

UNCLASSIFIED

**Annual Budget
Submission**

FY 1990

UGANDA

JUNE 1988



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

BEST AVAILABLE

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FY 1990 ANNUAL BUDGET SUBMISSION
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Uganda

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FY 1990 ANNUAL BUDGET SUBMISSION
 TABLE 1 - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ millions)
 Country Uganda

	FY 1987 ACTUAL	FY 1988 ESTIMATE	--FY 1989-- CP ESTIMATE	FY 1990 AAPL	----PLANNING PERIOD ----				
					1991	1992	1993	1994	
<u>AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION</u>									
TOTAL	5.4	-	-	-	-	-	-	-	
GRANTS	5.4	-	-	-	-	-	-	-	
LOANS	-	-	-	-	-	-	-	-	
<u>HEALTH</u>									
TOTAL	.2	-	-	-	-	-	-	-	
GRANTS	.2	-	-	-	-	-	-	-	
LOANS	-	-	-	-	-	-	-	-	
<u>DEVELOPMENT FUND FOR AFRICA</u>									
TOTAL	-	19*	8	10	18	19	20	21	22
GRANTS	-	19*	8	10	18	19	20	21	22
LOANS	-	-	-	-	-	-	-	-	-
<u>PL 480 TITLE I AND TITLE II</u>									
<u>TITLE II</u>									
SEC.202	6.6	-	-	-	-	-	-	-	
Sec.206	-	.4	-	7	-	7	-	-	
<u>TITLE I</u>	-	4	-	6	6	6	-	-	
<u>TOTAL RESOURCE TRANSFER</u>									

*OYB 8
 .AEPRP 11

FY 1990 ANNUAL BUDGET SUBMISSION

TABLE III - DEVELOPMENT FUND FOR AFRICA PROJECT OBLIGATIONS (\$000)
Country Uganda

	L/G	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
6170103 MANPOWER FOR AGRICULTURE DEVELOPMENT	G	2,500	3,200	4,000
6170104 REHABILITATION OF PRODUCTIVE ENTERPRISES	G	3,000	2,800	1,050
6170111 COOPERATIVE AGRICULTURE AND AGRIBUSINESS SUPPORT	G	2,500	2,000	5,600
6170113 AEPRP	G	11,000	-	-
6170114 FAMILY HEALTH INITIATIVES II		-	-	2,350
6170115 CIP FOR STRENGTHENING PRIVATE SECTOR AGRIBUSINESS	G	-	-	5,000
ADF APPROPRIATION TOTALS				
GRANTS		19,000	8,000	18,000
LOANS		19,000	8,000	18,000

AFRICA BUREAU TABLE I
FY 1990 ANNUAL BUDGET SUBMISSION

DFA AND FOOD AID REPORTING MATRIX
(\$000)

FY 1987

SECTOR/SUBSECTOR	TOTAL	PROGRAMMING MODALITIES*				TRNG
		POL REF	NPA	WID	PRIV SECT	
<u>DA:</u>						
NATURAL RESOURCES MGT. BIODIVERSITY TROPICAL FORESTS						
FACULTIES OF AGRICULTURE AGRICULTURAL RESEARCH AGRICULTURAL MARKETING AGRICULTURE, N.E.S.						
POPULATION						
HEALTH AIDS CHILD SURVIVAL	200					
PRIMARY EDUCATION SECONDARY EDUCATION VOCATIONAL EDUCATION Other EDUC/HRD						
DEVELOPMENT MANAGEMENT						
FINANCIAL MARKETS						
INFRASTRUCTURE						
ENTERPRISE DEVELOPMENT	5,350				5,350	
OTHER						
TOTAL DA	<u>5,550</u>	_____	_____	_____	<u>5,350</u>	
<u>FOOD AID:</u>	<u>6,600</u>	_____	<u>6,600</u>	_____	_____	
TOTAL DA/FOOD AID RESOURCES	<u>12,150</u>	_____	<u>6,600</u>	_____	<u>5,350</u>	

*Horizontally, for each sector/sub-sector activity, the total of dollar amounts may exceed the total amount for the activity.

AFRICA BUREAU TABLE I
FY 1990 ANNUAL BUDGET SUBMISSION

DFA AND FOOD AID REPORTING MATRIX
(\$000)

FY 1988

SECTOR/SUBSECTOR	TOTAL	PROGRAMMING MODALITIES*				TRNG
		POL REF	NPA	WID	PRIV SECT	
<u>DFA:</u>						
NATURAL RESOURCES MGT. BIODIVERSITY TROPICAL FORESTS						20
FACULTIES OF AGRICULTURE	1,500	-	-	-	-	175
AGRICULTURAL RESEARCH	1,000	-	-	-	-	185
AGRICULTURAL MARKETING	1,000	300	-	-	1,000	-
AGRICULTURE, N.E.S.	12,500	11,000	11,000	-	11,000	-
POPULATION						
HEALTH						
AIDS						
CHILD SURVIVAL						
PRIMARY EDUCATION						
SECONDARY EDUCATION						
VOCATIONAL EDUCATION						
Other EDUC/HRD						
DEVELOPMENT MANAGEMENT						
FINANCIAL MARKETS						
INFRASTRUCTURE						
ENTERPRISE DEVELOPMENT	3,000	1,000	-	-	3,000	-
OTHER						
TOTAL DFA	<u>19,000</u>	<u>12,300</u>	<u>11,000</u>	<u> </u>	<u>15,000</u>	360
<u>FOOD AID:</u>	<u>4,000</u>	<u>1,000</u>	<u>4,000</u>	<u> </u>	<u>4,000</u>	
TOTAL DFA/FOOD AID RESOURCES	<u>23,000</u>	<u>13,300</u>	<u>15,000</u>	<u> </u>	<u>15,000</u>	360

*Horizontally, for each sector/sub-sector activity, the total of dollar amounts may exceed the total amount for the activity.

AFRICA BUREAU TABLE I
 FY 1990 ANNUAL BUDGET SUBMISSION
DFA AND FOOD AID REPORTING MATRIX
 (\$000)

FY 1989

SECTOR/SUBSECTOR	TOTAL	PROGRAMMING MODALITIES*				TRNG
		POL REF	NPA	WID	PRIV SECT	
<u>DFA:</u>						
NATURAL RESOURCES MGT. BIODIVERSITY TROPICAL FORESTS						
FACULTIES OF AGRICULTURE	1,700	-	-	-	-	200
AGRICULTURAL RESEARCH	1,500	-	-	-	-	225
AGRICULTURAL MARKETING	1,000	300	-	-	1,000	-
AGRICULTURE, N.E.S.	1,000	-	-	-	1,000	-
POPULATION						
HEALTH						
AIDS						
CHILD SURVIVAL						
PRIMARY EDUCATION						
SECONDARY EDUCATION						
VOCATIONAL EDUCATION						
Other EDUC/HRD						
DEVELOPMENT MANAGEMENT						
FINANCIAL MARKETS						
INFRASTRUCTURE						
ENTERPRISE DEVELOPMENT	2,800	800	-	-	2,800	-
OTHER						
TOTAL DFA	<u>8,000</u>	<u>1,100</u>	_____	_____	<u>4,800</u>	425
<u>FOOD AID:</u>						
TOTAL DFA/FOOD AID RESOURCES	<u>8,00</u>	<u>1,100</u>	_____	_____	<u>4,800</u>	425

*Horizontally, for each sector/sub-sector activity, the total of dollar amounts may exceed the total amount for the activity.

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AFRICA BUREAU TABLE I
FY 1990 ANNUAL BUDGET SUBMISSION

DFA AND FOOD AID REPORTING MATRIX
(\$000)

FY 1990

SECTOR/SUBSECTOR	TOTAL	PROGRAMMING MODALITIES*				TRNG
		POL REF	NPA	WID	PRIV SECT	
<u>DFA:</u>						
NATURAL RESOURCES MGT.						
BIODIVERSITY						
TROPICAL FORESTS						
FACULTIES OF AGRICULTURE	2,000	-	-	-	-	360
AGRICULTURAL RESEARCH	2,000	-	-	-	-	380
AGRICULTURAL MARKETING	1,000	-	-	-	1,000	-
AGRICULTURE, N.E.S.	9,600	-	5,000	-	9,600	-
POPULATION						
HEALTH						
AIDS	500	-	-	-	200	-
CHILD SURVIVAL	1,800	-	-	-	800	-
PRIMARY EDUCATION						
SECONDARY EDUCATION						
VOCATIONAL EDUCATION						
Other EDUC/HRD						
DEVELOPMENT MANAGEMENT						
FINANCIAL MARKETS						
INFRASTRUCTURE						
ENTERPRISE DEVELOPMENT						
OTHER	1,050				1,050	
TOTAL DFA	18,000		5,000		12,650	740
<u>FOOD AID:</u>	<u>6,000</u>	<u>2,000</u>	<u>6,000</u>			
TOTAL DFA/FOOD AID RESOURCES	24,000	2,000	11,000		12,650	740

*Horizontally, for each sector/sub-sector activity, the total of dollar amounts may exceed the total amount for the activity.

