

UNCLASSIFIED

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# Annual Budget Submission

FY 1990

# NEPAL

July 1988



Agency for International Development  
Washington, D.C. 20523

BEST AVAILABLE

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USAID/NEPAL  
FY 1990 ANNUAL BUDGET SUBMISSION

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FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)

367-NEPAL

	FY 1987 ACTUAL	FY 1988 ESTIMATE	---FY 1989--- CP ESTIMATE		FY 1990 AAPL	-----PLANNING PERIOD----- 1991 1992 1993 1994			
<b>AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION</b>									
TOTAL	9,445	9,100	8,000	8,500	10,000	10,000	10,000	10,000	10,000
GRANTS	9,445	9,100	8,000	8,500	10,000	10,000	10,000	10,000	10,000
LOANS	---	---	---	---	---	---	---	---	---
<b>POPULATION PLANNING</b>									
TOTAL	1,228	1,000	2,000	1,500	1,500	1,500	1,500	1,500	1,500
GRANTS	1,228	1,000	2,000	1,500	1,500	1,500	1,500	1,500	1,500
LOANS	---	---	---	---	---	---	---	---	---
(CENT PROC COMMOD)					(---)	(47%)			
<b>HEALTH</b>									
TOTAL	3,399	1,585	1,500	1,500	2,000	2,000	2,000	2,000	2,000
GRANTS	3,399	1,585	1,500	1,500	2,000	2,000	2,000	2,000	2,000
LOANS	---	---	---	---	---	---	---	---	---
<b>EDUCATION</b>									
TOTAL	962	765	500	500	1,500	1,500	1,500	1,500	1,500
GRANTS	962	765	500	500	1,500	1,500	1,500	1,500	1,500
LOANS	---	---	---	---	---	---	---	---	---
<b>SELECTED DEVELOPMENT ACTIVITIES</b>									
TOTAL	---	---	---	---	---	---	---	---	---
GRANTS	---	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---
<b>TOTAL DA FUNCTIONAL ACCOUNTS</b>									
TOTAL	15,034	12,450	12,000	12,000	15,000	15,000	15,000	15,000	15,000
GRANTS	15,034	12,450	12,000	12,000	15,000	15,000	15,000	15,000	15,000
LOANS	---	---	---	---	---	---	---	---	---

TOTAL PERSONNEL

USDH

FTEPP

REGULAR	20.5	19.0	18.0	17.0
PART TIME	2.0	2.0	2.0	2.0

FSNDH

FTEPP

	35.0	40.0	40.0	40.0
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FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE IV - PROJECT BUDGET DATA

367 - NEPAL

PROJECT NUMBER AND TITLE	G	OBLIG DATE	L	INIT	FINAL	-TOTAL COST- AUTH PLAN	OBLIG THRU FY 87	FY 87 PIPE LINE	ESTIMATED U.S. DOLLAR COST (\$000)				FY 1990 AAPL	SPECIAL INTEREST CODES
									OBLIG- ATIONS	EXPEND- ITURES	MORTGAGE END FY88	OBLIG- ATIONS		
<u>POPULATION</u>														
0135 Integrated Rural Health/F.P. Services	G	80	88	17,200	17,168	2,662	1,000	1,918	-	-	1,744	-	-	CS,PC,WID
0144 PVO Co-Financing	G	81	87	1,250	699	100	-	100	-	-	-	-	-	CS,WID,
0157 Child Survival/F.P. Services	G	89	95	-	10,000	-	-	-	-	-	1,450 b/	250	1,500	CS,PC,WID
0159 PVO Co-Financing II	G	87	93	1,000	1,000	100	100	40	900	50	60	-	-	CS,WID
APPROPRIATION TOTAL:														
GRANTS:														
LOANS:														
HEALTH														
0135 Integrated Rural Health/F.P. Services	G	80	88	22,050	22,050	5,799	1,350	1,930	-	-	5,219	-	-	CS,PC
0144 PVO Co-Financing	G	81	87	1,025	718	88	-	88	-	-	-	-	-	CS,WID
0157 Child Survival/F.P. Services	G	89	95	-	10,000	-	-	-	-	-	1,500 b/	850	1,840	CS,PC
0159 PVO Co-Financing II	G	87	93	1,000	1,000	-	235	55	765	-	120	160	-	CS,WID
APPROPRIATION TOTAL:														
GRANTS:														
LOANS:														

b/ Does not include anticipated reobligation of funds from Integrated Rural Health /F.P Services (367-0135)

FY 1990 ANNUAL BUDGET SUBMISSION  
 TABLE IV ATTACHMENT 2  
 INTEGRATED RESOURCE MANAGEMENT  
 (\$000)

367-NEPAL

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
<u>AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION</u>					
367-0149 Agricultural Research and Production	G	4,000	1,200	600	-
367-0153 Irrigation Management	G	3,000	700	500	600
367-0154 Institute of Forestry	G	3,700	400	350	400
367-0155 Rapti Development	G	6,900	970	1,020	1,020
367-0158 Forestry Development	G	3,000	-	400	500
367-0160 Agricultural Research and Marketing	G	3,000	-	-	400
Appropriation Total		23,600	3,270	2,870	2,920
Country Total		23,600	3,270	2,870	2,920

FY 1990 ANNUAL BUDGET SUBMISSION  
 TABLE IV ATTACHMENT 3  
 BIOLOGICAL DIVERSITY  
 (\$000)

367-NEPAL

APPROPRIATION ACCOUNT		LIFE		FY 88	FY 89	FY 90
PROJECT NO. TITLE	L/G	OF	PROJECT	ESTIMATE	ESTIMATE	AAPL
<u>AGRICULTURE, RURAL DEVELOPMENT</u>						
<u>AND NUTRITION</u>						
367-0159	PVO Co-Financing II	G	900	200	250	250
	Appropriation Total		900	200	250	250
 CENTRALLY FUNDED						
398-0178	World Wildlife Fund	G	(32)	(12)	-	-
xxx-xxxx	To Be Determined	G	(150)	(50)	(50)	(50)
	Country Total		900	200	250	250
	Centrally Funded		(182)	(62)	(50)	(50)

FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 4  
CHILD SURVIVAL  
(\$000)

367-NEPAL

<u>PROJ NUMBER</u> <u>&amp; TITLE</u>	<u>APPN</u>	<u>LOP</u> <u>FUND</u>	<u>ORT</u> %	<u>IMM</u> %	<u>NUT</u> %	<u>HRB</u> %	<u>OTH/CS</u> %	<u>TOTAL CS</u> %	<u>NON-CS</u> %
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Child Survival/Family Planning Services

367-0157	PN	10,000	-	-	-	-	25%	-	25%
367-0157	HE	10,000	40%	40%	-	-	20%	-	100%

FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 5  
BASIC EDUCATION  
(\$000)

367-NEPAL

APPROPRIATION ACCOUNT		LIFE				
PROJECT NO.	TITLE	L/G	OF	FY 88	FY 89	FY 90
			PROJECT	ESTIMATE	ESTIMATE	AAPL

USAID/Nepal presently has no bilateral projects planned in this sector which will receive funds in FYs 88-90.

