

UNCLASSIFIED

**Annual Budget
Submission**

FY 1990

PHILIPPINES

BEST AVAILABLE

July 1988



Agency for International Development
Washington, D.C. 20523

UNCLASSIFIED

THE EXECUTIVE BRANCH AND THE LEGISLATIVE BRANCH OF THE UNITED STATES GOVERNMENT ARE ENGAGED IN THE DEFINITION OF A U.S. ROLE WITHIN A PLANNED MULTILATERAL ASSISTANCE INITIATIVE FOR THE PHILIPPINES. THIS INITIATIVE ENVISIONS FINANCING FROM MULTIPLE INTERNATIONAL SOURCES. USAID IS PROGRAMMING \$125.0 MILLION OF ITS FY 1990 ESF RESOURCES TO SUPPORT THE USG CONTRIBUTION TO THIS INITIATIVE. THE BALANCE OF THE ESF RESOURCES ARE PROGRAMMED TO CONTINUE THE HISTORICAL ESF RESOURCES IN THE PHILIPPINES AND WOULD INCLUDE BASE-RELATED ASSISTANCE (IF AND) IN FY 1990.

JUSTIFICATION FOR INCREASED FY 1989 LEVEL: IN ORDER TO MAINTAIN OYB AT NEAR HISTORIC ANNUAL DA LEVELS (\$35-40 MILLION), MISSION PLANNED AGAINST AN FY 1989 OYB OF \$40.0 MILLION. OTHERWISE, WE WOULD BE PLANNING AGAINST AN UNREALISTIC LEVEL WHICH DROPS IN FY 1989 TO \$15.0 MILLION FROM THE TRADITIONAL LEVEL OF \$35-40 MILLION THRU FY 1988 AND BACK UP TO \$50.0 MILLION FOR FY 1990-1994.

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

	FY 1987 ACTUAL	FY 1988 EST.	-----FY 1989----- CP	FY 1990 EST.*	AAPL	-----PLANNING PERIOD-----			
						1991	1992	1993	1994
AGRICULTURE, RURAL DEVELOPMENT & NUTRITION									
TOTAL	5799	52746 1/	3500	26400	31303	23975	24050	25000	25000
GRANTS	5799	52746	3500	26400	31303	23975	24050	25000	25000
LOANS	0	0	0	0	0	0	0	0	0
POPULATION PLANNING									
TOTAL	0	4200	5000	7000	6025	6025	5950	5000	5000
GRANTS	0	4200	5000	7000	6025	6025	5950	5000	5000
LOANS	0	0	0	0	0	0	0	0	0
HEALTH									
TOTAL	4901	2735 1/	2300	800	3347	6000	6000	6000	6000
GRANTS	4901	2735	2300	800	3347	6000	6000	6000	6000
LOANS	0	0	0	0	0	0	0	0	0
EDUCATION & HUMAN RESOURCES									
TOTAL	1300	435 1/	800	1800	3300	4000	4000	4000	4000
GRANTS	1300	435	800	1800	3300	4000	4000	4000	4000
LOANS	0	0	0	0	0	0	0	0	0
PRIVATE SECTOR, ENERGY AND ENVIRONMENT									
TOTAL	0	3900 1/	3400	4000	6025	10000	10000	10000	10000
GRANTS	0	3900	3400	4000	6025	10000	10000	10000	10000
LOANS	0	0	0	0	0	0	0	0	0
SUBTOTAL FUNCTIONAL ACCOUNTS									
TOTAL	12000	64016 2/	15000	40000	50000	50000	50000	50000	50000
GRANTS	12000	64016	15000	40000	50000	50000	50000	50000	50000
LOANS	0	0	0	0	0	0	0	0	0
INTERNATIONAL DISASTER ASSISTANCE									
TOTAL	216	893	--	875	--	825	300	750	700
GRANTS	216	893	--	875	--	825	300	750	700
LOANS	0	0	--	--	--	--	--	--	--
TOTAL DA ACCOUNTS									
TOTAL	12216	64909	15000	40875	50000	50825	50800	50750	50700
GRANTS	12216	64909	15000	40875	50000	50825	50800	50750	50700
LOANS	0	0	0	0	0	0	0	0	0

* Justification for increased FY 1989 Level: In order to maintain OYB at near historic annual DA levels (\$35-40 Million), Mission planned against an FY 1989 OYB of \$40.0 M. Otherwise, we would be planning against an unrealistic level which drops in FY 1989 to \$15.0 Million from the traditional level of \$35-40 Million thru FY 1988 and back up to \$50.0 Million for FY 1990-1994.