AFRICA BUREAU TABLE II

FY 1990 ANNUAL BUDGET SUBMISSION
PIPELINE ANALYSIS AND MODIFICATIONS TO LOP AND PACD
(\$000)

Project Number	Project Title	Total Cost Auth	Obligated Thru FY 1987	FY 87 Pipeline	FY 1988		FY 1989		FY 1990 Oblig.	FY 1990 Expend.	Current PACD	Proposed PACD
					Oblig.	Expend.	Oblig.	Expend.				
6170102	Food Production Support	11,999	11,999	2,520	-	2,200	-	370	-	-	3/31/86	6/30/89
6170103	Manpower for Agr. Dev.	24,900	9,900	2,670	2,500	3,070	3,200	4,000	4,000	4,000	9/30/93	-
6170104	Rehab. Productive Ent.	18,200	11,350	11,070	3,000	4,700	2,800	9,370	1,050	3,850	9/30/89	12/31/90
6170108	Rural Econ. Recovery	5,482	5,482	4,081	-	3,500	-	581	-	-	9/30/90	-
6170109	W. Nile Ag. Rehab.	4,362	4,362	4,000	-	1,400	-	2,400	-	200	9/30/89	3/31/91
6170111	Cooperative Agriculture and Agribusiness	-	-	-	2,500	400	2,000	3,000	5,600	4,500	9/30/95	-
6170107	Oral Rehydration	3,600	3,600	3,171	-	2,000	-	1,171	-	-	6/31/89	-
6170110	Child Survival	200	200	200	-	200	-	-	-	-	12/31/88	-

AFRICA BUREAU TABLE III
 FY 1990 ANNUAL BUDGET SUBMISSION
 (\$000)
 PVO ACTIVITIES

COUNTRY: UGANDA

<u>Project #</u>	<u>Project Title</u>	<u>PVO Name</u> <u>(US/Non-US)</u>	<u>Source</u> <u>of</u> <u>Funding</u>	<u>LOP</u> <u>(FYs)</u>	<u>PVO LOP for</u> <u>Total Project</u> <u>and % of Total</u>	<u>FY 88</u> <u>Obligation</u>	<u>FY 89</u> <u>Obligation</u>	<u>FY 90</u> <u>Obligation</u>
617-0109	West Nile Agricultural Rehabilitation (B)	CARE (US)(with subgrant to Experiment in International Living) (US)	ARND	FY86-99	4,300-100%	-	-	-
617-0102	Food Production and Support (B)	ACDI (US)	ARDN	FY82-88	2,700-23%	-	-	-
617-0108	Rural Economic Recovery (B)	ACDI (US)	ARDN	FY87-89	3,400-60%	-	-	-
617-0111	Cooperative Agriculture and Agribusiness (B)	PVO TBD (US)	DFA	FY88-95	3,000-17%	2,500	2,000	5,600
	Child Survival (C)	CARE (US)	HE	FY86-88	734-100%	-	-	-
	Child Survival (C)	Minnesota International Health Volunteers (US)	HE	FY86-88	389-100%	-	-	-
K2	Community Health Services (LC)	EIL (US)	PL 480 Title II	FY88-89	102-100%	52	50	-
K3	Ag. Processing and Testing (LC)	EIL (US)	PL 480 Title II	FY88-90	510-100%	60	200	250

<u>Project #</u>	<u>Project Title</u>	<u>PVO Name (US/Non US)</u>	<u>Source of funding</u>	<u>LOP (FYs)</u>	<u>PVO LOP for Total Project and % of Total</u>	<u>FY 88 Obligation</u>	<u>FY 89 Obligation</u>	<u>FY 90 Obligation</u>
K6	West Nile Agriculture Rehabilitation (LC)	CARE (US)	PL 480 Title II	FY88-89	680-100%	340	340	-
K8	PVO Development Initiatives (LC)	EIL (US)	PL 480 Title II	FY88-90	3,400-100%	1,000	1,200	1,200
K9	Development thru Conservation (LC)	WWF (US) CARE (US)	PL 480 Title II	FY88-90	3,050-100%	900	1,600	550
K10	Karamoja Seed Scheme (LC)	Church of Uganda (Ug)	PL 480 Title II	FY88	85-100%	85	-	-
K14	Coop Village Storage (LC)	EIL (US)	PL 480 Title II	FY88-89	1,020-100%	300	350	370
K20	RER Coop Equipment (LC)	ACDI (US)	PL 480 Title II	FY 88	144-100%	144	-	-
F1	Food Production Support (LC)	ACDI (US)	ARDN	FY 88	175-100%	55	-	-
F18	Heifer Project International (LC)	HPI (US)	ARDN	FY 88	20-100%	20	-	-

*(B) Bilateral, (R) Regional, (C) Central, (LC) Local Currency

AFRICA BUREAU TABLE IV
FY 1990 ANNUAL BUDGET SUBMISSION

Regionally and Centrally Funded Buy-ins

<u>Project Number</u>	<u>FY 1988 Estimate</u>	<u>FY 1989 Planned</u>	<u>FY 1990 Proposed</u>
-----------------------	-----------------------------	----------------------------	-----------------------------

USAID/UGANDA Plans no buy-ins during FY's 1988, 1989, 1990. However, program funds (MFAD) will purchase the services of Natural Resource Management (NRMS), Soil Management Support Services (SMSS) and Benchmark Sites Network (IBSNET).

Total

AFRICA BUREAU TABLE V
FY 1990 ANNUAL BUDGET SUBMISSION

Centrally Funded Activities
 (\$000)

<u>Project/ Grant No.</u>	<u>Project Title</u>	<u>Organization Implementing (US/Non U.S.)</u>	<u>LOP (yrs)</u>	<u>LOP (\$000)</u>	<u>FY-88 Obligations</u>	<u>FY-89 Obligations</u>	<u>FY-90 Obligations</u>
I. <u>Directly Related to Mission Portfolio:</u>							
-	AIDSTECH	US	-	-	-	16	32
-	AIDSCOM	US	-	-	-	36	36
-	Condom Procurement	US	-	-	-	250	300

II. Indirectly Related to Mission Portfolio:

III. Not Related to Mission Portfolio:

NEW PROJECT NARRATIVE
Family Health Initiatives Phase II

A. Major Development Problems Addressed

With a current population of approximately 16 million people, Uganda has an estimated 7.1 million men and women of reproductive age. It is also estimated that in 1987 there were only 80,000 people of reproductive age using contraceptives, i.e., approximately one percent. Approximately six percent of the 80,000 users are using condoms. The population growth rate, variously estimated to be between 3% and 3.3% per year, is already excessive. At the current rate, the population will double in approximately 23 years (by 2012) and double again to 64 million by approximately 2030 assuming no major societal changes. This is a direct result of having half the population under fifteen years of age, a percentage that is increasing. Adult mortality and morbidity from AIDS, indeed, the mere fear of AIDS itself, plus infant morbidity and mortality from the six major childhood diseases as well as from malnutrition and diarrheal dehydration, - all these factors add a psychological inducement to increased fertility.

Uganda is trying to increase its economic growth capacity through a variety of production initiatives predominately in the agricultural sector. Although it is not perceived clearly yet, advances in this domaine will be offset by population growth.

The Mission's portfolio includes projects in population (the only international donor in Uganda working in this subsector), oral rehydration, and AIDS control. This portfolio offers the potential for an integrated health/population/AIDS strategy based on continued implementation of individual projects plus further development of complementary and/or mutually supportive activities:

To wit: decreased morbidity and mortality from diarrheal diseases requires mass education, behavioral change, and widespread availability of ORS; decreased morbidity and mortality from AIDS currently requires mass education, behavioral change, and widespread availability of condoms; reduction of the population growth rate requires mass education, behavioral change, and widespread availability of family planning supplies. These activities can be implemented in complimentary programs, particularly as the target population is primarily the population of reproductive age.

The political and security situation is stabilizing in Uganda. The Mission health/population program has been significantly revitalized during the past year and is an important complementary part of our agricultural and agriculturally-based policy reform program.

Two projects, Family Health Initiatives, FHI I 698-0662.27 and Oral Rehydration Therapy 617-0107, were evaluated by outside teams during 1987. Sound guidance was thereby provided for future implementation. These projects had suffered serious implementation setbacks during the period of civil strife preceding the present Ugandan government. An ongoing internal assessment of the AIDS control program has recently shown major gaps in the WHO/GOU national strategy.

The evaluation team of the FHI project assessed the current setting in Uganda for population activities, the factors involved in the development of a national population policy, and the existent FP services and supporting activities. The team's report contains 63 recommendations and observations applicable for advancement of family health initiatives in Uganda. Strong recommendations were made with respect to additional inputs through the centrally-funded family planning Cooperating Agencies (CA) partnership system. The primary recommendation was that USAID should undertake the actions necessary for expansion of its population program.

The PRITECH mid-term evaluation of the national ORT program pointed out the successes and problems encountered with respect to the supply and distribution of ORS, the training of health staff and the requirement for operational research inputs. The report strongly recommended that a local ORS production and distribution system be established to be linked closely with the private sector with the long-term goal of making Uganda self-sufficient in its ORS requirements through private enterprise. The Mission is currently implementing these recommendations.

There has been substantial progress in the FHI project during the past year from the combined efforts of several participating family planning Cooperating Agencies funded thru FHI and Ugandan counterparts in the MOH and the private family planning association. Unfortunately, funds for several of the CAs are close to being completely expended and there are no additional funds available to continue these partnerships, without which the project will falter. This is a result of diminished AID/W population resources with no additional Mission OYB funds for buy-ins. Local currency has been made available to support in-country CA technical assistance and related MOH activities increasing the potential of the CA technical assistance still available.