However, if Mission staff and budget resources permit, the Mission would welcome the opportunity to continue bilateral projects in basic education. The Nepal Action Plan, reviewed in AID/W in March, 1988, describes USAID/Nepal's position (see page 17, and pages 43-5), and a letter from the Mission Director to ANE/PD/TR (dated May 20, 1988) outlines possible basic education initiatives for Nepal for FYs 89-92.

FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 6  
AIDS  
(\$000)

367-NEPAL

APPROPRIATION ACCOUNT		LIFE				
PROJECT NO.	TITLE	L/G	OF	FY 88	FY 89	FY 90
			PROJECT	ESTIMATE	ESTIMATE	AAPL

USAID/Nepal has no bilateral project funding earmarked for activities under this special interest in FYs 88-90.

AIDS  
WHO Support N/A

FY 1990 ANNUAL BUDGET SUBMISSION  
MICRO, SMALL, AND SMALL FARM  
ENTERPRISES

367-NEPAL

DA  
Direct Dollar Commitments a/  
(\$000)

	FY 88 Est.	FY 89 Proposed	FY 90 APPL
1. For Micro Enterprise			
A. For Credit	-	-	-
B. For TA/Training	40	40	40
2. For Small Enterprise			
A. For Credit	-	-	-
B. For TA/Training	60	60	60
3. For Small Farmer			
A. For Credit	-	-	-
B. For TA/Training	120	120	120

a/ USAID/Nepal does not receive ESP, nor does it utilize non-project assistance local currency generations for development activities.

### New Project Narrative

367-NEPAL

- A. Title and Project Number: Agriculture Research and Marketing 367-0160
- B. Proposed Funding: FY 90, 1,000 LOP thru FY 95, 11,000
- C. Appropriation Account: Section 103, ARDN
- D. Project Background and Objectives: The objective of the project is to promote continued development and refinement of agricultural research outreach and to strengthen agricultural marketing systems in Nepal. A second, related objective is to continue progress made in establishing the National Seed Board and move agricultural seed production to the private sector. In conjunction with the above objectives, support will be provided to the central research coordinating institution, the National Agriculture Research Services Council (NARSC), the Private Enterprise Unit of the Agricultural Development Bank of Nepal, and other rural financial institutions.

The project directly reflects USAID/Nepal's CDSS agricultural development strategy which, "revolves around a market-led, cash crop based and private sector-driven sectoral growth model." The project builds on the success and research foundation developed under the Agricultural Research and Production (ARP) project (378-0149). The new project will expand availability of improved seeds through private producers and sellers in hill areas, which under ARP has been found to be effective, sustainable, and replicable. A weak link in the development strategy is agricultural marketing analysis and support. Improvement is urgently needed to supply the research community with a more demand-driven research agenda, and provide producers and marketing agents with critical demand, price, and market access information and services.

A major policy objective will be to foster greater reliance on market forces for the sale and distribution of agricultural inputs and outputs. The project also supports the Agency's agricultural and rural development strategy. The new project will focus specific activities to achieve the broad goals of the strategy, namely, increased incomes of the rural poor, expanded food consumption, and sustained productivity of the natural resource base.

- E. Problems Addressed and Means of Finding Solutions: This is the third project in the evolution of USAID/Nepal's assistance to agricultural development in Nepal. Efforts 15 years ago focussed on straight production activities, increasing the capacity of the GON to supply inputs to farmers, and introducing multiple cropping systems in the Tarai. This resulted in some increases in food grain production. Following this, additional stress was laid on building up the human

and institutional aspects of the national agricultural research system. . ARP, now in its third year of implementation, supports a major reorganization of research and development of the applied linkage between production systems and research products. A mid-term evaluation of this project and concurrent development of a new agricultural strategy presented in the CDSS pointed toward a need for greater market orientation to stimulate and guide agricultural production and distribution of agricultural products.

With production systems in place and a research capacity beginning to be established, Nepal is now moving into a third stage of development in the agriculture sector, namely, a need to refine production systems and research priorities to optimize market opportunities, particularly in exploiting Nepal's comparative advantage in "off-season" crops and moving many food self sufficient farmers into economically more productive cash cropping systems. The new Agricultural Research and Marketing project will accomplish this through support to develop the agricultural marketing knowledge and capacity of private entrepreneurs. The project will feature expanded technical and financial support through the agricultural banking system. At the same time, support will be provided to NARSC to bridge the gaps among research, the extension system, and farmers.

Other donors are actively supporting extension and production systems, and this project will work in close coordination with the Ministry of Agriculture to assure that the research outreach program effectively links research with these extension systems.

F. Target Group: The principal target group for this project are Tarai farmers who produce a surplus of food grains, and Hill farmers who are food grain deficit, but who have the potential to increase overall economic production through better market exploitation and cash cropping.

G. Request for Delegation of PID Approval to the Mission: This project is consistent with the Mission's FY 89 CDSS. There are no policy issues which require AID/W resolution.

H. Research Activities: The project supports agricultural marketing research and related systems, and production research, both through technical assistance and budget support. This assistance supports AID's research priorities and complements AID support to the International Agriculture Research Centers, especially IRRI, CIMMIT, ICRISAT, and ICARDA.

I. Participant Training: Approximately 500 participants will be given opportunities for regional short-term training programs, and over 2,000 will be trained in-country. The total estimated dollar amount allocated to participant training is \$1 million.

AID PROGRAM IN FY 1990  
ANNUAL BUDGET SUBMISSION  
TABLE V - PROPOSED PROJECT RANKING

DECISION UNIT 367 NEPAL

RANK	PROJECT	TITLE	NEW CONT	L/G	APPROP.	PROGRAM FUNDING (\$000)	
						INCR.	CUM.
1	0157	Child Survival/FP	C	G	HE	1,840	1,840
2	0155	Rapti Development	C	G	FN	3,450	5,290
3	0158	Forestry Development	C	G	FN	1,300	6,590
4	0153	Irrigation Management	C	G	FN	2,000	8,590
5	0157	Child Survival/FP	C	G	POP	1,500	10,090
6	0154	Institute of Forestry	C	G	FN	1,000	11,090
7	0160	Agriculture Research and Marketing	N	G	FN	1,000	12,090
8	0159	PVO Co-Financing II	C	G	HE	160	12,250
9	0159	PVO Co-Financing II	C	G	FN	1,250	13,500
10	0152	Development Training	C	G	EHR	1,500	15,000
TOTAL:						15,000	

Organization: USAID/NEPAL  
 Budget Plan Code: COEA-87-27367-U000/CDEA-87-27367-U000

TABLE VIII - FY 1987

(\$000)