1/ Include proposed reobligations.

2/ NOA OYB = \$40.000;

RECE OYB = \$24.016

	FY 1987 ACTUAL	FY 1988 EST.	-----FY 1989-----		FY 1990 AAPL	-----PLANNING PERIOD-----				
			CP	EST.		1991	1992	1993	1994	
ECONOMIC SUPPORT FUND										
TOTAL	235000	3/ 189000	4/ 124000	124000	250000	250000	250000	250000	250000	
GRANTS	235000	189000	124000	124000	250000	250000	250000	250000	250000	
LOANS	0	0	0	0	0	0	0	0	0	
DA AND ESF TOTAL										
TOTAL	247216	253909	139000	164875	300000	300825	300800	300750	300700	
GRANTS	247216	253909	139000	164875	300000	300825	300800	300750	300700	
LOANS	0	0	0	0	0	0	0	0	0	
PL 480										
TITLE I	0	30000	0	35000	50000	--	--	--	--	
TITLE II	19800	5/ 10630	12658	12658	13000	14102	--	--	--	
SEC. 206	43500	5/ 20000	--	--	--	--	--	--	--	
SEC. 416	53800	5/ 0	--	--	--	--	--	--	--	
HOUSING GUARANTIES										
	--	--	--	--	--	--	--	--	--	

3/ Includes \$810 thousand in ESF local costs support, but does not include an additional \$15.0 Million which was transferred to Department of the Army for Civic Action Program.

4/ Includes \$15.0 Million which was transferred to Department of the Army for Civic Action Program

5/ Includes ocean freight.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country Philippines

PROJECT NUMBER AND TITLE	OBLIG THRU FY 87		ESTIMATED U.S. DOLLAR COST (\$000)		FY 88		FY 89		FY 90	
	DATE	THRU	PIPE	MORTGAGE	EXPEND-ITURES	EXPEND-ITURES	EXPEND-ITURES	EXPEND-ITURES	EXPEND-ITURES	SPECIAL CODES
INITIAL PLAN	87	87	LINE	END OF	88	88	88	88	88	
AGRICULTURE, RURAL DEV. & NUTRITION										
4920385 Accelerated Agricultural Production	86 91*	20000	15792	2794	7208	3000	3406	1208		PE/UIP
			(3000)							
4920394 Rural Financial Services	85 86	20000	19757	0	0	0	2750	0		
4920395 Enterprise in Community Development 1/	86 90 2/	3250	1500	1487	1000	0	450	1000		
4920407 Participant Training	86 87	1000	1000	971	0	0	300	0		
4920408 Family Income & Expenditure Survey	86 88	215	190	185	160	0	0	0		
4920409 Financial Management Improvement 1/	86 91	8000	2000	0	6000	0	0	3000		
4920419 PVO Coal Training III 1/	89 93	7500	1500	350	1500	1500	350	1500		

* FY91 and estimated FY90.
1/ PVO Coal Training - See also on last page.
2/ Planned increase in PVP.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country	Philippines	ESTIMATED U.S. DOLLAR COST (\$000)													
PROJECT NUMBER AND TITLE	OBLIG DATE	TOTAL COST	OBLIG THRU	FY 87	FY 88	FY 89	FY 90	MORTGAGE	FY 1989	EXPEND- OBLIG-	EXPEND- OBLIG-	FY 88	FY 89	FY 90	SPECIAL CODES
	INIT FR	AUTH PLAN	FY 87	PIPE LINE	ATTIONS	ATTIONS	ATTIONS		ATTIONS	ATTIONS	ATTIONS	ATTIONS	ATTIONS	ATTIONS	
AGRICULTURE, RURAL DEV. & NUTRITION															
4920428 Privatization															
G 88 90	2000	2000	--	--	1000	100	1000	0	500	1000	0	500	1000	1000	PE
SUBCAT: FNPE PACD: PVO: FY89:% FY90:%															
4920429 Rural Electrification															
G 88 91	--	40000	--	--	19194	0	20806	10000	6000	5720					EY/UD
SUBCAT: FNER PACD: PVO: FY89:% FY90:%															
4920432 Technical Resources 1/															
G 88 90	--	2500	--	--	2500	0	0	0	1000	0	1000	0	0	0	UD
SUBCAT: SDPP PACD: PVO: FY89:% FY90:%															
4920433 Agricultural Education Improvement and Outreach Project															
G 89 93	--	15000	--	--	--	--	--	1000	1000	2000					
SUBCAT: FNPA/FNTE PACD: PVO: FY89:% FY90:%															
4920436 Local Government Improvement 1/															
G 89 91	--	3000	--	--	--	--	--	500	--	1000					
SUBCAT: FNIL/FNRR PACD: PVO: FY89:% 10 FY90:% 10															
492XXXX Philippine Agribusiness Industrial & Investment Company (PALICO)															
G 89 90	--	4000	--	--	--	--	--	2000	0	2000					PL
SUBCAT: FNPE PACD: PVO: FY89:% FY90:%															
492XXXX Private Development Corporation of the Philippines															
G 89 91	--	15000	--	--	--	--	--	5720	0	3500					PE
SUBCAT: FHOV PACD: PVO: FY89:% FY90:%															