Mission management capability has greatly improved with the recent assignment of a Health/Population/AIDS Officer. Host country management has improved with his presence and will continue to do so with the early arrival of a project management/advisory PSC and the anticipated funding of a TACS Fellow for the H/P/A Office.

B. Project Purpose

The purpose is to assist the GOU: 1) to establish a nationwide system of family planning services that guarantees the democratic right to parents to choose whether to have children and how to space them; and 2) to overcome the maternal depletion syndrome. The project purpose is almost a direct quote from the just-previous Minister of Health.

C. Preliminary Project Description

Building on the Mission's present health/population portfolio, the proposed project will have three principal components: 1) procurement of additional CA technical expertise in training and logistics; 2) implementation of an integrated, community-based contraceptive and ORS distribution system; and 3) development of a retail sales system for contraceptives, condoms for AIDS control and ORS including mass media education campaigns. The proposed project will be a natural outgrowth of current family planning and ORS projects and will combine common activities of the FP, ORS, and AIDS control.

D. A.I.D. Policy Paper Factors

The proposed project follows current child survival, AIDS control and population policy. It proposes a national family planning system: including the availability of FP information country-wide through the mass media and public/private FP organizations; and the availability of FP supplies country-wide through public/private facilities, a community-based distribution system, and private sector retail sales outlets. The idea of augmenting family health services through private sector initiatives will be addressed in the project design, as will be recurrent cost factors, which are of common special interest to USAID, the MOH and FPAU. Participation of women is central to the project concept.

E. Design Schedule

Mission would develop the PID in late CY 1988 and the PP by May, 1989. Mission wants field approval of both the PID and the PP.

F. Proposed Project Period

The recommended project period is six years from the current FHI PACD of December 31, 1989.

G. Proposed Funding Levels

The Mission requests a total of \$6.5 million for the continuation and expansion of FHI I and the Phase II project proposed here. As current funding for the CA's is rapidly being depleted, the Mission has already requested \$2.5 million of that amount for the continuation of CA technical assistance and the initial development of community-based distribution and retail sales components under the present project. For Phase II, the Mission requires total funding of \$4.0 million; \$2.35 million in FY 90 and \$1.5 million in FY91.

NEW PROJECT NARRATIVE

C.I.P. For Strengthening Private Sector Agribusiness

A. Development Problem:

Given a heavy dependence on a single export to generate foreign exchange and a weak coffee price in international markets Uganda must diversify and increase the quantity of its exports. Until Uganda can significantly increase foreign exchange earnings (2-3 times present earnings) the demand for foreign exchange will far outstrip availability. Excess demand can be expected to continue to put severe pressure on the exchange rate. The vast majority of FX will be required for critical imports, principally petroleum, industrial intermediate goods and spare parts, essential consumer imports and external debt service payments. In such an environment those private importers seeking FX to import agricultural inputs, equipment and spare parts, assets for the establishment of new agribusiness ventures, intermediate goods to support such new investments, etc. can be expected to be a residual claimant for scarce foreign exchange.

The quantity and composition of imports will therefore remain a serious constraint to economic growth for the next decade. Uganda will need to continue to depend on external development assistance to solve its persistent balance of payment difficulties.

B. Purpose:

The purpose of the program grant will be to provide Uganda with balance of payments support to increase the private sector's access to foreign exchange. The FX will be for the exclusive use of importers and firms engaged in the provision of inputs imported for RPE-type medium-term loans to increase crop yields and output, and private entrepreneurs and firms engaged in agricultural manufacturing, and commodity processing, marketing or exports.

The proposed C.I.P. is consistent with the USAID strategy to support agricultural growth and institutional development and provide targetted program support to increase import capacity directed to stimulating agricultural output and diversified exports.

C. Program Description:

The proposed funding will be granted to the Bank of Uganda to finance a private sector C.I.P. targetted to (1) importers whose clients are smallholder or medium-size producers; and (2) local, export oriented agribusiness firms or those identified as potentially efficient import substitution firms. The funds will be used by Uganda importers who will be responsible for all procurement following A.I.D. Regulation 1 procedures.

The C.I.P. will be a follow-on to the Mission's AEPRP which was designed in part to import items required to increase the production of nontraditional export commodities and a complement to the Mission's on-going "Cooperative Agriculture and Agribusiness Support" Project and Rehabilitation of Productive Enterprises (RPE) Project. Both activities are providing foreign exchange to support the financing of imported commodities. However, annual funding levels will not be adequate given the projected growth in demand for imports as the economic environment (expectedly) improves. In fact, political-economic progress in the late 1980's and early 1990's will place increasing pressure (demand) on Uganda's FX earnings to finance imports, particularly imports necessary to finance private sector investment and growth.

The proposed three-year annual funding level, starting in FY 90, will be 5, 6 and 7 million dollars. Attempts will be made through discussion with senior government officials and donor representatives to increase or co-finance the C.I.P. as the proposed funding levels will only partially fund the total requirements of the restricted items eligible under the import program.

The proposed C.I.P. will be managed by the Project Development Office with assistance from the Agricultural and Program Economists as appropriate.

D. Policy Paper Factors:

The program is consistent with Agency policy to support agricultural and private sector growth and development. The program purpose is also consistent with the AFR Bureau's guidance on increasing program assistance to African governments engaged in policy reform and increasing the role of markets for the determination of prices and as mechanisms to allocate scarce resources.

E. Design Schedule:

The PAIP will be designed on the last quarter of FY 88 and the PAAD during the second quarter of FY 89 so that an anticipated approved program could be implemented during the first quarter of FY 90.

AID PROGRAM IN FY 1990
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING
(\$000)

RANK	PROJECT	TITLE	NEW/ CONT	PROGRAM FUNDING (\$000)		
				APPROP	INCR	CUM
1.	617-0103	MFAD	C	DFA	4,000	4,000
2.	617-0111	CAAS	C	DFA	5,600	9,600
3.	617-0114	FHI II	N	DFA	2,350	11,950
4.	617-0104	RPE	C	DFA	1,050	13,000
5.	617-0115	CIP	N	DFA	5,000	18,000
6.	Title I	PL 480	C	PI	(6,000)	
	Total					18,000 (24,000)

Source/Purpose	1987 ACTUAL			1988 EST			1989 PLANNED			1990 PROPOSED		
	1	2	3	1	2	3	1	2	3	1	2	3
III PL 480												
A Public Development Activities	-	-	-	-	-	-	11.9	11.9	-	-	3.0	-
1. Statistics and Marketing Studies	-	-	-	-	0.67	1.11	-	-	-	-	-	-
2. Agriculture Research	-	-	0.04	0.04	0.31	0.69	-	-	-	-	-	-
3. Faculty of Agriculture	-	-	0.14	0.14	0.54	1.34	-	-	-	-	-	-
4. Health Education	-	-	-	-	0.26	0.74	-	-	-	-	-	-
5. Biological Diversity	-	0.01	0.02	0.02	1.00	2.37	-	-	-	-	-	-
6. Family Planning	-	0.28	0.81	0.81	0.74	0.36	-	-	-	-	-	-
7. Food Production	-	-	0.07	0.07	0.07	0.03	-	-	-	-	-	-
8. Child Survival	-	0.03	0.06	0.06	0.36	0.95	-	-	-	-	-	-
9. AIDS Control	-	-	0.02	0.02	0.75	-	-	-	-	-	-	-
10. Natural Resource Management	-	-	-	-	0.03	0.36	-	-	-	-	-	-
B Private Sector Programs	-	-	-	-	-	-	-	3.00	1.00	1.00	6.00	1.00
1. Rehabilitation of Coops	-	-	-	-	0.50	0.38	-	-	-	-	-	-
2. Small Farmer Credit	-	-	-	-	1.00	-	-	-	-	-	-	-
3. Village Storage	-	-	-	-	0.30	0.30	-	-	-	-	-	-
4. Local PVO's and NGO	-	0.58	1.41	1.41	1.16	0.83	-	-	-	-	-	-
5. Food Production	-	-	0.96	0.96	0.69	1.83	-	-	-	-	-	-
C Public Sector Budget	-	-	-	-	-	-	-	-	-	-	-	-
D AID Operating Expenses (Trust Funds)	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total PL 480	-	0.90	3.53	3.53	8.38	11.9	11.90	14.9	1.00	1.00	9.00	1.0
Total DA and PL 480	-	1.68	3.82	3.82	10.59	12.11	12.11	22.46	1.21	1.21	13.56	1.0

Amount Available at end of FY 1
 Actual Expenditures FY 2
 Balance Available for next FY 3

FY 1990 ANNUAL BUDGET SUBMISSION
 TABLE VI: EXPENDITURES OF LOCAL CURRENCY GENERATIONS
 (ALL IN THE U.S. DOLLAR EQUIVALENTS AND IN \$ MILLIONS)
 US\$ 60 = \$100