Expense Category	Func. Code	COEA-87-	COEA-87-	Trust Fund	Local Currency		
		27367-U000 Dollars	27367-U00 Dollars		Total	Estimate	Units
U.S. Direct Hire	U100	354.3	0.0	0.0	354.3	0.0	
Other Mission Funded Code 11	U105	0.0			0.0	0.0	
Education Allowances	U106	61.9			61.9	0.0	15.0
Cost of Living Allowances	U108	0.0			0.0	0.0	
Other Mission Funded Code 12	U110	17.5			17.5	0.0	9.0
Post Assignment Travel	U111	25.8			25.8	0.0	9.0
Post Assignment Freight	U112	146.0			146.0	0.0	9.0
Home Leave Travel	U113	45.9			45.9	0.0	9.0
Home Leave Freight	U114	31.9			31.9	0.0	2.0
Education Travel	U115	4.3			4.3	0.0	13.0
R & R Travel	U116	17.4			17.4	0.0	2.0
Other Code 215 Travel	U117	3.6			3.6	0.0	
Foreign National Direct Hire	U200	116.6	0.0	0.0	116.6	116.6	
F.N. Basic Pay	U201	70.4			70.4	70.4	37.5
Overtime/Holiday Pay	U202	5.7			5.7	5.7	3.0
All Other Code 11 - F.N.	U203	9.0			9.0	9.0	
All Other Code 12 - F.N.	U204	26.5			26.5	26.5	
Benefits - Former F.N. Pers.	U205	5.0			5.0	5.0	
Contract Personnel	U300	300.9	0.0	0.0	300.9	273.0	
PASA Technicians	U301	0.0			0.0	0.0	
U.S. PSC Salaries/Benefits	U302	27.9			27.9	0.0	1.1
All Other U.S. PSC Costs	U303	0.0			0.0	0.0	
F.N. PSC Salaries/Benefits	U304	89.1			89.1	89.1	60.7
All Other F.N. PSC Costs	U305	45.0			45.0	45.0	
Manpower Contracts	U306	138.9			138.9	138.9	
Housing	U400	259.6	0.0	0.0	259.6	204.1	
Residential Rent	U401	82.1			82.1	82.1	22.0
Residential Utilities	U402	42.0			42.0	42.0	
Maintenance & Renovation	U403	16.9			16.9	16.9	
Residential Furniture/Equip	U405	39.1			39.1	0.0	
Trans/Freight - Code 311	U406	15.1			15.1	0.0	
Security Guard Services	U407	63.1			63.1	63.1	95.0
Official Residence Allowance	U408	0.0			0.0	0.0	
Representation Allowance	U409	1.3			1.3	0.0	

Organization: USAID/NEPAL  
 Budget Plan Code: CDEA-87-27367-U000/CDEA-87-27367-U000

TABLE VIII - FY 1987

Expense Category	Func. Code	CDEA-87-	CDEA-87-	Trust Fund	Total	Local	
		27367-U000 Dollars	27367-U000 Dollars			Currency Estimate	Units
Office Operations	U500	357.6	984.0	28.3	1,369.9	814.0	
Office Rent	U501	0.1	340.6		340.7	340.7	
Office Utilities	U502	6.0	35.0		41.0	41.0	
Building Maint/Renovation	U503	0.0	20.3		20.3	20.3	
Office Furniture/Equipment	U504	11.8	3.2		15.0	7.5	
Vehicles	U505	100.0	111.9		211.9	0.0	
Other Equipment	U506	48.3	28.8		77.1	38.6	
Transportation/Freight	U507	22.2	24.3		46.5	34.9	
Furn/Equip/Veh Repair/Maint	U508	27.5	6.4		33.9	33.9	
Communications	U509	1.2	15.7		16.9	16.9	
Security Guard Services	U510	0.0	44.9		44.9	44.9	41.0
Printing	U511	0.0	4.1		4.1	4.1	
Site Visits - Mission	U513	8.5	46.0	0.4	54.9	55.3	259.0
Site Visits - AID/W	U514	36.1	0.0		36.1	0.0	11.0
Information Meetings	U515	1.0	3.8		4.8	0.0	4.0
Training Attendance	U516	4.5	22.4		26.9	0.0	12.0
Conference Attendance	U517	2.3	29.2		31.5	0.0	15.0
Other Operational Travel	U518	5.0	36.4		41.4	0.0	28.0
Supplies & Materials	U519	73.7	160.9	27.9	262.5	131.3	
All Other Code 25	U524	9.4	50.1		59.5	44.6	
TOTAL OPERATING EXPENSE BUDGET		1,389.0	984.0	28.3	2,401.3	1,407.7	
636(C) Requirements	U601	0.0	0.0	0.0	0.0	0.0	
TOTAL ALLOWANCE REQUIREMENTS		1,389.0	984.0	28.3	2,401.3	1,407.7	

Organization: USAID/NEPAL  
 Budget Plan Code: COEA-88-27367-U000

TABLE VIII - FY 1988

Expense Category	Func. Code	(\$000)			Local Currency Estimate	Units
		Dollars	Trust Fund	Total		
U.S. Direct Hire	U100	321.4	0.0	321.4	0.0	
Other Mission Funded Code 11	U105	0.0		0.0	0.0	
Education Allowances	U106	90.9		90.9	0.0	18.0
Cost of Living Allowances	U108	0.0		0.0	0.0	
Other Mission Funded Code 12	U110	5.3		5.3	0.0	
Post Assignment Travel	U111	13.0		13.0	0.0	4.0
Post Assignment Freight	U112	60.0		60.0	0.0	4.0
Home Leave Travel	U113	18.3		18.3	0.0	7.0
Home Leave Freight	U114	43.3		43.3	0.0	7.0
Education Travel	U115	0.0		0.0	0.0	0.0
R & R Travel	U116	66.0		66.0	0.0	44.0
Other Code 215 Travel	U117	24.6		24.6	0.0	8.0
Foreign National Direct Hire	U200	112.6	0.0	112.6	112.6	
F.N. Basic Pay	U201	67.0		67.0	67.0	33.8
Overtime/Holiday Pay	U202	6.0		6.0	6.0	6.0
All Other Code 11 - F.N.	U203	5.7		5.7	5.7	
All Other Code 12 - F.N.	U204	29.4		29.4	29.4	
Benefits - Former F.N. Pers.	U205	4.5		4.5	4.5	
Contract Personnel	U300	346.2	0.0	346.2	312.7	
PASA Technicians	U301	0.0		0.0	0.0	
U.S. PSC Salaries/Benefits	U302	32.2		32.2	0.0	1.3
All Other U.S. PSC Costs	U303	1.3		1.3	0.0	
F.N. PSC Salaries/Benefits	U304	161.6		161.6	161.6	65.7
All Other F.N. PSC Costs	U305	3.0		3.0	3.0	
Manpower Contracts	U306	148.1		148.1	148.1	79.0
Housing	U400	301.0	0.0	301.0	281.1	
Residential Rent	U401	100.9		100.9	100.9	21.2
Residential Utilities	U402	60.0		60.0	60.0	
Maintenance & Renovation	U403	22.2		22.2	22.2	
Residential Furniture/Equip	U405	11.5		11.5	0.0	
Trans/Freight - Code 311	U406	6.9		6.9	0.0	
Security Guard Services	U407	98.0		98.0	98.0	95.0
Official Residence Allowance	U408	0.0		0.0	0.0	
Representation Allowance	U409	1.5		1.5	0.0	