1/ Split funded. See R01E on last page.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country Philippines

PROJECT NUMBER AND TITLE	OBLIG THRU FY 87	TOTAL COST PLAN	OBLIG THRU FY 87	PIPE LINE	ESTIMATED U.S. DOLLAR COST (\$'000)				FY 90 AMPL	SPECIAL CODES	
					OBLIG- ATIONS	EXPEND- ITURES	END OF FY 88	OBLIG- ATIONS			EXPEND- ITURES
AGRICULTURE, RURAL DEV. & NUTRITION											
492XXX Venture Capital	G 89 91*2	4000	--	--	--	1500	--	2250	PE		
SUBCAT: FINPE PACD: PV0: FY89: % FY90: %											
492XXX Industrial Guarantee Loan Fund I/	G 90 93	15600	--	--	--	--	--	1125	PE		
SUBCAT: FINOF PACD: PV0: FY89: % FY90: %											
492XXX Hatching Funds for Community Action Programs I/	G 90 93	3000	--	--	--	--	--	1000			
SUBCAT: FNIL PACD: PV0: FY89: % FY90: % I											
492XXX Hatching Funds for Agricultural Impact Programs I/	G 90 93	2000	--	--	--	--	--	1000			
SUBCAT: FNIL PACD: PV0: FY89: % FY90: % I0											
492XXX Local Development Information Systems I/											
SUBCAT: FNIL PACD: PV0: FY89: % FY90: %											
APPROPRIATION											
TOTAL		137505	274819	121544	90714	52746	25313	54014	26400	50154	31303
GRANT		121353	264410	110732	89790	52745	25291	54014	26400	50154	31303
LOAN		13152	10409	10812	424	0	22	0	0	0	0

I/ Split funded. See NOTE on last page.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country Philippines

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)									
	OBLIG THRU FY 87	FY 87 PIPF LINE	OBLIG- ATIONS FY 88	EXPEND- ITURES FY 88	OBLIG- ATIONS FY 89	EXPEND- ITURES FY 89	OBLIG- ATIONS FY 90	EXPEND- ITURES FY 90	AAPL	SPECIAL CODES

POPULATION PLANNING

4920341 Population Planning III										
G 31 88	38401	38401	22502	6370	4200	7974	11699	0	2546	0
L 31 88	10936	10936	10936	844	0	(844)	0	0	0	0
SUBCAT: PNDI/RO/PC/FP/IE/TR/IL/PV PACD: 12/31/88 PVO: FY89:% PVO: FY90:%										

4920396 Population Sector Support

G 89 93	--	30000	--	--	--	--	7000	0	6025	
SUBCAT: PNDI/RO/PC/FP/IE/TR/IL/PV PACD: PVO: FY89:% 25 PVO: FY90:% 30										

APPROPRIATION

TOTAL	49337	78493	33438	7214	4200	7974	11699	7000	2546	6025
GRAND	36301	63401	22502	6370	4200	7974	11699	7000	2546	6025
LOAN	10936	10936	10936	844	0	0	0	0	0	0

30 AUTH

4920309 Local Water Development 3/

L 76 77	20000	14970	14970	6	0	0	0	0	0	0
SUBCAT: HEWS PACD: PVO: FY89:% PVO: FY90:%										

4920312 Papani Unified Services for Health

G 73 73	316	216	234	18	(18)	0	0	0	0	0
L 73 73	5400	2600	2674	14	(14)	0	0	0	0	0
SUBCAT: HEHW PACD: PVO: FY89:% PVO: FY90:%										

4920333 Barangay Water II

G 80 87	12113	11902	12113	228	(211)	17	0	0	0	0
SUBCAT: HEWS PACD: PVO: FY89:% PVO: FY90:%										

3/ Pipeline for Local Water Dev. Project was due to carryover funds stemming from contract dispute.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country Philippines