Source/Purpose	1987 ACTUAL			1988 EST			1989 PLANNED			1990 PROPOSED		
	1	2	3	1	2	3	1	2	3	1	2	3
I ECONOMIC SUPPORT FUND	-	-	-	-	-	-	-	-	-	-	-	-
II DEVELOPMENT ACTIVITIES	-	-	-	-	-	-	-	-	-	-	-	-
A Public Development Activities	-	-	-	-	-	-	-	-	-	-	-	-
1. Food Production Support	-	0.06	0.01	0.07	0.07	-	-	-	-	-	-	-
2. Agriculture Research	-	0.05	0.06	-	-	-	-	-	-	-	-	-
3. Faculty of Agriculture	-	0.05	-	-	-	-	-	-	-	-	-	-
4. Participant Training	-	0.01	0.01	0.01	0.06	-	-	-	-	-	-	-
B Private Sector Programs	-	-	-	-	-	-	0.21	6.90	0.21	0.21	3.61	-
1. Rehabilitation of Cooperatives	-	0.36	0.17	0.17	0.36	0.17	-	-	-	-	-	-
2. Food Production	-	0.10	0.04	0.04	-	0.04	-	-	-	-	-	-
3. Rural Credit	-	-	-	-	1.00	-	-	-	-	-	-	-
4. ACDI Operating Expenses	-	0.03	-	-	0.24	-	-	-	-	-	-	-
C Public Sector Recurrent Budget	-	-	-	-	-	-	-	-	-	-	-	-
D AID Operating Expenses (Trust Funds)	-	0.12	-	-	0.48	-	-	0.66	-	-	0.95	-
Sub Total DA	-	0.78	0.29	0.29	2.21	0.21	0.21	7.56	0.21	0.21	4.56	-

Local Currency Programming Aid Accountability Plan

Local currency has primarily been generated by PL 480 Title II Section 202 food imports. A total of some \$16.8 million (at the present official exchange rate) is expected and 65 percent of this amount has already been deposited in a special account. (A devaluation anticipated by mid-year will markedly decrease the dollar equivalent). While the vegoil received to date has been sold, completion of all generations will require another 12 to 14 months because of the limited milling capacity for our wheat. Two bilateral projects Food Production Support (617-0102) and Rural Economic Recovery (617-0108) are generating \$2.6 million and \$3.8 million respectively. These generations will be completed by the end of CY 1988. A Title I program has been approved for FY 1988 and will generate \$4 million in shillings, an AEPRP will generate and expend \$8.5 million in shillings in FY 89 and the Cooperative Agriculture and Agribusiness Support project will generate \$14 million over the first five years of its seven-year project span, though only \$1.8 million will be expended during FY's 1989 and 1990.

The primary purpose of local currency is to support bilateral projects, and 50 percent of all generations go for this purpose. With a parallel exchange rate, currently at seven to one, it is ridiculously expensive to change dollars to purchase items imported from Kenya. This coupled with an annual inflation rate of 180 percent, which directly affects budgeted dollars for local purchases, makes local currency availability a prerequisite to doing business in Uganda. It not only allows projects to meet their goals within budgeted amounts but in some cases permits an expansion of project activities. The Family Health Initiatives project is a good example. The dollar funding of \$700,000 would not have lasted a year without local currency to support it, and it will now be drawn down for on-going activities for an additional two years. Also an expansion of planned activities is underway with the hiring of a PSC to work at the Ministry of Health (25 miles distant from Kampala) to help guide, coordinate and implement the project.

Our next priority in programming local currency is related to other Bureau concerns such as child survival, AIDS control, PVO involvement, biological diversity and natural resource management. These high priority activities relate to our program but do not receive bilateral dollar funding. About 20 percent of local currency generations finances WHO work in AIDS control and UNICEF activities in child survival. Another 15 percent goes primarily to U.S. PVO's and also to a number of local NGO's for work in food production, child survival, forestry and biological diversity. The remaining 15 percent directly finances similar activities plus rural housing, cooperatives, rural credit and economic and agricultural studies. The latter are proving very beneficial to both us and the Ministry of Planning.

Programming local currency use has been between the Mission and the Ministry of Planning and Economic Development in the case of Title II, and between the Mission and the Ministry of Cooperatives and Marketing for shillings generated by DA projects. The programming of funds to be generated under Title I will involve the Ministry of Finance. It is our intent to program these funds and future generations into activities similar to those described above.

At this point, we see support of AID projects and other Bureau concerns, rather than program support, to be the most appropriate and dollar effective use of local currency. At some point in the future, when the parallel market and inflation are brought under control, the Mission would consider program support.

Absorptive capacity of the Mission and GOU has not adversely affected the programming and use of shillings or other Mission projects and activities. We have hired a TCN accountant to work full time on accounting and monitoring local currency projects, and other Mission personnel have not experienced problems in fulfilling their programming and monitoring responsibilities for both bilateral and local currency projects. To a large measure, this has been greatly facilitated because practically all the local currency provided supports bilateral, UN or PVO projects that Mission personnel monitor in any case.

Local currency supports Mission strategy and Bureau concerns, and since these are also directly related to the GOU rehabilitation and development program, the two overlap.

Our local currency generations have had little effect on monetary and fiscal policy of Uganda; The generations are largely in support of the GOU's development budget.

Per Table VI, we define coops, small farmer credit, village storage (Coop), PVO's and selected food production activities as private sector. For FY's 1987 and 1988, \$6.3 million was expended for the private sector and \$5.2 million for the public sector. Estimating expenditures for FY's 1988/90 cannot be realistic until we know if a continuation of our Title I Program in FY 89 and Section 206 Title II program will be approved and at what levels. Based on approved programs and APPL's (a Title I program of \$4 million in FY 88 and \$6 million in FY 90, AEPRP making \$8.5 million in local currency available only in FY 89 and CAAS (617-0111) making local currency expenditures of \$1.4 million in FY 1989 and \$400,000 in FY 1990), we project the following:

Total Expenditures

<u>FY</u>	<u>Private</u>	<u>Public</u>	<u>Total</u>
1987	1.0	.5	1.5
1988	5.3	4.7	10.0
1989	9.9	11.9	21.8
1990	9.6	3.0	12.6
	<u>25.8</u>	<u>20.1</u>	<u>45.9</u>

The rationale for the amounts that went into the private and public sectors was need for local currency in the projects and programs we support. To date, the GOU concurs with this reasoning. The same holds true with expenditures for the GOU's development and recurrent budget. We placed funds where they were needed and not on the basis of recurrent or development budget needs.

A minimal (but adequate) amount of total generations finance AID's operating expenses (FY 87 \$120,000; FY 88 \$480,000; FY 89 \$660,000; FY 90 \$950,000) and at the levels we anticipate generating, an increase or decrease would have no effect on our funding of key development projects.(1)

The following is the amount of time invested by Mission personnel in programming and monitoring local currency:

TCN Accountant	100%
Program Officer	30%
ADO	12%
Other	2%

At this time, all local currency generations support development projects (except for the amount for OE). We have programmed \$680,000 in FY 1989 for local currency management and audit to be implemented by the Ministry of Planning.

The only other donors receiving USAID local currency are WHO for AIDS control and UNICEF for child survival. Programmed for WHO through FY 1989 is 137 million shillings or \$2,283,333 and for UNICEF for the same period 138 million shillings or \$2.3 million.

(1) The dollar values shown here are vastly overstated as they reflect the official exchange rate rather than the effective purchasing power of the shilling. For example, after the expected devaluation in June/July 1988, the FY 89 dollar equivalent to be shown in future tables will be much less than the FY 88 figure, given the use of official exchange rates, though many more shillings will be utilized.

A final note on our local currency program, Price Waterhouse investigated the program in ten eastern and southern African countries. Using eight control criteria, six pertaining to USAID and two to the Government, and using three possible ratings for each--good, fair and needs improvement--(quote: a good rating was given if strong controls were evident. end quote), Uganda was the only country of the ten countries to receive a good rating for "Mission L/C accounting controls system". USAID/Uganda rated good in four of the six categories under our control and fair in the other two--by far the best showing of any of the ten USAID's. In addition, we were among the three USAID's rated good in the category "Control of programming and disbursement of L/C", and the report went on to say "in these countries, AID has a strong working relationship with the host governments". We take our local currency program seriously and are proud of its achievements.

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

Method of Accountability for Local Currency Expenditure
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			
II. DFA			
A. 617-0102 FPS	770		USAID/GOU
B. 617-0104 RER	1,440		USAID/GOU
III. PL 480			
A. Title II, Section 202	8,380		USAID/GOU
	-----	-----	-----
Total	10,590		

* Following are the methods of accountability for all local currency projects. Included are recipient signs log book on receipt of check, quarterly progress and financial statements (including bank statement) reviewed by both the Ministry of Planning and USAID, examination of individual accounts by USAID TCN and site visits by Ministry and USAID personnel.