Organization: USAID/NEPAL  
 Budget Plan Code: COEA-68-27367-0000

TABLE VIII - FY 1988

Expense Category	Func. Code	(\$000)		Local Currency Estimate	Units
		Dollars	Trust Fund		
Office Operations	U500	1,193.8	0.0	1,193.8	765.9
Office Rent	U501	284.7		284.7	284.7 4.0
Office Utilities	U502	31.0		31.0	31.0
Building Maint/Renovation	U503	22.2		22.2	22.2
Office Furniture/Equipment	U504	11.0		11.0	0.0
Vehicles	U505	48.6		48.6	0.0
Other Equipment	U506	50.5		50.5	0.0
Transportation/Freight	U507	56.1		56.1	42.1
Furn/Equip/Veh Repair/Maint	U508	39.7		39.7	39.7
Communications	U509	20.0		20.0	20.0
Security Guard Services	U510	44.0		44.0	44.0 41.0
Printing	U511	3.6		3.6	3.6
Site Visits - Mission	U513	49.1		49.1	49.1 240.0
Site Visits - AID/W	U514	36.5		36.5	0.0 10.0
Information Meetings	U515	13.9		13.9	0.0 5.0
Training Attendance	U516	38.6		38.6	0.0 17.0
Conference Attendance	U517	15.0		15.0	0.0 13.0
Other Operational Travel	U518	32.0		32.0	0.0 25.0
Supplies & Materials	U519	274.1		274.1	137.1
All Other Code 25	U524	123.2		123.2	92.4
TOTAL OPERATING EXPENSE BUDGET		2,275.0	0.0	2,275.0	1,472.3
636 (C) Requirements	U601	0.0	0.0	0.0	0.0
TOTAL ALLOWANCE REQUIREMENTS		2,275.0	0.0	2,275.0	1,472.3
APPROVED PER STATE #142682 OF 5/5/88				2,275.0	

OTHER INFORMATION

Exchange Rate Used in Calculations  
 Estimated Inflation Rate

\$1.00 = NRs.22.00

U.S. Direct Hire workforce levels:

Positions 19.0  
 Workyears 19.8

Organization: USAID/NEPAL  
 Budget Plan Code: COEA-89-27367-U000

TABLE VIII - FY 1989

Expense Category	Func. Code	(\$000)			Local Currency Estimate	Units
		Dollars	Trust Fund	Total		
U.S. Direct Hire	U100	385.9	0.0	385.9	0.0	
Other Mission Funded Code 11	U105	0.0		0.0	0.0	
Education Allowances	U106	89.4		89.4	0.0	12.0
Cost of Living Allowances	U108	0.0		0.0	0.0	
Other Mission Funded Code 12	U110	9.0		9.0	0.0	
Post Assignment Travel	U111	20.6		20.6	0.0	8.0
Post Assignment Freight	U112	91.9		91.9	0.0	8.0
Home Leave Travel	U113	46.8		46.8	0.0	16.0
Home Leave Freight	U114	104.2		104.2	0.0	16.0
Education Travel	U115	0.0		0.0	0.0	
R & R Travel	U116	19.0		19.0	0.0	12.0
Other Code 215 Travel	U117	5.0		5.0	0.0	8.0
Foreign National Direct Hire	U200	143.0	0.0	143.0	143.0	
F.N. Basic Pay	U201	89.0		89.0	89.0	40.0
Overtime/Holiday Pay	U202	6.0		6.0	6.0	6.5
All Other Code 11 - F.N.	U203	5.6		5.6	5.6	
All Other Code 12 - F.N.	U204	40.9		40.9	40.9	
Benefits - Former F.N. Pers.	U205	1.5		1.5	1.5	
Contract Personnel	U300	366.7	0.0	366.7	325.2	
PASA Technicians	U301	0.0		0.0	0.0	
U.S. PSC Salaries/Benefits	U302	41.5		41.5	0.0	2.0
All Other U.S. PSC Costs	U303	0.0		0.0	0.0	
F.N. PSC Salaries/Benefits	U304	151.8		151.8	151.8	66.5
All Other F.N. PSC Costs	U305	3.0		3.0	3.0	
Manpower Contracts	U306	170.4		170.4	170.4	79.0
Housing	U400	412.9	0.0	412.9	357.7	
Residential Rent	U401	129.7		129.7	129.7	22.0
Residential Utilities	U402	90.0		90.0	90.0	
Maintenance & Renovation	U403	25.0		25.0	25.0	
Residential Furniture/Equip	U405	34.4		34.4	0.0	
Trans/Freight - Code 311	U406	19.3		19.3	0.0	
Security Guard Services	U407	113.0		113.0	113.0	93.0
Official Residence Allowance	U408	0.0		0.0	0.0	
Representation Allowance	U409	1.5		1.5	0.0	

Organization: USAID/NEPAL  
 Budget Plan Code: COEA-89-27367-U000

TABLE VIII - FY 1989

Expense Category	Func. Code	(\$000)				Units
		Dollars	Trust Fund	Total	Local Currency Estimate	
Office Operations	U500	991.5	0.0	991.5	668.7	
Office Rent	U501	224.7		224.7	224.7	4.0
Office Utilities	U502	42.0		42.0	42.0	
Building Maint/Renovation	U503	25.0		25.0	25.0	
Office Furniture/Equipment	U504	14.5		14.5	7.2	
Vehicles	U505	30.8		30.8	0.0	
Other Equipment	U506	58.6		58.6	29.3	
Transportation/Freight	U507	60.1		60.1	45.1	
Furn/Equip/Veh Repair/Maint	U508	15.9		15.9	15.9	
Communications	U509	23.0		23.0	23.0	
Security Guard Services	U510	49.0		49.0	49.0	40.0
Printing	U511	4.1		4.1	4.1	
Site Visits - Mission	U513	45.0		45.0	45.0	220.0
Site Visits - AID/W	U514	12.0		12.0	0.0	2.0
Information Meetings	U515	14.0		14.0	0.0	5.0
Training Attendance	U516	35.0		35.0	0.0	10.0
Conference Attendance	U517	25.0		25.0	0.0	8.0
Other Operational Travel	U518	35.0		35.0	0.0	19.0
Supplies & Materials	U519	200.0		200.0	100.0	
All Other Code 25	U524	77.8		77.8	58.4	
TOTAL OPERATING EXPENSE BUDGET		2,300.0	0.0	2,300.0	1,494.6	
636(C) Requirements	U601	0.0	0.0	0.0	0.0	
TOTAL ALLOWANCE REQUIREMENTS		2,300.0	0.0	2,300.0	1,494.6	
APPROVED PER STATE #142682 OF 5/5/88				2,300.0		

OTHER INFORMATION

Exchange Rate Used in Calculations \$1.00 = NRs.22.00  
 Estimated Inflation Rate 15%