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)		OBLIG THRU FY 87		OBLIG- END OF FY 88		OBLIG- END OF FY 89		OBLIG- END OF FY 90	
	OBLIG GATE	TOTAL COST PLAN	FY 87	FY 88	FY 88	FY 89	FY 89	FY 90	FY 90	FY 90
INITIAL AUTH			PIPL LINE	ATTNS	ATTNS	ATTNS	ATTNS	ATTNS	ATTNS	ATTNS
HEALTH										
492034i Population Planning III										
G 81 88	3700	3700	1700	926	2000	1526	0	1000	0	0
4920345 PVO Co-Financing I										
G 80 83	1500	1179	1500	321	(321)	0	0	0	0	0
492036/ PVO Co-Financing II										
G 84 88	4883	4383	3648	2429	735	800	0	900	0	0
492037 Primary Health Care Financing										
G 83 90*	16466	16466	15919	13778	0	4900	547	6900	547	547
L 33 90	1034	1034	1034	50	0	0	0	0	0	0
492040 Rural Water Supply and Sanitation										
G 89 91*	19750	18750	13453	13453	0	300	5297	950	0	0
492040b Targetted Child Survival										
G 90 93		15000								2000
492041 PVO Co-Financing III										
G 89 93		4000					800	100	800	
APPROPRIATION TOTAL	84162	94250	67245	31223	2735	7543	5844	9850	3347	3347
REVISION	26451	7596	48567	31153	2735	7543	5844	9850	3347	3347
		18661	18678	70	0	0	0	0	0	0

* Revised estimated FY90.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country Philippines

PROJECT NUMBER AND TITLE

OBLIG DATE OBLIG THRU FY 87 OBLIG- THROUGH FY 88 OBLIG- THROUGH FY 89 OBLIG- THROUGH FY 90
 L. INIT FIN AUTH PLAN TOTAL COST OBLIG- THROUGH FY 87 OBLIG- THROUGH FY 88 OBLIG- THROUGH FY 89 OBLIG- THROUGH FY 90
 ---ESTIMATED U.S. DOLLAR COST (\$000)---
 ---FY 1988--- MORTGAGE ---FY 1989--- FY 90
 ---SPECIAL CODES---