TABLE VII - LIST OF PLANNED EVALUATIONS
FY 1990 ANNUAL BUDGET SUBMISSION

PROJECT LIST (Project # & Title)	LAST EVAL COMPLETED (No./Yr.)	FY 1989 START TO (Qtr) AID/W	FY 1990 TO AID/W	REASONS/ISSUES	FUNDING SOURCE	USAID PERSON DAYS	COLLATERAL ASSISTANCE
Family Health Initiatives : 698-0662	none	4	1	Delayed for a year, this evaluation is now seen as the groundwork for a follow-on project.	Project	20	IOC 30 person days REDSO 10 person days

Evaluation Officer: Kurt Shafer, Program Officer, 2 percent

Organization USAID/KAMPALA
 Budget Plan Code COEA-87-21617-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>210.2</u>		<u>210.2</u>		
Other Mission Funded Code 11	U105	-	-	-	-	-
* Education Allowances	U106	70.7	-	70.7	-	10
Cost of Living Allowances	U108	34.9	-	34.9	-	-
Other Mission Funded Code 12	U110	5.6	-	5.6	-	-
* Post Assignment Travel	U111	2.0	-	2.0	-	1
* Post Assignment Freight	U112	8.1	-	8.1	-	1
* Home Leave Travel	U113	30.5	-	30.5	-	3
* Home Leave Freight	U114	19.7	-	19.7	-	3
* Education Travel	U115	-	-	-	-	-
* R & R Travel	U116	30.3	-	30.3	-	6
* Other Code 215 Travel	U117	8.4	-	8.4	-	8
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>15.3</u>		<u>15.3</u>		
* F.N. Basic Pay	U201	15.2	-	15.2	-	4
* Overtime/Holiday Pay	U202	-	-	-	-	-
All Other Code 11 - F.N.	U203	.1	-	.1	-	-
All Other Code 12 - F.N.	U204	-	-	-	-	-
Benefits - Former F.N. Pers.	U205	-	-	-	-	-
<u>Contract Personnel</u>	<u>U300</u>	<u>88.2</u>	<u>52.9</u>	<u>141.1</u>		
* PASA Technicians	U301	-	-	-	-	-
* U.S. PSC Salaries/Benefits	U302	17.8	-	17.8	-	1
All Other U.S. PSC Costs	U303	-	-	-	-	-
* F.N. PSC Salaries/Benefits	U304	70.4	-	70.4	-	3
All Other F.N. PSC Costs	U305	-	-	-	-	-
* Manpower Contracts	U306	-	52.9	52.9	52.9	50
<u>Housing</u>	<u>U400</u>	<u>153.1</u>	<u>39.8</u>	<u>192.9</u>		
* Residential Rent	U401	150.7	-	150.7	-	1.
Residential Utilities	U402	-	.7	.7	.7	-
Maintenance & Renovation	U403	-	2.8	2.8	2.8	-
* Quarters Allowances	U404	-	-	-	-	-
Residential Furniture/Equip	U405	-	-	-	-	-
Trans/Freight - Code 311	U406	1.4	-	1.4	-	-
* Security Guard Services	U407	-	36.3	36.3	36.3	10
Official Residence Allowance	U408	-	-	-	-	-
Representation Allowance	U409	1.0	-	1.0	-	-

* Unit data must be provided.

Organization USAID/KAMPALA
 Budget Plan Code COEA-88-21617-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>293.8</u>	<u>-</u>	<u>293.8</u>	<u>-</u>	<u>-</u>
Other Mission Funded Code 11	U105	-	-	-	-	-
* Education Allowances	U106	52.8	-	52.8	-	4
Cost of Living Allowances	U108	67.6	-	67.6	-	-
Other Mission Funded Code 12	U110	2.8	-	2.8	-	-
* Post Assignment Travel	U111	30.0	-	30.0	-	6
* Post Assignment Freight	U112	79.2	-	79.2	-	6
* Home Leave Travel	U113	10.0	-	10.0	-	2
* Home Leave Freight	U114	10.5	-	10.5	-	2
* Education Travel	U115	14.5	-	14.5	-	4
* R & R Travel	U116	25.6	-	25.6	-	5
* Other Code 215 Travel	U117	.8	-	.8	-	2
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>-</u>	<u>19.8</u>	<u>19.8</u>	<u>-</u>	<u>-</u>
* F.N. Basic Pay	U201	-	17.3	17.3	17.3	4
* Overtime/Holiday Pay	U202	-	-	-	-	-
All Other Code 11 - F.N.	U203	-	2.5	2.5	2.5	-
All Other Code 12 - F.N.	U204	-	-	-	-	-
Benefits - Former F.N. Pers.	U205	-	-	-	-	-
<u>Contract Personnel</u>	<u>U300</u>	<u>98.2</u>	<u>128.4</u>	<u>226.6</u>	<u>-</u>	<u>-</u>
* PASA Technicians	U301	-	-	-	-	-
* U.S. PSC Salaries/Benefits	U302	32.6	-	32.6	-	.3
All Other U.S. PSC Costs	U303	-	-	-	-	-
* F.N. PSC Salaries/Benefits	U304	65.6	-	65.6	-	3
All Other F.N. PSC Costs	U305	-	-	-	-	-
* Manpower Contracts	U306	-	128.4	128.4	128.4	49
<u>Housing</u>	<u>U400</u>	<u>175.1</u>	<u>127.2</u>	<u>302.3</u>	<u>-</u>	<u>-</u>
* Residential Rent	U401	145.0	-	145.0	-	1.0
Residential Utilities	U402	-	.7	.7	.7	-
Maintenance & Renovation	U403	28.7	7.0	35.7	7.0	-
* Quarters Allowances	U404	-	-	-	-	-
Residential Furniture/Equip	U405	.4	-	.4	-	-
Trans/Freight - Code 311	U406	-	-	-	-	-
* Security Guard Services	U407	-	119.5	119.5	119.5	54
Official Residence Allowance	U408	-	-	-	-	-
Representation Allowance	U409	1.0	-	1.0	-	-

* Unit data must be provided.

Organization USAID/KAMPALA
 Budget Plan Code COEA-88-21617-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>157.9</u>	<u>92.8</u>	<u>250.7</u>	<u>-</u>	<u>-</u>
Office Rent	U501	40.3	-	40.3	-	-
Office Utilities	U502	-	.1	.1	.1	-
Building Maint/Renovation	U503	.5	.8	1.3	.8	-
Office Furniture/Equipment	U504	1.5	-	1.5	-	-
Vehicles	U505	5.3	-	5.3	-	-
Other Equipment	U506	32.6	-	32.6	-	-
Transportation/Freight	U507	-	-	-	-	-
Furn/Equip/Veh Repair/Maint	U508	6.4	8.3	14.7	8.3	-
Communications	U509	7.0	30.0	37.0	30.0	-
* Security Guard Services	U510	-	22.1	22.1	22.1	10
Printing	U511	-	-	-	-	-
* Site Visits - Mission	U513	1.3	8.0	9.3	8.0	18
* Site Visits - AID/W	U514	2.1	-	2.1	-	2
* Information Meetings	U515	-	-	-	-	-
* Training Attendance	U516	-	-	-	-	-
* Conference Attendance	U517	10.0	-	10.0	-	5
* Other Operational Travel	U518	1.4	-	1.4	-	6
Supplies & Materials	U519	47.5	22.7	70.2	22.7	-
* Contract Consulting Services	U521	-	-	-	-	-
* Contract Mgt/Prof. Services	U522	-	-	-	-	-
* Special Studies/Analyses	U523	-	-	-	-	-
* All Other Code 25	U524	2.0	.8	2.8	.8	.2
TOTAL OPERATING EXPENSE BUDGET		<u>725.0</u>	<u>368.2</u>	<u>1,093.2</u>	<u>-</u>	<u>-</u>
636(c) Requirements	U601	-	-	-	-	-
TOTAL ALLOWANCE REQUIREMENTS	U000	<u>725.0</u>	<u>368.2</u>	<u>1,093.2</u>	<u>-</u>	<u>-</u>

OTHER INFORMATION

Exchange Rate Used in Calculations Uganda Shillings 60.00 to US\$1.00
 Estimated Inflation Rate _____

U.S. Direct Hire workforce levels: Positions _____
 Workyears _____

* Unit data must be provided.

Organization USAID/KAMPALA
 Budget Plan Code COEA-89-21617-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>	U100	<u>342.7</u>	-	<u>342.7</u>	-	-
Other Mission Funded Code 11	U105	-	-	-	-	-
* Education Allowances	U106	73.0	-	73.0	-	4
Cost of Living Allowances	U108	73.8	-	73.8	-	-
Other Mission Funded Code 12	U110	1.4	-	1.4	-	-
* Post Assignment Travel	U111	16.0	-	16.0	-	2
* Post Assignment Freight	U112	40.0	-	40.0	-	2
* Home Leave Travel	U113	20.0	-	20.0	-	3
* Home Leave Freight	U114	25.0	-	25.0	-	3
* Education Travel	U115	20.0	-	20.0	-	4
* R & R Travel	U116	53.5	-	53.5	-	8
* Other Code 215 Travel	U117	20.0	-	20.0	-	9
<u>Foreign National Direct Hire</u>	U200	-	<u>40.0</u>	<u>40.0</u>	-	-
* F.N. Basic Pay	U201	-	40.0	40.0	40.0	4
* Overtime/Holiday Pay	U202	-	-	-	-	-
All Other Code 11 - F.N.	U203	-	-	-	-	-
All Other Code 12 - F.N.	U204	-	-	-	-	-
Benefits - Former F.N. Pers.	U205	-	-	-	-	-
<u>Contract Personnel</u>	U300	<u>7.0</u>	<u>200.0</u>	<u>207.0</u>	-	-
* PASA Technicians	U301	-	-	-	-	-
* U.S. PSC Salaries/Benefits	U302	-	-	-	-	-
All Other U.S. PSC Costs	U303	-	-	-	-	-
* F.N. PSC Salaries/Benefits	U304	7.0	200.0	207.0	200.0	50
All Other F.N. PSC Costs	U305	-	-	-	-	-
* Manpower Contracts	U306	-	-	-	-	-
<u>Housing</u>	U400	<u>294.1</u>	<u>251.0</u>	<u>545.1</u>	-	-
* Residential Rent	U401	174.6	-	174.6	-	1.0
Residential Utilities	U402	-	1.6	1.6	1.6	-
Maintenance & Renovation	U403	33.0	30.0	63.0	30.0	-
* Quarters Allowances	U404	-	-	-	-	-
Residential Furniture/Equip	U405	75.0	-	75.0	-	-
Trans/Freight - Code 311	U406	10.5	-	10.5	-	-
* Security Guard Services	U407	-	219.4	219.4	219.4	54
Official Residence Allowance	U408	-	-	-	-	-
Representation Allowance	U409	1.0	-	1.0	-	-

* Unit data must be provided.