U.S. Direct Hire workforce levels: Positions 18.0  
 Workyears 18.2

Organization: USAID/NEPAL  
 Budget Plan Code: COEA-90-27367-U000

TABLE VIII - FY 1990

Expense Category	Func. Code	(\$000)				Local Currency Estimate	Units
		Dollars	Trust Fund	Total			
U.S. Direct Hire	U100	242.4	0.0	242.4	0.0		
Other Mission Funded Code 11	U105	0.0		0.0	0.0		
Education Allowances	U106	92.5		92.5	0.0	12.0	
Cost of Living Allowances	U108	0.0		0.0	0.0		
Other Mission Funded Code 12	U110	2.3		2.3	0.0		
Post Assignment Travel	U111	1.5		1.5	0.0	1.0	
Post Assignment Freight	U112	14.0		14.0	0.0	1.0	
Home Leave Travel	U113	30.1		30.1	0.0	10.0	
Home Leave Freight	U114	42.0		42.0	0.0	10.0	
Education Travel	U115	0.0		0.0	0.0		
R & R Travel	U116	55.0		55.0	0.0	35.0	
Other Code 215 Travel	U117	5.0		5.0	0.0	8.0	
Foreign National Direct Hire	U200	158.4	0.0	158.4	158.4		
F.N. Basic Pay	U201	100.5		100.5	100.5	40.0	
Overtime/Holiday Pay	U202	6.0		6.0	6.0	6.5	
All Other Code 11 - F.N.	U203	5.6		5.6	5.6		
All Other Code 12 - F.N.	U204	44.8		44.8	44.8		
Benefits - Former F.N. Pers.	U205	1.5		1.5	1.5		
Contract Personnel	U300	408.3	0.0	408.3	365.8		
FASA Technicians	U301	0.0		0.0	0.0		
U.S. PSC Salaries/Benefits	U302	42.5		42.5	0.0	2.0	
All Other U.S. PSC Costs	U303	0.0		0.0	0.0		
F.N. PSC Salaries/Benefits	U304	166.9		166.9	166.9	66.0	
All Other F.N. PSC Costs	U305	3.0		3.0	3.0		
Manpower Contracts	U306	195.9		195.9	195.9	79.0	
Housing	U400	452.8	0.0	452.8	422.5		
Residential Rent	U401	177.5		177.5	177.5	22.0	
Residential Utilities	U402	90.0		90.0	90.0		
Maintenance & Renovation	U403	25.0		25.0	25.0		
Residential Furniture/Equip	U405	18.0		18.0	0.0		
Trans/Freight - Code 311	U406	10.8		10.8	0.0		
Security Guard Services	U407	130.0		130.0	130.0	91.0	
Official Residence Allowance	U408	0.0		0.0	0.0		
Representation Allowance	U409	1.5		1.5	0.0		

Organization: USAID/NEPAL  
 Budget Plan Code: COEA-90-27367-U000

TABLE VIII - FY 1990

Expense Category	Func. Code	(\$000)		Total	Local Currency Estimate	Units
		Dollars	Trust Fund			
Office Operations	U500	1,038.1	0.0	1,038.1	700.7	
Office Rent	U501	224.8		224.8	224.8	4.0
Office Utilities	U502	45.0		45.0	45.0	
Building Maint/Renovation	U503	25.0		25.0	25.0	
Office Furniture/Equipment	U504	10.0		10.0	5.0	
Vehicles	U505	33.9		33.9	0.0	
Other Equipment	U506	82.3		82.3	41.1	
Transportation/Freight	U507	60.2		60.2	45.2	
Furn/Equip/Veh Repair/Maint.	U508	18.3		18.3	18.3	
Communications	U509	27.0		27.0	27.0	
Security Guard Services	U510	56.0		56.0	56.0	39.0
Printing	U511	4.8		4.8	4.8	
Site Visits - Mission	U513	45.0		45.0	45.0	220.0
Site Visits - AID/W	U514	12.0		12.0	0.0	2.0
Information Meetings	U515	14.0		14.0	0.0	5.0
Training Attendance	U516	35.0		35.0	0.0	10.0
Conference Attendance	U517	25.0		25.0	0.0	8.0
Other Operational Travel	U518	35.0		35.0	0.0	19.0
Supplies & Materials	U519	199.9		199.9	99.9	
All Other Code 25	U524	84.9		84.9	63.6	
TOTAL OPERATING EXPENSE BUDGET		2,300.0	0.0	2,300.0	1,647.4	
636(D) Requirements	U601	0.0	0.0	0.0	0.0	
TOTAL ALLOWANCE REQUIREMENTS		2,300.0	0.0	2,300.0	1,647.4	
APPROVED PER STATE #142682 OF 5/5/88				2,300.0		

OTHER INFORMATION

Exchange Rate Used in Calculations \$1.00 = NRs.22.00  
 Estimated Inflation Rate 15%

U.S. Direct Hire workforce levels: Positions 17.0  
 Workyears 17.0

Organization: USAID/Nepal

Table VIII (a) = O.E. Narrative

Reasons for Increase - FY 89 to FY 90

In comparing projected expenses at the summary function levels between FY 89 and FY 90, one will note that the U-200, U-300, U-400 and U-500 series show increases ranging from 5% to 11%.

The single largest change is in residential leases under the U-400 series which is projected to increase by \$47,000, or 37%. The number of leased houses will remain the same but the supply and demand in Kathmandu is such that the cost to lease a house is rapidly escalating. For instance, in FY 88 the average lease cost is \$4,500, which will increase to over \$8,000 in FY 90. In a few instances lease costs are projected to double, others will have more modest increases.

Salary costs, both for FSNBH and contract personnel (U-200 and U-300, respectively) are expected to increase by approximately 11%, consisting of an anticipated across the board wage adjustment as well as longevity increases.

The 5% increase in the U-500 series is based on expected inflation.

Fortunately, we are able to project a significant decrease in the U.S. Direct Hire U-100 series of some 26%, which tends to offset increases in the other functional codes. Because of the vagaries of the assignment system we are only anticipating one post assignment in FY 90, compared to eight movements in FY 89. This decrease alone contributes to a savings of over \$100,000.

Home leave travel expenses are also projected to decrease from 16 movements in FY 89 to ten movements in FY 90, at a further cost savings of \$78,000.

Obviously, this is a unique situation that cannot be relied upon routinely but during this particular period it is fortunate that we have this to cushion the operating expense dilemma.

Management Improvements

The principal improvements in management have resulted from office restructuring. Four major offices have been merged in the past twelve months. The combining of the agriculture and rural development offices in 1987, and the program and project design/implementation offices in 1988, have resulted in improved productivity and efficiency and better communication. Several positions have been abolished as a result of these

office mergers. Some FSN position descriptions have also changed, especially in the combined agriculture and rural development office where an effort is underway to upgrade FSN project managers. In the summer of 1988, we plan to reassign the communications and records activity from the Executive Office to the Office of the Director for improved supervision and oversight. This will occur at the departure of the USDH Executive Assistant, whose position has also been abolished. For a comprehensive and current discussion of Mission management improvements, including workforce implications associated with organizational restructuring, refer to the Nepal Action Plan (reviewed in AID/W in March, 1988), pages 21-24.