EDUCATION AND HUMAN RESOURCES

4920340 Training & Development Issues SUBCAT: PACD: 12/31/90 PVO: FY89:% FY90:%

G 83 84 4082 4082 3222 0 738 0 0 1242 0
 L 83 84 418 418 1 0 1 0 0 0 0

4920345 PVO Co-Financing I SUBCAT: EHPV PACD: PVO: FY89:% FY90:%

G 80 83 919 747 166 (166) 0 0 0 0 0

4920367 PVO Co-Financing II SUBCAT: EHPV PACD: 9/30/92 PVO: FY89:% FY90:%

G 84 88 1901 1901 558 435 500 0 0 500 0

4920397 Participant Training SUBCAT: PACD: 9/30/91 PVO: FY89:% FY90:%

G 86 87 4000 4000 4000 0 400 0 0 700 0

4920405 Management Training SUBCAT: PACD: 9/30/89 PVO: FY89:% FY90:%

G 86 86 200 200 20 0 20 0 0 0 0

4920410 PVO Co-Financing III SUBCAT: EHPV PACD: PVO: FY89:% 100 FY90:% 100

G 89 93 1500 1500 300 300 100 300

4920430 In-Service Teacher Training SUBCAT: EHSO PACD: PVO: FY89:% FY90:%

G 89 93 10000 10000 1000 1000 200 2000

4920435 Training & Development Issues II SUBCAT: PACD: PVO: FY89:% FY90:%

G 89 93 7000 7000 500 500 0 1000

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country Philippines

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)										
	OBLIG THRU FY 87	PIPE LINE	FY 87	OBLIG- ATIONS	EXPEND- ITURES	END OF FY 88	OBLIG- ATIONS	EXPEND- ITURES	FY 1989	FY 90	
G OBLIG DATE	L INIT FIR AUTH	TOTAL COST PLAN									
APPROPRIATION											
		11520	29848	11079	7967	435	1659	0	1800	2742	3300
		11102	29430	10661	7966	435	1658	0	1800	2742	3300
		418	418	418	1	0	1	0	0	0	0
PRIVATE SECTOR, ENERGY AND ENVIRONMENT											
4920294 Non-Conventional Energy Development											
G 78 78		3298	2810	3298	738	(488)	250	0	0	0	0
L 78 78		3852	3828	3852	24	(24)	0	0	0	0	0
4920345 PVO Co-Financing I											
G 80 83		750	429	537	108	0	(108)	0	0	0	0
4920367 PVO Co-Financing II											
G 84 88		1719	1719	1319	583	400	500	0	0	600	0
4920481 Technology Transfer for Energy Management											
G 85 89*		5000	5000	4900	4814	0	1500	100	100	1500	0
4920395 Enterprise in Community Development											
G 86 90		1250	2250	250	224	1000	100	1000	0	100	1000
4920403 Financial Management Improvement											
G 88 91		--	1000	--	--	500	100	500	0	400	500

* Revised Estimated FY90.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country Philippines

PROJECT NUMBER AND TITLE	OBLIG	FY 87	FY 88	FY 89	FY 90	SPECIAL CODES
DATE	TOTAL COST	PIPE LINE	END OF OBLIG- ATIONS	END OF OBLIG- ATIONS	EXPEND- ITURES	AAPL
INIT FIN	AUTH	PLAN	ATONS	ATONS	ITURES	

FUNCTIONAL ACCOUNT										
TOTAL	391393	514456	247462	143109	64016	45039	74157	40000	69592	50000
GRANT	246601	471045	20266	141746	64016	45016	74157	40000	69592	50000
LOAN	54792	43411	44696	1363	0	23	0	0	0	0

NOTE: In order to maintain OYB at near historic annual DA levels (\$35-40 Million) Mission planned against an FY 1989 level of \$40 Million. Otherwise, we would be planned against an unrealistic level which drops in FY 1989 to \$15.0 Million from the traditional level of \$35-40 Million thru FY 1988 and back up to \$50.0 Million for FY 1990-1994

ECONOMIC SUPPORT FUNDS

4920343 Project Design

PROJECT NUMBER	DATE	TOTAL COST	PIPE LINE	END OF OBLIG- ATIONS	END OF OBLIG- ATIONS	EXPEND- ITURES	AAPL	SPECIAL CODES			
6	80 90	18000	12000	5447	0	2000	6000	3000	3500	3000	UD
		SUBCAT: SDPP		PACD: 9/30/89		PVO: 9/30/89		FY89:%		FY90:%	

4920348 Clark Access Road & Feeder Roads

PROJECT NUMBER	DATE	TOTAL COST	PIPE LINE	END OF OBLIG- ATIONS	END OF OBLIG- ATIONS	EXPEND- ITURES	AAPL	SPECIAL CODES			
6	81 81	5000	4500	2268	(530)	1738	0	0	0	0	
		SUBCAT: FNRR		PACD:		PVO: 9/30/88		FY89:%		FY90:%	

4920361 Municipal Development Fund

PROJECT NUMBER	DATE	TOTAL COST	PIPE LINE	END OF OBLIG- ATIONS	END OF OBLIG- ATIONS	EXPEND- ITURES	AAPL	SPECIAL CODES			
6	81 85	70000	36000	9109	0	3600	0	0	4000	0	
		SUBCAT: SDIU		PACD: 12/31/88		PVO: 9/30/88		FY89:%		FY90:%	

4920365 Barlets

PROJECT NUMBER	DATE	TOTAL COST	PIPE LINE	END OF OBLIG- ATIONS	END OF OBLIG- ATIONS	EXPEND- ITURES	AAPL	SPECIAL CODES			
6	82 85	21000	9200	2254	0	1000	0	0	1254	0	
		SUBCAT: FHHS		PACD: 9/30/88		PVO: 9/30/88		FY89:%		FY90:%	

4920374 Regional Development Fund

PROJECT NUMBER	DATE	TOTAL COST	PIPE LINE	END OF OBLIG- ATIONS	END OF OBLIG- ATIONS	EXPEND- ITURES	AAPL	SPECIAL CODES			
6	87 91	190000	116925	41637	49000	8000	24075	3190	22000	20000	UD
		SUBCAT: FNRR/SDDS		PACD: 9/30/90		PVO: 9/30/90		FY89:%		FY90:%	