Organization USAID/KAMPALA
 Budget Plan Code COEA-90-21617-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>551.7</u>	<u>-</u>	<u>551.7</u>	<u>-</u>	<u>-</u>
Other Mission Funded Code 11	U105	-	-	-	-	-
* Education Allowances	U106	123.0	-	123.0	-	6
Cost of Living Allowances	U108	87.8	-	87.8	-	-
Other Mission Funded Code 12	U110	3.5	-	3.5	-	-
* Post Assignment Travel	U111	40.0	-	40.0	-	5
* Post Assignment Freight	U112	100.0	-	100.0	-	5
* Home Leave Travel	U113	64.0	-	64.0	-	7
* Home Leave Freight	U114	50.0	-	50.0	-	7
* Education Travel	U115	15.0	-	15.0	-	3
* R & R Travel	U116	48.4	-	48.4	-	6
* Other Code 215 Travel	U117	20.0	-	20.0	-	10
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>-</u>	<u>60.0</u>	<u>60.0</u>	<u>-</u>	<u>-</u>
* F.N. Basic Pay	U201	-	60.0	60.0	60.0	4
* Overtime/Holiday Pay	U202	-	-	-	-	-
All Other Code 11 - F.N.	U203	-	-	-	-	-
All Other Code 12 - F.N.	U204	-	-	-	-	-
Benefits - Former F.N. Pers.	U205	-	-	-	-	-
<u>Contract Personnel</u>	<u>U300</u>	<u>33.0</u>	<u>294.0</u>	<u>327.0</u>	<u>-</u>	<u>-</u>
* PASA Technicians	U301	-	-	-	-	-
* U.S. PSC Salaries/Benefits	U302	25.0	-	25.0	-	1
All Other U.S. PSC Costs	U303	-	-	-	-	-
* F.N. PSC Salaries/Benefits	U304	8.0	294.0	302.0	294.0	50
All Other F.N. PSC Costs	U305	-	-	-	-	-
* Manpower Contracts	U306	-	-	-	-	-
<u>Housing</u>	<u>U400</u>	<u>349.6</u>	<u>359.6</u>	<u>709.2</u>	<u>-</u>	<u>-</u>
* Residential Rent	U401	198.6	-	198.6	-	1.0
Residential Utilities	U402	-	2.5	2.5	2.5	-
Maintenance & Renovation	U403	30.0	35.0	65.0	35.0	-
* Quarters Allowances	U404	-	-	-	-	-
Residential Furniture/Equip	U405	75.0	-	75.0	-	-
Trans/Freight - Code 311	U406	45.0	-	45.0	-	-
* Security Guard Services	U407	-	322.1	322.1	322.1	54
Official Residence Allowance	U408	-	-	-	-	-
Representation Allowance	U409	1.0	-	1.0	-	-

* Unit data must be provided.

TABLE VIII (A) NARRATIVE
FY 1989 ANNUAL BUDGET SUBMISSION

I. REASONS FOR INCREASE

The operating budget for FY-90 is predicated upon the actual O.E level authorized for FY 88 and the AID/W proposed level for FY 89. Assuming that the FY 89 proposed level is received it will allow the Mission an excellent start in the building depleted stocks and replacing worn out equipment. See Kampala 00682 (dated February 24, 1988) for a detailed explanation of the USAID's Capital budgetary situation.

The FY 90 budget is approximately \$350,000 over the FY 89 proposed level. The justification for both the FY 89 and further FY 90 increases is (A) with the exception of two absolutely essential ADP micro computer purchases nothing of a non expendable nature was purchased in FY 88. This Mission (1) drew down on existing stocks, (2) surgically removed components of items that had reached the end of their useful life to keep other marginal equipment operating, (3) deferred purchase of residential and office furniture by having them undergo extensive repair and reupholstering, and (4) embarked on a program to replace mechanical parts in residential and office equipment with crude unfinished local parts. This however is only a " Band AID" measure because the relief it affords Mission operations is only temporary. In the long run a continuation of the use of rudimentary unfinished components where high craftsmanship is required will speed up the deterioration of the Mission mechanical and electrical equipment.

A prime example is the USAID's vehicle fleet. No vehicles were replaced in FY 88 although three were scheduled. This vital aspect of Mission's operations is also at the margin and although there has been partial discontinuance of some of the Mission's transport operations this was never considered as a desirable or pragmatic long term option. The replacement of vehicles in the Mission's fleet is desperately needed. In fact transportation requirements far exceed the on hand motor vehicle inventory. The AID/W approved level for Kampala's motor vehicle fleet is considerably higher than the current actual fleet size. However, due to budgetary constraints the Mission could not replace its aged derelicts much less acquire new additions to its fleet.

Should the FY 89 proposed O.E. level actually be received it will contribute greatly to the Mission getting back on track in moving toward an acceptable AID worldwide standard. Our proposed FY 90 level should enable us to complete the job of getting the Mission to minimum AID World Wide Standards. In FY 89 the Mission will 1) resurrect and re-establish its

replacement cycle for vehicles, office furniture and equipment, residential furniture, appliances and 2) fund some of the mandatory acquisitions required because of the assignment of new personnel

The dollars \$275,000 increase in FY 89 over FY 88 will be allocated in the following ways: 1) Rental unit for new IDI assigned to Post, \$24,000 2) allowances for IDI \$38,500 (includes Education, COLA, transfer, etc.). (3) Travel and transportation of family, effects \$35,230 4) Furniture and appliances is \$25,000 5) Transportation charges for furniture and appliances 25,000. Total estimated start up costs and support of IDI is estimated to be approximately \$150,000. The remaining \$125,000 has to fund above normal vehicle replacement, renegotiated lease costs, above normal partial replacements of furniture (both office and residential) and office and residential equipment plus providing for inflationary increases.

The total estimated financial requirements in FY 89 if the Mission were to completely transform its logistic and administrative support operations to the AID worldwide acceptable standard would necessitate an additional \$200,000. This would be above the \$125,000 remaining after adjusting for the IDI assignment and related costs. The financial requirements in FY 90 are approximately \$350,000 above the FY 89 level. Clearly a significant portion of this is the approximately \$200,000 worth of deferments from FY 89 which in turn carried over from FY 88.

The balance includes start up costs for the establishment of a full controller's operation at USAID/Kampala using the additional Direct Hire position approved by AID/W. Additional office space, personnel, equipment and furniture will have to be acquired to support this operation. USAID/Kampala will try to optimize careful planning to reduce the requirement for external physical plant and space, however no other alternative exists but to fund office equipment furniture, supplies and personnel out of FY 90 allocations. These costs can not be funded out of the FY 89 proposed O.E level. Approximately \$100,000 of the \$200,000 worth of deferments which occurred in FY 89 will be earmarked for this purpose.

The point here is that even though the Mission has an additional Direct Hire position allocated to it in FY 89, we will not have the O.E. funds necessary to activate it until FY 90, and only then if our budget as presented in this ABS is honored.

II. Funding Shortages in FY 88 and FY 89

USAID/Kampala experienced a severe budgetary shortfall in FY 88. The requested FY 88 level was underfunded by approximately 25%. This twenty-five percent shortfall when coupled with a high rate of inflation seriously eroded the Mission's purchasing power and its ability to acquire essential goods services. The 25% underfunding exacerbated an already understated FY 88 O.E request level.

In order to meet our current obligations within the approved FY 88 funding level USAID/Kampala has had to take some dramatic and drastic cost saving measures. These measures however are only temporary and can not continue indefinitely without Mission operations being severely impaired.

In addition to what was described earlier, USAID/Kampala in FY 88 essentially eliminated all out of country travel for conferences, is reholstering furniture which has long ago exceeded its useful life rather than replace it, has had employees voluntarily defer R and R travel until next FY, has eliminated all dollar funded contractual services except those considered absolutely vital to the Mission's operations, has deferred vehicle replacement and replacement of office furniture and equipment. As a final measure all travel is being critically reviewed to determine areas where the fare basis of travel can be reduced the accomplishment of the objective of the travel and yet not be deleterious to the traveler

The mortgaging which occurred on FY 88 will certainly create disruptions in FY 89. The target FY 89 annual plan incorporates a portion of those items unfunded in FY 88.

III. MANAGEMENT IMPROVEMENTS

USAID/Kampala has, despite its budgetary shortfall in FY 88, been able to make several management improvements. Examples are:

- A. USAID was able to fund the acquisition of two Wang PC computers and printers for the administrative and project development offices. The addition of these two Wangs will automate several tedious functions in both offices and should reduce USAID reliance on labor intensive methods. The annual reports required for submission to M/SER/EOMS such as for leasing, non expendable property reconciliations and General ledger trial balances will now be handled much more efficiently through automation thereby freeing up staff time to perform other functions. Additionally the monitoring and oversight of both operating expense and project procurement will be greatly

facilitated due to the automation of the acquisition process through a procurement tracking software package.

