461			
Sahel Financial Mgt. /625-0974			
Family Health Int. II/698-0462			
HumResDevelAssist/698-0463	160	160	160
FEWS/698-0466			
AfrDevSupport/698-0464			
HIV/AIDS Prev/698-0474			
Others	-----	***	***
Total	160	?	?

**USAID may buy into a number of centrally funded activities in the coming year, among them the Land Tenure Center (ST/RRD), RAPID III, INTRAH, IMPACT, Bureau of Census, and JHPIEGO. Amounts have yet to be determined and cooperative agreements signed.

AFRICA BUREAU TABLE V
FY 1990 ANNUAL BUDGET SUBMISSION

Centrally Funded Activities
(\$000s)

<u>Project/ Grant No.</u>	<u>Project Title</u>	<u>Organization Implementing (US/non-US)</u>	<u>LOP (Yrs)</u>	<u>LOP (\$000)</u>	<u>FY 88 Obligations</u>	<u>FY 89 Obligations</u>	<u>FY 90 Obligations</u>
<u>I. Directly Related To Mission Portfolio:</u>							
		N/A					
<u>II. Indirectly Related to Mission Portfolio:</u>							
		N/A					
<u>III. Not Related to Mission Portfolio:</u>							
936-5823	Improving Efficiency of Educational Systems	U.S. Personal Services Con- tractor	3	30,000*	210	(under nego- tiation)	(to be nego- tiated)

*Total for the worldwide project, including seven countries; Somalia obligations are approved on a year by year basis.

AFRICA BUREAU TABLE VI.A.
FY 1990 ANNUAL BUDGET SUBMISSION

Methods of Accountability for Local Currency Expenditures
For FY 1988
(\$000)

<u>Source/Type of Expenditure</u>	<u>Amount</u>	<u>Method of Accountability</u>	<u>USAID or Govt Action</u>
I. ESF			
A. Public Development Activities	3,500	Joint USAID/GSDR programming and review of releases; USAID receives copies of bank statements showing disbursement to projects from GSDR	Joint action but GSDR responsible for banking transactions
B. AID Operating Expenses and USAID Trust Fund	660	USAID Controller controls bank account and accounts for funds	USAID
II. DFA			
		Not Applicable.	
III. PL 480			
A. Public Development Activities	16,050	Joint USAID/GSDR programming and review of releases; USAID receives copies of bank statements showing disbursement to projects from GSDR	Joint action but GSDR responsible for banking transactions
B. USAID Trust Fund	340	USAID Controller controls bank account and accounts for funds	USAID
TOTAL	20,550		

LOCAL CURRENCY PROGRAMMING AND ACCOUNTABILITY PLAN

I. General Economic Impact of Local Currency Generations in Somalia

Although data involving the overall budget as well as total amounts of all donor-generated local currencies are not extremely reliable in Somalia, there is little doubt that the existence of donor-generated local currencies has an impact, often negative, on the Somali economy. There is presently no IMF program, though the Government and IMF currently are trying to put together a "shadow" program. Until recently the Government has made little effort to restrain either expenditures or the portion of expenditures financed by credit (money creation). Under past IMF programs, limits were set on net credit to the public sector, but unfortunately the GSDR frequently exceeded them. In addition, local currency that is generated from sales of foreign exchange or commodities to the public sector also resulted in a form of money creation, by simply creating bank balances for the appropriate ministry. These "created" bank balances did not fall under IMF credit ceilings, but beginning in 1986, the IMF began limiting the total amount of donor-generated local currency the Government could spend.

Donor-generated local currency from all donor loans and grants exceeds the Somali Government's own revenue sources (taxes, licenses, fees, and similar sources). The GSDR also relies heavily on credit financing (money creation). Through a paper written by a USAID consultant and through discussions with the IMF and other donors, the GSDR has recently understood some of the dangers to the economy of relying on and using such a large amount of donor-generated local currencies. The Ministry of Finance and Revenue and the Central Bank are also beginning to understand the dangers to the economy (increased pressure on prices and a decline in the real value of the Somali Shilling) of uncontrolled expenditures, financed by money creation. Their initial reaction to the heavy reliance on donor-generated local currencies and on deficit financing is to attempt to double tax revenues in one or two years, an action we are trying to forestall. (At present, Somalia has an extremely low ratio of taxes to GDP, but we are concerned that tax reform be undertaken slowly and with regard to incentives for business.)

Concerning the impact on the economy of U.S.-generated local currency, our approach is directed primarily toward helping the GSDR see the overall benefits of more responsible monetary and fiscal policy. We have already done this to a small degree. Although we are concerned with the inflationary impact of our local currency and that of other donors, we are equally concerned with a policy which makes the GSDR believe doubling taxes in a one to two year period is fiscally responsible simply because it results in a lower ratio of budgetary deficit (excluding grants) to GNP. Over the next several years we expect to discuss with the GSDR ways

to improve the economic situation and minimize distortions created by our local currency. We have also been espousing the benefits to the Somali economy of adoption of an IMF program. We are considering using local currencies for programmatic purposes in the future, if and when the GSDR adopts more prudent budgeting systems. Indeed, the potential for such uses will be used as an incentive to begin more appropriate budgeting in certain areas, including responsible tax reform.