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country	Project Number and Title	ESTIMATED U.S. DOLLAR COST (\$000)																			
		Oblig FY 87	Oblig FY 88	Oblig FY 89	Oblig FY 90	End of FY 88	End of FY 89	End of FY 90	Special Codes	PVO											
		Line	Line	Line	Line	Attions	Attions	Attions	Attions	Attions	Attions	Attions	Attions	Attions	Attions	Attions	Attions	Attions	Attions	Attions	
	4920375 Rural Energy development																				
		33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
		3500	2395	1145	75000	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	4920407 Budget Support Program II																				
		87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87
		150000	150000	75000	0	75000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	4920420 Rural Infrastructure Fund																				
		87	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
		51190	140000	51190	51190	4410	88810	38810	17500	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000
	4920421 RAMP Civic Action Program 4/																				
		87	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88
		15000	15000	3500	15000	0	0	0	5000	0	0	0	0	0	0	0	0	0	0	0	0
	4920430 Budget Support Program III																				
		85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85
		75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000	75000
	4920431 Agricultural Extension Support Program																				
		85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85
		50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000
	4920432 Technical Assistance																				
		87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87
		7500	7500	2000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
	4920433 Local Government Improvement																				
		87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87
		12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000	12000

4/ FY 1988 PVO obligations include \$15.0 which was transferred to Department of the Army for Civic Action Program.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

Country Philippines

PROJECT NUMBER AND TITLE	OBLIG		TOTAL COST		FY 87		FY 88		FY 89		FY 90	
	DATE	FIN	AUTH	PLAH	THRU	PIPE	LINE	END OF	OBLIG-	EXPEND-	EXPEND-	AAPL
									ATIONS	ITURES	ITURES	
TOTAL			870393	1514022	630777	331159	253016	218728	193042	164000	207346	300000
GRANT			815601	1470611	586031	329796	253016	218705	193042	164000	207346	300000
LOAN			54792	43411	44696	1363	0	23	0	0	0	0
COUNTRY TOTAL												

NOTE: The following projects are split funded:

- 0403 Financial Management Improvement - DA/ARDH-SU
- 0495 Enterprise in Community Development - DA/ARDH-SU
- 0367 & 0419 PVO Co-Financing II & III - UA/ARDN-HE-EHR-SU
- 0436 Local Government Improvement - DA-ARDN/ESF
- XXXX Venture Capital - UA/ARDN-SU
- XXXX Industrial Guarantee Loan Fund - UA/ARDH-SU
- XXXX Matching Funds for Community Action Program - UA-ARDH/ESF
- XXXX Matching Funds for Agricultural Impact Programs - DA-ARDN/ESF
- XXXX Local Development Information Systems - DA-ARDN/ESF

FY 1990 ANNUAL BUDGET SUBMISSION
 TABLE IV ATTACHMENT 1
FORESTRY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	(Thousands of \$)		
		FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
Rainfed Resources Development Project (492-0366)	7,120	4,620	1,500	1,000

FY 1990 ANNUAL BUDGET SUBMISSION
 TABLE IV ATTACHMENT 2
 INTEGRATED RESOURCE MANAGEMENT

(Thousand Dollars)

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 RAPI
<u>ARDN</u> 492-0385: Accelerated Agricultural Production	3,000	400	2,000	500

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 3
BIOLOGICAL DIVERSITY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
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USAID/Philippines programs do not include funding for Biological Diversity.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 4
CHILD SURVIVAL

<u>PROJ NO & TITLE</u>	<u>APPN</u>	<u>LOP</u> <u>FUND.</u> <u>(000)</u>	<u>ORT</u> <u>%</u>	<u>IMM</u> <u>%</u>	<u>NUT</u> <u>%</u>	<u>ERB</u> <u>%</u>	<u>OTH/CS</u> <u>%</u>	<u>TOTAL CS</u> <u>%</u>	<u>NON-CS</u> <u>%</u>
	CS								
	HE								
0406 Targetted Child Survival		15,000	30	34	15	--	21	100	--
(Africa only)	ADF								
	FN								
	ESF								

(Add continuation sheets as necessary)

Definitions - See attachment b

ORT - Oral Rehydration Therapy ERB - High Risk Birth
IMM - Immunization NUT - Nutrition
OTH/CS - Other Child Survival

Instructions - Notes

- (1) List only new projects which appear on Table IV for either FY 88, FY 89, or FY 90.
- (2) List total planned LOP funding as shown on Table IV, by functional account, even if only part of project pertains to child survival.
- (3) Percentages under Child Survival categories are percentages of total LOP funding, i.e., percentages would total 100% only if project pertains entirely to those child survival interventions. In the case of the Child Survival Fund, all funding attributions must total 100% distributed among the child survival interventions.
- (4) All new activities in FY's 88, 89, and 90 which include funding for Child Survival activities should appear on the table.
- (5) A project with funding in two functional accounts would be listed under each functional account. LOP funding would be that for the specific functional account.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 5
BASIC EDUCATION

APPROPRIATION ACCOUNT PROJECT NO., TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
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USAID/Philippines programs do not include funding for Basic
Education.