- B. USAID is recruiting a highly qualified Ugandan ADP systems manager. His services were acquired using funds generated from the trust fund account and it is anticipated that will be invaluable to the Mission in helping to establish the most optimal configuration of ADP hardware and in the training of both USDH and FSN staff. It is fully expected that by FY 90 the majority of the USAID staff will be conversant in the use of ADP hardware. The ADP systems manager will also develop software packages which contribute to the efficiency of the USAID staff and which are user friendly.
- C. USAID has also recruited a professional accountant to manage the funds in its local currency accounts. This absolutely essential oversight will enable the USAID to accurately determine the amount of local currency being generated from each project activity, both on going and proposed, as well as contribute to our ability to precisely quantify to the Government of Uganda the amount of funds generated at any time which can be used for its development efforts.
- D. USAID has concluded a careful and detailed analysis of the areas within FAAS where it is participating and has selected several of these areas for withdrawal. It is expected in the long run, through the establishment of efficient systems that will be refined over time to specifically address the needs of the USAID, and as the country has more foreign exchange to import spare parts and repair products will be possible to greater use of local currency will be possible to cover costs of locally acquired goods and services with additional significant dollar saving to AID at the Washington level.
- E. USAID has implemented a program to reduce travel related costs by its careful analysis of the price structure among competing international airlines. It is anticipated that considerable saving should accrue provided that competition continues to be promoted and encouraged and airlines do not move toward a unitary pricing structure.

Overall USAID Kampala has and will continue to strive toward the most optimal and effective use of its allocated resources. This commitment plus a realistic and pragmatic approach to making the necessary adjustments to fine tuning the system and using whatever bureau authorized flexibility is available should ensure that management innovativeness, achievement and progress remain as the cornerstones of its program.

IV. TRUST FUNDS

- A. The Trust fund agreement established with the Government of Uganda has provided remittances back to USAID Uganda in FY 88 of approximately twenty three million shillings. These local currencies generated from commodity procurement under the Food Production Support and Rural Economic Recovery Projects have assisted considerably in replacing dollar expenditures for local employees salaries, in-country travel, etc.. Unfortunately the local currency has been of only marginal benefits for the acquisition of finished products imported into Uganda. This is as much a function of the existing system of shadow pricing imports as it is the unacceptability by many importers of shillings as a medium of exchange.
- B In FY 89 as a result of two new activities an AEPRP and the Co-op. Agriculture Agri Business Support Project flows should be sufficient for USAID to satisfy its projected localy currency needs well into the future.

Organization USAID/KAMPALA

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>
PSC Senior Accountant	0	0	0	\$25,000 (10/89 -90)

Organization USAID/KAMPALA

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>
1. Secretarial	6.0 (6)	10.3 (7)	0	0
2. Drivers	16.7 (10)	25.0 (11)	0	0
3. Charforce	3.3 (10)	7.3 (10)	0	0
4. Clerical	12.1 (11)	18.2 (12)	0	0
5. Skill Technician	6.3 (10)	9.8 (8)	0	0
6. Professional	8.5 (3)	11.9 (3)	0	0

Organization USAID/KAMPALA

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>
All other Miscellaneous Contractural Services, i.e secretarial, gardening, charforce etc.	5.3	2.8	2.3	3.0

Organization USAID/KAMPALA

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>
1. <u>Capital Investment:</u>				
A. Purchase of Hardware 4 Wang PS 280-3 which are IBM compatible Two as additions, two to replace obsolete Wang PC acquired in FY'83.	0	8.1	8.0	20.0
B. Purchase of Software 3-Upgrade to PC 280-3 2-DB III Plus 2-Lotus version II 2- Integrated Word Processing 2-Smart Spreadsheet with Graphics; and 2-Word Star.	0	1.0	2.0	10.0
C. Site Facility	0	0	0	0
SUBTOTAL Section 1	<u>0</u>	<u>9.1</u>	<u>10.0</u>	<u>30.0</u>
2. <u>Personnel:</u>				
A. Compensation, Benefits, and Travel	0	0	0	1.5
B. Workyears	0	.2	1.0	1.0
3. <u>Equipment Rental, Space and Other Operating Costs:</u>				
A. Lease of Equipment	0	0	0	0
B. Space	0	0	0	0
C. Supplies and Materials	3.0	3.5	7.0	10.0
D. Non-Commercial Training	0	0	0	0
SUBTOTAL Section 3	<u>3.0</u>	<u>3.5</u>	<u>7.0</u>	<u>10.0</u>

Organization USAID/KAMPALA

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>	0	0	0	0
A. Computer Time				
B. Leased Telecommunications Services	0	0	0	0
C. Operations and Maintenance				
(1) Operations				
(2) Maintenance:	2.0	3.0	5.0	3.5
Other than WANG				
WANG (local funding)				
WANG (A.I.D./W funding)				
D. Systems Analysis and Programming	-	-	-	-
E. Systems Design and Engineering	-	-	-	-
F. Studies and Other	-	-	-	-
SUBTOTAL Section 4	<u>2.0</u>	<u>3.0</u>	<u>5.0</u>	<u>3.5</u>
5. TOTAL DOLLARS	<u>5.0</u>	<u>15.6</u>	<u>22.0</u>	<u>45.0</u>
TOTAL WORKYEARS (from item 2A)	<u>.2</u>	<u>.3</u>	<u>1.0</u>	<u>1.0</u>
6. <u>Mission Allowance Levels:</u>				
A. Existing Systems	7	7	9	11
B. New/Expanded Systems	0	2	2	3

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	1.0	1.0
1008	Assistant Director/ Sup Program ECS Officer	AEPRP	1.0	1.0	1.0
1009 (f) (i) (a)	Program Officer	Title I, Title II,	1.0	1.0	1.0
1041 (d) (e) (g)	Project DVL Off	617-0104 - RPE 617-0108 - RER AEPRP	1.0	1.0	1.0
1050 (b) (c) (h)	Executive Officer	none	.7	1.0	1.0
1060	Sup Agri DVL Off	617-0102 - FPS 617-0102 - W. Nile 617-0103 - MFAD	1.0	1.0	1.0
1070	Ag ECS Off		1.0	1.0	1.0
1080	HLTH/POP DVL Off	617-0107 - ORT 617-0110 - Child Survival 698-0062 - FHI I - AIDS	.7	1.0	1.0
-	Controller	none	-	-	1.0
		Total Positions	<u>8</u>	<u>9</u>	<u>9</u>
		Total Workyears	<u>7.4</u>	<u>8.0</u>	<u>9.0</u>

* SACode - Special Activity Codes:

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

NOTE: Direct Hire workyear totals shown in TABLE VIII[g] must agree with Function Code 101 Unit TABLE VIII including IDIs workyears covered under Table VIII[h].

ANNEX I
TABLE VIII(h)

FY 1990 ANNUAL BUDGET SUBMISSION
Information on IDI Staffing

BS Code	Title	FY 1988	FY 1989	FY 1990
-	Program ECS off	-	1.0	1.0

Total Positions
Total Workyears

 1 1
 1.0 1.0

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

ANNEX I

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE VIII[j] - Information on Part-Time
Direct Hire Staffing

US/ FSN/TCN	Descriptive Job Title	Funding	FY 1988	FY 1989	FY 1990
	None				
	Total Positions	OE	—	—	—
	Total Workyears	OE	—.	—.	—.
	Total Positions	PRG	—	—	—
	Total Workyears	PRG	—.	—.	—.

NOTE: U.S. and Foreign National, including TCNs, direct hire workyear totals shown in TABLE VIII[g] must agree with workyear levels authorized by the Africa Bureau for Part-time.

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
TCNPC	Asst. Executive Off.	O.E.	1.0	1.0	1.0
TCNPC	Auditor/Accountant	O.E.	1.0	1.0	1.0
USPSC	Project AGR Specialist	PRG	.5	1.0	1.0
USPSC	FHI Management Advisor	PRG	.3	1.0	1.0
USPSC	Senior Accountant	O.E.	-	-	.7

Total Positions	OE	<u>2</u>	<u>2</u>	<u>3</u>
Total Workyears	OE	<u>2.0</u>	<u>2.0</u>	<u>2.7</u>
Total Positions	PRG	<u>2</u>	<u>2</u>	<u>2</u>
Total Workyears	PRG	<u>0.8</u>	<u>2.0</u>	<u>2.0</u>

NOTE: Foreign National, including TCNs, Personal Service Contract OE funded workyear totals shown in Table VIII[k] must agree with Function Code 304 Units on Table VIII.

Country/Office Uganda

FY 1990 ANNUAL BUDGET SUBMISSION

TABLE XI

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

	ACTUAL FY 1988		ESTIMATED FY 1989		PROJECTED FY 1990	
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>	4	8.8	10	25	6	15

Total
of which
Title III

Total
COMMENT:

The program is exclusively for the import of tallow. FY 1988 imports will be in containers at \$500 a ton and those for FY's 1989 and 90 will be in bulk at \$400 a ton. The FY 1989 estimation has not yet been approved by AID/W. The FY 1990 amounts are APPL.

TITLE I NARRATIVE

The first Title I program in Uganda in over 15 years began in FY 1988. Some 8,800 tons of tallow for soap manufacture is being imported at a total cost of \$4 million. Mission proposes a dollar level of \$10 million in Fiscal Year 1989 and the FY 1990 APPL is \$6 million to continue the program as spelled out in Kampala 03277 (87).