USAID/Nepal has essentially completed a comprehensive Mission Order update effort which was started last year. Most of the old Mission Orders were written in the mid-1970s and were out of date. Fifteen old Orders were cancelled because they were no longer necessary. Thirty-five Mission Orders have now been issued, including seven new Orders, covering a wide range of administrative/financial and program/project subjects. As procedures are now standardized, operating efficiency has improved.

The Mission has been working with the Embassy Regional Security Officer on combining its separate guard force with the Embassy's guard service. While there will not be a cost savings, we are hopeful there will be an improvement in guard service and better protection because of supervision by a professional security officer. It is planned that the combined guard force will be in place during FY 89.

Currently, travel arrangements are handled completely within the Mission. We plan to contract for travel services with a general agent of a U.S. carrier, or a local travel agent. Through a more competitive process, we hope to improve international and local travel services, and obtain cost savings. The contract will be on a no-cost basis as the contractor's earnings will be from commissions on tickets sold.

#### Trust Funds

Possible use of Trust Funds has been discussed many times within the Mission and the conclusion has been reached that under current economic conditions in Nepal, there is simply no way the host government can provide a significant Trust Fund contribution to offset the Mission's operating expenses.

USAID/Nepal does not have a P.L. 480 or other commodity import program. The type of program we have does not generate local currency, therefore any GON contributions would have to come from the government's general resource and expense budget. It is not reasonable to request this or expect this to happen.

Organization: USAID/NEPAL

TABLE VIII(b)  
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Information on U.S. PCS Costs  
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(\$000)

Job Title/Description	FY 1987	FY 1988	FY 1989	FY 1990
System Analyst	25.8 (11/6/86-11/5/87)	27.0 (11/6/87-11/5/88)	34.5 (11/6/88-11/5/89)	35.5 (11/6/89-11/5/90)
Secretary	2.1 (4/8/87-5/22/87)	4.7 (5/5/88-6/3/88)		
Librarian		1.8 (6/1/88-9/30/88)	7.0 (10/1/88-9/30/89)	7.0 (10/1/89-9/30/90)
TOTAL	27.9	33.5	41.5	42.5

Organization: USAID/Nepal

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

Job Title/Description	FY 1987	FY 1988	FY 1989	FY 1990
Secretary	2.1	2.0	1.9	2.1
Personnel Assistant	2.6	1.7	2.1	2.3
Program Assistant	3.6	3.2	2.8	3.0
Supply Assistant	1.8	2.3	2.2	2.4
Secretary	1.3	1.7	1.8	2.0
Purchase Agent	2.3	3.2	2.3	2.5
Dispatcher	1.9	1.8	1.8	2.0
Engineer	4.0	4.8	4.4	4.8
Program Clerk	1.6	1.8	1.9	2.1
Mail Clerk	1.4	3.5	1.6	1.8
Travel Assistant	2.4	3.0	2.6	2.8
Maintenance Supervisor	6.4	4.4	3.2	3.5
Mail Clerk	1.0	1.1	1.1	1.2
Program Assistant	3.2	2.3	2.6	3.0
Supply Clerk	1.7	2.0	2.2	2.4
Program Assistant	1.8	2.2	2.1	2.3
Mail Clerk	1.0	1.2	1.2	1.3
Supply Clerk	2.3	2.2	2.4	2.7
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Dispatcher	1.9	1.8	1.8	2.0
Dispatcher	1.9	1.6	1.8	1.9
Program Clerk	1.7	2.1	1.9	2.1
Maintenance Supervisor	2.4	2.9	2.4	2.7
Supply Clerk	0.8	1.1	1.2	1.3
Supply Assistant	1.9	4.6	2.5	2.8
Mail Supervisor	1.6	1.9	1.7	1.9
Participant Trg. Clerk	2.0	2.4	2.2	2.4
Accounting Technician	2.6 a/	0.1	2.2	2.6
Admin. Supp. Supervisor	2.2	2.7	2.4	2.7
Program Clerk	2.1	2.3	2.3	2.5
Purchase Agent	2.4	3.3	2.4	2.6
Storekeeper	1.9	2.4	2.1	2.3
Financial Analyst	2.8	3.4	3.5	3.8
Procurement Agent	2.4	2.7	2.7	2.9
Participant Trg. Assista	2.3	2.5	2.3	2.5
Program Assistant	1.8	2.4	2.1	2.3
Receptionist	1.3	1.7	1.6	1.8
Maintenance Inspector	1.7	1.9	1.8	2.0
Customs Expeditor	2.2	2.1	2.2	2.5
Financial Analyst	3.0	3.3	3.2	3.5
Program Assistant	2.4	3.0	2.9	3.2
Dispatcher	2.1	1.9	1.9	2.1
Secretary	2.3	2.9	2.4	2.6
Supply Supervisor	2.3	3.4	2.9	3.2
Minicomputer Operator	1.5	1.9	2.0	2.2
Accountant	2.3	2.6	2.6	2.8
Program Clerk	1.9	2.0	1.8	2.0

Organization: USAID/Nepal

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

Job Title/Description	FY 1987	FY 1988	FY 1989	FY 1990
Program Clerk	1.7	2.0	2.1	2.3
Secretary	2.4	2.2	2.3	2.5
Voucher Examiner	2.6	3.1	3.2	3.5
Receptionist	0.5	1.4	1.4	1.6
Secretary	1.4	1.8	2.1	2.3
Personnel Assistant	2.1	4.3	2.7	2.9
Program Specialist	3.2	3.2	3.3	3.6
Voucher Examiner	2.1	3.1	2.2	2.5
System Operation Manager	2.7	3.0	2.9	3.2
Admin. Clerk	0.6	1.3	2.0	2.2
Voucher Examiner	2.0	2.4	2.4	2.6
Accountant	2.1	2.8	2.7	2.9
Secretary	1.1	0.0	0.0	0.0
Admin Assistant	0.5	0.0	0.0	0.0
Engineer	3.4	0.0	0.0	0.0
Receptionist	1.3	0.0	0.0	0.0
Program Specialist	0.0	0.7	0.0	0.0
Secretary	0.0	2.9	2.3	2.5
Admin. Clerk	0.0	0.3	0.0	0.0
Secretary	0.0	0.8	1.2	1.3
Secretary	0.0	1.2	1.2	1.4
Program Specialist	0.0	4.5	4.2	4.6
Program Clerk	0.0	1.8	1.6	1.7
Librarian	0.0	1.0 b/	2.6	2.9
Admin. Assistant	0.0	0.8 c/	0.3	0.4
Secretary	0.0	0.8 d/	1.7	1.8
Program Specialist	0.0	2.1 d/	4.4	4.8
Other Costs	3.9	3.0	3.0	3.0
	134.1	164.6	154.8	169.9
	(2/14/87- 2/13/88)	(2/13/88- 2/11/89)	(2/12/89- 2/11/90)	(2/12/90- 2/11/91)

a/ Funded from 9/23/87 thru 2/11/89

b/ Funded 10/1/88 thru 2/11/89

c/ Funded 7/1/88 thru 2/11/89

d/ Funded 7/1/88 thru 2/11/89

In several instances there are fluctuations from year to year. The fluctuations are caused by (1) requirement to accrue obligated funds to provide for severance pay for contracts that exceed the five year maximum, and (2) differences in rate of exchange.