FY 1990 ANNUAL BUDGET SUBMISSION
 TABLE IV ATTACHMENT 6
 AIDS

APPROPRIATION/ACCOUNT PROJECT NO. TITLE	LIFE PROJ	FY 88 EST	FY 89 EST	FY 90 AAPL
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Health

492-0341 Population Planning III (AIDS)	2,000	2,000	--	--
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~~AKRSXX0NCKX Inoculation w/cockle Mission 0121~~
~~NEON Support~~

ABS NEW PROJECT NARRATIVE

- A. PROGRAM NO. AND TITLE: (492-XXXX), Local Development Information Systems
- B. PROPOSED FUNDING: Grant
- | | |
|---------|---|
| FY 1990 | \$2.5 million (ARDN - \$ 500; ESF - \$2,000) |
| LOP | \$6.0 million (ARDN - \$1,500; ESF - \$4,500) |
- C. APPROPRIATION ACCOUNT: ARDN/ESF
- D. PURPOSE: To assist local governments in improving their information and records systems to support development implementation activities and financial management improvement. This project will provide the Department of Local Government (DLG), the Department of Finance (DOF), and local government units (LGUs) with technical and financial assistance to: (1) determine the feasibility of computerizing selected local government operating and management systems, (2) develop a standardized computerization strategy (to encourage compatible hardware and software) and (3) install the system in selected local governments (including the provision of some equipment, software, training and related support).
- E. PROJECT DESCRIPTION: This project will provide new mini- or microcomputer-based technologies to assist local governments in improving their revenue collections, development planning and execution, and provision of basic services to citizens. The current manual information and records systems of local governments are unable to address the problems of sheer volume of records, diversity of procedures, limited physical space and manpower, and the difficulty in

updating records and monitoring accuracy with manual methods. Given the current adverse economic conditions and the thrust of the GOP toward decentralization, there is a critical need for local governments to improve their information and records management systems. Some LGUs have obtained computers in an effort to improve their operating and management efficiency, but in most cases the applications have been rather limited. Because there was limited coordination among the various LGUs, the general approaches to procurement and use of software and equipment have not been cost-effective. However, some units have done well in spite of adverse conditions and could provide models or approaches to help others.

The DOF is currently undertaking a computerization study under the World Bank-assisted Municipal Records Management (MRM) Project. The objective of the study is to assist local governments prepare for records automation. However, the MRM Project includes only four LGUs and the emphasis is only on real property tax administration records. Initial results of the study indicate the urgent need and feasibility of automation. Hence, there are already numerous requests from LGUs for assistance in computerization. Some of the newly elected Governors and Mayors coming from the private sector are also aware that the government sector lags behind in adopting new information technologies. If assistance is not provided, an increasing number of local governments will procure computer packages with their own funds, further complicating the problem of non-compatible systems and procedures.

The project will assist LGUs with computerization and develop the capacity to utilize automated methods for upgrading the manual records system. The project will draw on lessons learned from ongoing pilot activities, from the Local Resource Management (LRM) and Real Property Tax Administration (RPTA) project experience in local government planning and finance, and from the ongoing design of the Financial Management Improvement Project (FMIP) and the Local Government Improvement Project (LGIP). Within the project life of 5 years, it is envisioned that this project will be able to directly or indirectly cover up to 50 percent of the total number of provinces and cities. The components of the project will include: (1) planning and strategy development, (2) system design, (3) development and procurement of software and hardware, (4) system installation, training, management and evaluation. The program is expected to achieve a quick positive impact on the efficiency and productivity of local governments in increasing their revenues and delivering public services and development benefits. It will likewise build on and supplement AID's previous and on-going efforts to strengthen local governments.

F. TARGET GROUPS: This project should significantly improve the performance of local governments in planning and delivering services to low-income families. Increased local revenue will also be generated to support public sources and development activities.

ABS NEW PROJECT NARRATIVE

A. Program Number and Title: (492-XXXX) Rural Development Training

B. Proposed Funding:

FY 1990	\$2.0 M
LOP	\$6.0 M

C. Appropriation Account: - ESF

D. Purpose: Accelerate rural economic recovery by providing assistance for upgrading knowledge and skills in agriculture, agrobusiness, small scale industries, and the planning and execution of rural development projects and programs.