Current annual demand for soap is around 45,000 tons and only five percent of that amount is produced locally. The domestic manufacture of soap has been identified as an important and cost-efficient, import substitution investment industry. Productive capacity to meet local demand is in place, but because of the lack of foreign exchange only a very limited amount of raw materials can be imported. In addition, Uganda officially imports some \$10 million in soap products annually. An unknown additional quantity is brought in through the parallel market. The country needs 22,420 tons of tallow valued at \$18.3 million to produce the required 45,000 tons of laundry and toilet soap. Since local production plus imports do not meet demand, the price of soap is spiraling upward putting soap beyond the reach of the poorer segments of the population.

The GOU considers soap as one of the "essential" commodities along with salt and sugar which also must be imported. It wants to be free of importing these items by 1991, at least in finished form. Because most soap making capacity is in private hands, the GOU can realistically be assured that the goal will be met in the case of basic soap products. Of course foreign exchange will have to be made available until local raw materials can be produced, one of the stipulations of our program. The Title I program is intended to help meet this goal in the short run. Oil palm cultivation is being undertaken by the largest private soap manufacturer to replace the need for tallow imports by 1992-93.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Uganda

Sponsor's Name Section 206

A. Maternal and Child Health. Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total MCH</u>		_____	_____

B. School Feeding. Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total School Feeding</u>		_____	_____

C. Other Child Feeding Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Other Child Feeding</u>		_____	_____

D. Food for Work Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Food for Work</u>		_____	_____

E. Other (Specify) Section 206 Total Recipients 3.2 million

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
<u>3.2 million</u>	<u>Vegoil</u>	<u>10,000</u>	<u>7,000</u>
_____	_____	_____	_____
<u>Total Other</u>		_____	_____

II. Sponsor's Name _____

N.B. The above is a request and ^{Jr 6} not an APPL. Other Tables and local currency generations do not include it.

Title II Section 206 Narrative

Based on the success of a Section 202 program in FY 1987 that imported some 9,000 metric tons of vegetable oil (and 10,200 tons of wheat), USAID/Uganda plans to submit a Section 206 proposal in 1988. We will request a three-year program to import 10,000 tons of vegoil a year realizing that it has not been budgeted in either the FY 89 CP or the FY 90 APPL. The basic rationale is: (a) balance of payments support, (b) the supply of a food not yet produced locally in adequate quantities to satisfy demand, (c) anti-inflationary effect and (d) local currency generations to support AID bilateral and regional projects, UNICEF child survival and WHO AIDS control projects, food production, PVO and biological diversity projects.

Associated policy reform will focus on private, large scale vegoil production, processing and marketing. Several activities are underway to increase vegoil production by the small farmer and several more will follow under the CAAS project, 617-0111 and possibly the rehabilitation of Productive Enterprises project, 617-0104, for larger commercial farmers. Domestic production will not meet urban needs within the foreseeable future. However, at least one local entrepreneur plans major processing of vegetable oil. The precise aspects of policy change needed to encourage this type of agribusiness will be discussed in the Section 206 proposal. They will address what government needs to do to bring about large-scale processing and what present impediments must be removed.

Balance of payments support and our supply of cooking oil lead to the second reason for the project--supply food not yet produced in Uganda in sufficient quantities, and reduce the need for allocation of scarce foreign exchange for its import. While we are currently considering a three-year program, length will depend in part on when and in what quantities local vegoil production and processing comes on stream. The pricing of our imported vegoil will also be monitored in terms of the effect it has on rural, small-scale oil seed production and incentives for investment in vegoil processing and marketing.

While general food prices soared some 180 percent during the period, our vegoil was being sold initially by pricing it at the established market price. By providing quantities consistent with this price, we were able to keep the vegoil price stable thus having a dampening effect on inflation. We believe hoarding and re-export to other countries was minimal but sales did markedly increase, indicating some hoarding, towards the end of the program when stocks were being exhausted. Under the Section 206 program, prices will be indexed to inflation but rates of increase will be at a lesser rate than actual inflation.

The Mission is very pleased with our local currency program. The one billion shillings (\$16.8 million) we are generating from the current Section 202 program plays an essential role in conserving USAID project dollars. This allows projects to reach objectives on budgeted dollar amounts despite rampant inflation and without having to convert project dollars to shillings. The availability of local currency is essential to reach project objectives in a country where imports are priced at the parallel market rate and annual inflation is 180 percent. Half of the local currency generated by PL 480 directly supports AID financed projects. Another 20 percent supports WHO and UNICEF activities, 15 percent supports PVO activities and the remaining 15 percent supports concomitant projects in food production, biological diversity, rural housing, cooperatives and economic and agriculture studies. Under a Section 206 program, we would use local currency in a similar manner.

Privatization Plan Narrative

Unlike most African countries Uganda, is largely private sector oriented. There is a natural tendency to pursue market oriented policies although the public sector continues to be largely responsible for the marketing and export of the country's traditional exports. In addition the public sector is responsible for the importation and distribution of selected essential commodities such as soap, sugar and salt.

However, the May 15, 1987 reform program coupled with the continued improved security situation and increased external assistance, resulting from the June 1987 Consultative Group Meeting have created an improved economic environment despite the current rate of inflation and the reemergence of an overvalued exchange rate.

Because of Uganda's historical private enterprise orientation, AID's role is to assist with the fostering of renewed growth of the private sector--both short and long term--involving selective policy dialogue and within our program portfolio a relatively large proportion of basic financial support for private sector opportunities and trends. These activities are a part of USAID's FY 87 and 88 portfolio.

USAID's short-to-long strategy emphasis is on agricultural development and appropriately addresses the needs (e.g., commodities, research, training, credit) of the small-scale, private farmer and the economy as a whole. USAID's short-term strategy goals are policy dialogue leading to meaningful reform, the financing of critically needed imports to assist with agricultural rehabilitation, recovery and growth in output and selected institutional development, which together will set the stage for longer-term agricultural growth and development.

At the farm level, USAID addresses and supports private sector requirements via imports of seasonal inputs, medium to large-scale capital items and intermediate goods for local manufacturing and processing (Cooperative Agriculture and Agribusiness Support, Rural Economic Recovery and Rehabilitation of Productive Enterprises) and Credit (Rehabilitation of Productive Enterprises and Cooperative agriculture And Agribusiness Support). In addition these three projects are providing training and technical assistance to improve institutional capacities and performance within the cooperative movement and the banking system.

During the current year USAID has or is about to implement several specific actions and activities that directly support the growth of the private sector in addition to the above described ongoing activities. For example, USAID is sending two high level GOU employees to a seminar on privatization. We are also involved in two discrete privatization exercises. One, the production of Oral Rehydration Salts by a private firm instead of by a parastatal as the Government originally desired. The second, a GOU agreement for USAID to assist with attracting external capital, technology and management to setup a private sector seed company. This will likely involve a joint venture between an American seed company and private Ugandan investors. The venture will shift the functions of seed multiplication and distribution from the Ministry of Agriculture to the private sector.

We should also point out that two major privatization exercises are in final stages of completion by the GOU. First, is the privatization of properties under the control of the Departed Asians Custodian Board. In this respect USAID has been asked by the Ministry of Finance to provide shillings for bank credit and any of the external financing required to implement the program. The point here: the scarcity of foreign exchange is likely to be a large obstacle to privatization, as plants will require imports for plant rehabilitation. We can anticipate a similar request/obstacle when the Government completes and attempts to implement its divestiture plan for a planned 22 parastatals.

The issue here is whether AID funds can be made available, both dollars and shillings, to assist with the implementation of what could be a major privatization undertaking by the Ugandans.

Perhaps the most far reaching privatization activity USAID has been directly involved with over the past six months has been through our policy dialogue with the GOU on trade issues and the ultimate design of our FY 88 AEPRP proposal. The major policy break through was the agreement on the part of the GOU to turnover to the private sector the responsibility for nontraditional exports and to receive 100 percent retention of foreign exchange via an unrestricted import license. The scheme is expected to result in a significant increase and diversification of exports, increased incentives for producers and marketing agents and a significant increase in the level of imports, all under the management of the private sector.

FY 1990 Annual Budget Submission
Table to Annex H
Micro, Small, and Small Farm Enterprises

ESF and DA
Dollar Commitments for Micro
And Small Enterprise Programs
(U.S. Dollars Thousands)

	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	-	-	-
C. For Small Farmer			
1. For Credit	-	-	-
2. For TA/Training	-	-	-
II. DA Dollar Commitments			
A. For Micro Enterprise			
1. For Credit	-	-	-
2. For TA/Training	300	500	600
B. For Small Enterprise			
1. For Credit	-	-	-
2. For TA/Training	-	-	-
C. For Small Farmer			
1. For Credit	7,000	7,000	1,000
2. For TA/Training	-	-	-

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

	FY 88 Est.	FY 89 Proposed	FY 90 AAPL
1. From ESF Generations			
A. For Micro Enterprises			
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	-	-	-
II. From DA Generations (If Any)			
A. For Micro Enterprises			
1. For Credit	400	100	100
2. For TA/Training	200	100	100
B. For Small Enterprises			
1. For Credit	-	-	-
2. For TA/Training	-	-	-
C. For Small Farmer			
1. For Credit	-	-	-
2. For TA/Training	510	720	940
III. From P.L. 480 Generations			
A. For Micro Enterprise			
1. For Credit	-	-	-
2. For TA/Training	-	-	-
B. For Small Enterprises			
1. For Credit	-	-	-
2. For TA/Training	68	61	37
C. For Small Farmer			
1. For Credit	1,080	568	515
2. For TA/Training	92	121	132