Organization: USAID/NEPAL

TABLE VIII(c)  
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Manpower Contract Detail  
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(\$000)

Description	FY 1987	FY 1988	FY 1989	FY 1990
Drivers/Mechanics	101.4	105.8	121.7	139.9
	39.0 Workyears	39.0 Workyears	39.0 Workyears	39.0 Workyears
Janitorial	37.6	42.3	48.7	56.0
	40.0 Workyears	40.0 Workyears	40.0 Workyears	40.0 Workyears
TOTAL	139.0	148.1	170.4	195.9

Organization: USAID/NEPAL

TABLE VIII(d)  
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All Other Code 25 Detail  
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(\$000)

Description	FY 1987	FY 1988	FY 1989	FY 1990
Hospitalization		13.7 (10/1/87-9/30/88)	15.0 (10/1/88-9/30/89)	15.0 (10/1/89-9/30/90)
Service charges from RANC, Bangkok	15.7 (10/1/86-9/30/87)	10.1 (10/1/87-9/30/88)		
Service charges from FMC/India			10.0 (10/1/88-9/30/89)	11.5 (10/1/89-9/30/90)
Modification of Sewerage system		50.0 (10/1/87-9/30/88)		
Miscellaneous - Nepali language training, vehicle insurance, laundry, hospitalization, draperies, etc.	43.8 (10/1/86-9/30/87)	49.4 (10/1/87-9/30/88)	52.8 (10/1/88-9/30/89)	58.4 (10/1/89-9/30/90)
<b>TOTAL</b>	<b>59.5</b>	<b>123.2</b>	<b>77.8</b>	<b>84.9</b>

TABLE VIII(e)  
OBLIGATIONS FOR ACQUISITION, OPERATION  
AND USE OF INFORMATION TECHNOLOGY SYSTEMS  
(\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
<b>1. <u>Capital Investment</u></b>				
<b>A. <u>Purchase of Hardware</u></b>				
<u>Wang Equipment</u>	21.0			
APC-PM025 30MB Winchester Drive w/ controller		1.3		
4230A-VS 64K WP/DP Workstations		3.4	3.4	3.4
Wang Laptops (and/or additional workstations)		5.0	5.0	
25V76-2A Dual Port Comm. Device Controller			2.5	
PC-PM015 (to replace PC-PM012s)			2.2	2.2
PC replacements for current PCs				17.8
<u>Apple Equipment</u>				
Macintosh II (to provide compability to work with outside contractors)			5.0	
<u>Shipping Costs (estimated)</u>	3.8	2.3	3.8	4.5
<b>B. <u>Purchase of Software</u></b>				
<u>Wang Software</u>	7.6			
195-2272-X General Asynchronous Interface			2.6	
196-006A-X PACE Package			13.6	
196-007A-X Wang Office				2.4
<u>Shipping (estimated)</u>	1.6		.4	.2
<b>C. <u>Site and Facilities</u></b>	7.6	26.0		8.0
<b>SUBTOTAL</b>	<u>41.6</u>	<u>38.0</u>	<u>38.5</u>	<u>38.5</u>
<b>2. <u>Personnel</u></b>				
<b>A. <u>Compensation, Benefits and Travel</u></b>				
<b>B. <u>Workyears</u></b>	(0)	(0)	(0)	(0)
<b>3. <u>Equipment Rental, Space and Other Operating Costs</u></b>				
<b>A. <u>Lease of Equipment</u></b>				
<b>B. <u>Space</u></b>				
<b>C. <u>Supplies and Materials</u></b>	15.0	11.0	12.0	13.0
<b>D. <u>Non-Commercial Training</u></b>				
<b>SUBTOTAL</b>	<u>15.0</u>	<u>11.0</u>	<u>12.0</u>	<u>13.0</u>

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>
<u>4. Commercial Services</u>				
<u>A. Computer Time</u>				
<u>B. Leased Telecommunication Services</u>			1.0	1.5
<u>C. Operations and Maintenance</u>				
(1) <u>Operations</u>	30.0	30.6	39.2	40.7
(2) <u>Maintenance</u>				
Wang Equipment (AID/W contract)	27.5			
<u>D. Systems Analysis and Programming</u>		10.0	10.0	10.0
<u>E. Systems Design and Engineering</u>				
<u>F. Studies and Other</u>				
SUBTOTAL	<u>57.5</u>	<u>40.6</u>	<u>50.2</u>	<u>52.2</u>
 5. TOTAL DOLLARS	114.1	89.6	100.7	103.7
TOTAL WORKYEARS (From item 2B)	(0)	(0)	(0)	(0)
 6. <u>MISSION ALLOWANCE LEVELS</u>				
A. Amounts included for existing systems	72.5	51.6	62.2	65.2
B. Amounts included for new or expanded systems	41.6	38.0	38.5	38.5

TABLE VIII(e): INFORMATION TECHNOLOGY NARRATIVE

USAID/Nepal began its automation program late in fiscal 1984 with the purchase of 14 micro computers. A Wang VS-65 was installed in May 1986. Word processing continues to be a major use of the Mission's computer equipment. The Mission has implemented two major VS applications (MACS and a Non-Expendable Inventory program), and an increasing number of offices are using micro computers for project and financial management and monitoring. The Mission's automation plan emphasizes implementation of systems available for the VS, expansion of analytic use of micro computers, and moving WP use off the micros and onto the VS.

The Mission's highest priority information processing needs continue to be Mission management and project management and monitoring.

The management plan for FY 1989 includes:

Continuing computerization of project budgeting, management and monitoring activities. Emphasizing coordination with support office systems, standardization of systems, and single entry of information.

Computerization of Expendable Property, Personnel, and Contracting and Procurement records.

Implement an integrated inter office communications and information resource management system, which will allow access to other office files for information and clearance of documents.

Development of a telecommunication link with the Embassy as a first step toward a communication link with AID/W.

Initiation of an expansion plan to provide additional office work stations.

The management plan for FY 1990 includes:

Since much of the Mission's automation program is applicable to the Executive Office's functions, the IRMS operation will be transferred from Financial Management to the Executive Office.

Establishment of telecommunications link with AID/Washington and participation in ICS/2.

Development of a plan to upgrade present computer equipment to current state of the art.

The system management and support staff consists of the Systems Analyst, Operations Manager, and Systems Operator/WP Specialist within the Office of Financial Management. The Systems Analyst bears overall responsibility for the automation system, including planning, management and operations. The Operations Manager bears primary responsibility for maintenance, utilization monitoring, and day to day operations. Both provide training, programming, and application development services as needed. The Systems Operator assists the Operations Manager in daily operations, acts as WP Supervisor, provides WP training, and performs clerical tasks for the systems section. Each office has an assigned machine manager who is responsible for management of equipment located in that office, and an Automation Officer responsible for automation planning for the office. An automation committee oversees the activities of the system staff.