II. Current Local Currency Programming and Accountability System

The USAID/Somalia local currency programming and accountability procedures are documented in a Memorandum of Understanding, signed by USAID and the Ministry of Finance and Revenue, and in a newly issue Mission Order.

USAID/Somalia jointly programs local currencies made available through PL 480 and ESF programs. (Funds in use during CY 1988 primarily were generated from the FY 1986 Title I and ESF programs. In 1987, CIP generated funds also were in use, although these funds have now been exhausted. In 1989, FY 1987 PL 480 Title II generations and possibly some 1987 ESF proceeds will be available.) A.I.D. is the only donor in Somalia currently budgeting its local currency generations and monitoring the use of these funds. Joint programming takes place annually and covers the calendar year. First priority in the use of funds is given to USAID dollar supported bilateral projects; funding levels for these projects are reached based on (1) USAID project manager and GSDR implementing agency discussions regarding local currency needs for the coming year and agreement on a proposed budget; (2) Ministry of National Planning review of the proposed budget vis-a-vis a project work plan and available monitoring and evaluation information; (3) Ministry of Finance and Revenue review; and (4) availability of funds as discussed with USAID senior management.

Once USAID and the GSDR agree on funding levels for bilateral projects, the GSDR presents a list of additional projects for funding consideration. This list includes both GSDR proposed activities and other donor efforts. USAID and representatives of the Ministry of Finance and Revenue (MOFR) consider these projects in light of (1) appropriateness for funding (e.g., development oriented, other donor funded and/or implemented by reliable GSDR entity); (2) previous implementation experience; and (3) availability of funds. (USAID now is also considering these projects in light of our staff capacity to monitor them in accordance with Washington's increasing requirements for local currency accountability. In this regard we note that the Africa Bureau guidance, 87 State 369925, appears to require more rigorous local currency monitoring/accountability than the A.I.D. agency-wide guidance, 87 State 327494.) the growing monitoring requirements monitoring capabilities.)

Discussions regarding activities to be funded include a joint analysis of funds remaining from the previous year and anticipated generations for the year in question. Consideration is also given to non-project requirements for the funds (e.g., debt repayment) and to the longer term implications of current programming decisions (e.g., anticipated future year trends in generations and the need for carry over of current funds to future years, if any).

As is evident from the above, joint programming of local currency generations is very staff intensive and highly supportive of USAID development strategy and GSDR development priorities. Approximately 75% of the annual program budget goes to USAID projects and support. As can be seen from Table VI, the overwhelming share of local currency project funds goes to agriculture and livestock activities in accordance with both USAID's and the GSDR's development focus on food production and economic self-sufficiency.

The GSDR's budget is divided into two parts, "development" and "ordinary." The former is funded by donor generations of local currency and is used primarily for specific projects. The latter is funded by GSDR revenues, and some donor local currencies, and is used for recurrent costs. As can be seen from Table VI, all projectized USAID generated local currency goes to the GSDR's development budget and not to its ordinary (recurrent) budget. However, it should be noted that some development project budgets do pay some recurrent costs. For example, some project agreements allow for the payment of salaries for project (ministry) staff from the project's local currency budget in addition to the allowances and bonuses that are paid as incentive to work on the project.

Once the annual budget is established and signed by the Minister of Finance and Revenue and the USAID Director, the MOFR takes the lead in contacting projects and initiating review of specific line items in each budget. A joint GSDR/USAID Committee (the Generated Shillings Proceeds Committee - or GSP) meets to review proposed annual line items as well as requests for quarterly disbursement. Once the GSP agrees on a request for disbursement, the MOFR prepares minutes of the agreement which are signed by the Minister of Finance and Revenue and the USAID Director. Their signatures authorize the MOFR to request release of funds by the Central Bank to each project. USAID is now receiving a copy of each MOFR letter to the Central Bank as well as monthly bank statements by account (at present, PL 480 Title I and ESF Cash Sales). These procedures for documentation and responsibility are outlined in a Memorandum of Understanding signed by the USAID and the Ministry of Finance and Revenue. At the present time, the Mission is designing and initiating a computerized local currency data tracking system into which transfers will be entered on a monthly basis and compared with available generations and with amounts approved by the GSP.