The Mission's training plan stresses in-office training designed to meet specific staff needs and commercial tutorial programs. FSNs are trained primarily by USAID/Nepal staff. USDH staff participate in training in AID/W, within the ANE region, and in the Mission. System staff participate in regional seminars and workshops.

The acquisition plan focuses on replacement of old and/or obsolete equipment, and purchase of additional VS workstations and printers to improve user/equipment ratios. If AID stays with Wang we anticipate upgrading our now obsolete VS65. Software purchases are also anticipated. As local and international phone service improves telecommunication equipment will be purchased.

The Mission will continue to evaluate it's automation program and additional automated information system needs. Additional input, processing and output capacity to handle expanding needs will be acquired as OE funding levels permit.

PRIVATIZATION NARRATIVE

Overview of Opportunities and Progress to Date: As agreed during the March 1987 ODSS review, the Mission has conducted additional analysis to better understand the context of privatization in Nepal. USAID/Nepal is also moving ahead on several fronts, particularly in agriculture, health and family planning, to open functions traditionally in the public domain to private initiative and entrepreneurship. In agriculture, USAID/Nepal's objectives are being pursued through programs for private sector production and sale of improved seeds (Agricultural Research and Production project 367-0149 and Rapti Development 367-0155); private sale of fertilizer in place of a government-subsidized monopoly (Rapti); enlistment of private entrepreneurs in production and marketing of appropriate technology already developed and tested by the public sector (Rapti); and promotion of private organizations such as user groups and small farmer "cooperative" business associations. 1/ In health and family planning, an initial assessment for an expanded private sector role has been completed. Plans are underway for establishment of private family planning/primary health care clinics and introduction of these services in several factories.

In the narrower privatization context, there is general agreement among donors (and within elements of the GON) that state dominance of industry, directly through state-owned enterprises (SOEs), and indirectly through excessive regulation and bureaucracy, inhibits private investment in medium and large enterprise. Rhetoric in support of reduction in state ownership and control of the economy through privatization and liberalization of the policy and regulatory framework is frequently heard, within and outside government circles. USAID/Nepal's PD&S-funded analytic work has enabled us to influence the views of major donors, and GON leadership. USAID/Nepal's extensive studies over the past two years have examined the legal and regulatory context for private and public enterprise; the public timber and forest products industries; and the government's Dairy Development Corporation. Most important has been the comprehensive study of "Privatization Prospects in Nepal", carried out by L.H. Ritchie under USAID sponsorship and supervision.

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1/ Examples of promotion of private groups include the following: (1) The National Cooperative Business Association has begun a Rapti-funded program to assist the Agricultural Development Bank to organize farmers into cooperative business associations; (2) A major objective of the Irrigation Management project (367-0153) is to transfer from government to private farmer groups appropriate responsibilities and authority for irrigation management, operation, and maintenance. Draft user group legislation is under GON and donor review, and training programs for user groups are underway; (3) Community and private forestry is emphasized under the Forestry Master Plan, which USAID/Nepal and other donors helped prepare, and will help implement. The Forestry Development project (367-0158) will support private management and use of Nepal's forest lands.

USAID/Nepal's Strategy: The Mission's privatization strategy is to encourage divestiture of SOEs on the one hand while, on the other, discouraging creation of new government enterprises and promoting private enterprises where appropriate in the traditionally public sector domain (e.g., forestry, agriculture inputs). USAID/Nepal's FY 1989 CDSS and Attachments, reviewed in AID/W in March, 1987, furnish a detailed statement of the Mission's privatization strategy and policy agenda.

Opportunities to promote privatization include dialogue with the IBRD, the ADB, and contacts with the GON. USAID advocacy of privatization was instrumental in its inclusion in the first Structural Adjustment Program, and we will continue to emphasize privatization and private sector promotion in our dialogue with the IBRD. The Mission also continues to try to steer MDBs away from recourse to parastatals in loan proposals. However, the Asian Development Bank in particular continues to tend toward remedies for SOE inefficiencies in the forms of "partial privatization" (sale of minority shares) and investment in management improvements, rather than divestiture of majority holdings. The ADB's paper mill loan last year, and the apparent shape of its proposed national tea development corporation loan, are cases in point.

- USAID/Nepal will continue to press for divestiture of SOEs, such as the ADB-financed paper mill, and for steps committing the GON to a policy of true privatization of SOEs, especially commercial enterprises.
- Through analytical studies, and continued policy dialogue both with donors and the GON, USAID/Nepal will further develop proposed measures to support privatization. Areas of focus for the analytic agenda and dialogue are forest products marketing and forest management, irrigation; agricultural inputs; and dairy production.
- USAID/Nepal will continue to urge other donors (especially the MDBs) to develop projects which rely on market forces and the private sector, and to avoid projects which create SOEs.
- Direct promotion of small-scale private enterprise as an alternative to "public" services in rural areas will occur through Rapti Development Project.

Projected Timeframe for Achieving the Goals of the Privatization Plan, and Financial Considerations:

Short-Term (FYs 88-89):

- Sponsor appropriate HC participation in the FY 88 AID privatization seminar.
- Conduct market research in Kathmandu on the feasibility of establishing private family planning/primary health care clinics. The possibility of other private initiatives to provide family planning/primary health care for industrial workers will also be further explored.

- Advocate continued IBRD support for privatization initiatives in the context of the Structural Adjustment Program (SAL II). The IFC has been contacted by the GON for technical assistance on divestiture of a specific SOE. However, negotiations between the Bank and the GON for this assistance have encountered difficulty. USAID participation has been offered.

- Support Forest Sector Master Plan recommendations for privatization of forest management and forest products marketing.  
Complete forest products marketing study (September, 1988)

Medium Term (FYs 90-92):

- The cash crop and marketing orientation of the Mission's agriculture strategy will shape opportunities for private enterprise promotion in natural resource management, agricultural inputs, and service functions.

- The PRE Bureau's Center for Privatization will be contacted as appropriate for assistance. If privatization gains momentum, we will seek direct assistance in cases where we already have prior association, e.g. forest and dairy products.

- USAID/Nepal will continue, as a key Mission policy agenda item, to discourage formation of new SOEs and will encourage shifting responsibility for services now supplied by the public sector to private groups.

Funding: USAID/Nepal funds sectoral initiatives in agriculture, health and family planning described above through its bilateral project portfolio, and allowances from AID/W accounts (principally PD&S).

Funding for analytic work pertaining to privatization of SOEs has been provided from PD&S allowances. USAID/Nepal's OYBs have not allowed a discrete SOE privatization "project", nor does the current Nepal context appear conducive to such direct involvement. The Mission follows developments closely, and is prepared to consider additional forms of assistance should circumstances and resources warrant.