For bilateral projects, USAID project managers are being asked to keep abreast of the receipt and use of funds for project uses. USAID is initiating a new procedure requiring project managers to confirm in writing to USAID GSP representatives that project bank accounts are credited in the appropriate amount agreed to in the GSP meeting minutes. For non-USAID projects, we are not aware of actual receipt unless a project contacts us (which ordinarily occurs when there is a problem). Given staffing constraints and GSDR sensitivities regarding USAID interference in local currency budgets, we do not -- and do not intend to -- track local currencies beyond their release to projects.

At the present time, two USDH and two FSN USAID staff members represent the Mission on the GSP and spend from 10-50% of their time (depending on their positions within the Mission and the time of year) on local currency issues. These four staff members have primary responsibility for the programming and release of funds. Other Mission staff (i.e., the appropriate program managers for each source of local currency generations) have primary responsibility for the initial generation and deposit of funds, while each project manager is responsible for the monitoring of local currency at the project level (for bilateral projects only). In addition, the Program Office, the Controller's Office and the Project Development and Support Office are actively involved with the Director's Office in the development and implementation of USAID policy on local currency. Thus, almost everyone on the USAID staff is involved in local currency generation, programming and monitoring in some way or another. The roles and responsibilities of each USAID staff member involved in local currency is outlined in a Mission Order on Local Currency issued during the last year.

Local currencies are used to support the Domestic Development Department (DDD), the branch of the MOFR that serves as the secretariat to the GSP. Until September 1987, USAID funded a full time expatriate Finance Advisor to the DDD to work strictly on local currency matters; a replacement for this position will soon be sought. Local currency support is provided to this advisor (for housing, rent and support services) through the Trust Fund. The DDD, with the assistance of its advisor, and the GSP have major responsibility for the management of local currency at the present time.

As seen in Table VI, approximately 15 per cent of local currency generations budgeted for 1988 will be used for USAID Trust Funds for both USAID operating expenses and project (primarily expatriate contractor) support. The 1988 Trust Fund expenditure levels are exceptionally low, resulting from the suspension of the 1987 ESF Program, therefore an interruption in the generation of funds in late 1987 and early 1988. This decrease in Trust Funds is having a serious negative impact on USAID operations since all housing rents (USDH and contractor), local staff salaries and other local expenses (electricity, telephone, etc.) are paid from this fund. In 1988, USAID has needed to make up the shortfall in local currency Trust Funds by exchanging dollars for local currency.

III. Near Future Local Currency Options and Plans

Our local currency programming options at this time are quite limited. Thus, for the present time at least, USAID will continue to projectize almost all generations jointly with the GSDR. Non-project uses will be limited to debt repayment and similar activities. For the time being, we do not have sufficient confidence in the GSDR's budgeting and accounting procedures that we could agree to allocate local currency generations as general program assistance on a sector basis. At the same time, we do not have sufficient staff to be able to monitor the actual end use of all generated local currency. Even with USAID bilateral projects, our local currency tracking capabilities are limited by staff time as well as GSDR willingness to open their books completely to us.

At present, USAID/Somalia tracks the local currency to the point where it is released into the bank accounts of the specific projects in the approved local currency budget. Tracking funds after release to project accounts is particularly difficult because the practices of the banking system here, which is entirely in the public sector, are irregular and not up to private sector standards. Over the coming year, we will be moving to improve our local currency accountability within the Mission in the following ways:

- (1) tracking all local currencies from initial generation and deposit in a receiving account to final deposit in an activity account, either for projects through the MOFR's Domestic Development Department or for some other purpose such as debt repayment, through completion and maintenance of a computerized monitoring system;
- (2) improving USAID project managers' skills and willingness in actively participating in annual local currency budgeting and in tracking local currency disbursements in project implementation including documenting within the Mission the receipt of local currencies by USAID projects as described above;
- (3) providing project managers with quarterly statements of amounts deposited into their projects' accounts;
- (4) encouraging more frequent audits of USAID projects for both dollar and local currency expenditures;
- (5) encouraging GSDR project counterparts to share as fully as possible with USAID their local currency expenditures;
- (6) during annual programming for 1989, limiting the number of non-USAID projects funded to those in which USAID has the greatest confidence of acceptable budgeting and accountability skills. (The number of non-USAID projects in 1988 is considerably less than in 1987; this trend will continue.)

In the past year, we have issued a local currency Mission Order which is helping us improve our internal organization and communications on local currency by explicitly stating roles and responsibilities. More dramatic steps are not contemplated at the present time, given our internal staffing constraints on the one hand and, on the other, our lack of confidence in the GSDR's budgeting, accountability, and banking systems.

Also at the present time, there are no plans to allocate any local currencies to the Somali private sector. Given the current political environment and the current status of the private sector in Somalia (e.g., lack of available credit, lack of supporting legislation/regulatory environment, lack of a private banking system), private sector opportunities are relatively limited. In addition, since the GSDR owns and largely controls (with USAID concurrence) local currencies, it is most interested in devoting generations to its own priority uses.