E. Program Description: In recent years, there has been a serious erosion of knowledge and skills in the rural areas due to such factors as outmigration (to cities and abroad) and low investment in public and private education and training programs. The situation appears to be worsening due to slow economic growth and continuing deterioration of the peace and order situation in many rural areas. This program will support local, third-country, and U.S. training in priority areas identified by the GOP and USAID. The project will be coordinated through local training institutions, thereby developing the in-country training capacity. Target groups will include farmer leaders, national and local officials working in the field, agrobusiness and rural entrepreneurs, and local leaders (and potential leaders) in the public and private sectors.

There is, for example, a serious need to provide selected middle and senior level officials and private sector representatives (including farmer leaders and youth leaders) with opportunities to see how other countries are addressing critical economic problems in

the rural areas. These problem areas include: organizing and financing agrobusiness and small scale industries, upgrading community development organizations and leadership, increasing off-farm employment opportunities, upgrading provincial/municipal services and management systems, modernizing agricultural extension and outreach systems, and establishing viable agrarian reform services for low-income farmers.

Emphasis will be on short term and on-the-job training to provide the practical knowledge and skills needed to address specific rural development problems. An illustrative training program would be one to upgrade the agrobusiness knowledge and skills of the public and private sector personnel providing extension and support services to farmers. This extension upgrading activity will be coordinated through such local training institutions as the Agricultural Training Institute (ATI-Department of Agriculture), University of the Philippines, and the regional agricultural colleges. It would prepare the extension personnel to help small farmers to establish agro-businesses, production/marketing cooperatives, or other programs to increase farm income. Sessions would prepare participants to: a) appreciate the importance of agrobusiness in the total management of the farm; b) to teach and use the tools and techniques in project feasibility study preparation, project management, and evaluation; and c) to serve as models in the promotion of environmental enhancement.

Another type of urgently needed training is leadership for local development. Both public and private sector leaders could benefit from local and foreign training/observation on approaches to promoting local autonomy, improving local finances, and increasing basic public services. Short-term on-the-job training in U.S. state and local government would be very valuable in providing local leaders with insights on improving their communities. Similar programs to provide new skills to rural youth leaders or potential leaders should be valuable in encouraging such talent to remain in their rural communities by showing them options for accelerating economic progress.

This project would complement the efforts of ongoing USAID programs (including Agrarian Reform) by providing training support not available elsewhere. The need for increased attention to training has become more evident as we move into neglected rural areas and the previously trained human resources decrease as a result of turnover (including retirements). In order to maximize the impact and flexibility of this project, funds would be provided to cover the international travel of participants, as well as other normal training costs.

F. Target Groups: The most direct beneficiaries of the project will be the national and local officials, private leaders, professionals, farmers, youth, etc. who will receive training under the project. These people will in turn improve public services and development activities to benefit their communities.

ABS NEW PROJECT NARRATIVE

- A. Program/Project No. & Title: (492-XXXX) Matching Funds for Agricultural Impact Programs
- B. Proposed Funding : Grant
- | | | |
|---------|---|---|
| FY 1990 | : | \$ 7.0 million (ARDN - \$1.0; ESF - \$ 6.0) |
| LOP | : | \$30.0 million (ARDN - \$2.0; ESF - \$28.0) |
- C. Appropriation Account: ARDN/ESF
- D. Purpose: To support the Government of the Philippines (GOP) rural recovery program by providing fast disbursing resources for field impact programs in the agricultural and natural resources sector.
- E. Program Description: This program seeks to accelerate Philippine economic recovery by providing matching funds to national, local, or private organizations for priority rural development projects. Emphasis will be on programs and projects which will quickly and directly impact on barangays. It is expected that 90% of the funds provided will be channeled directly to field offices of national agencies, local governments and development councils, and/or non-governmental development organizations operating at the local level. This approach is consistent with the emphasis being placed by the GOP on decentralization of operations to field units, the devolution of increased responsibilities to local government units (LGUs), and the increased use of NGOs in implementing programs. Such assumptions are reflected in the new 1986 Philippine Constitution (ratified by 87% of the voters), which provides a strong mandate for increased decentralization and local autonomy. The Philippine Congress is now revising the Local Government Code to implement this mandate. Moreover, in March 1988,

President Aquino issued Executive Order 319 which reorganized development councils from the regional down to the barangay (village) level. This Executive Order stresses the need for better coordination of national and local organizations and for greater private sector involvement to accelerate socio-economic development. There also seems to be a genuine effort in most areas to use the various development councils to mount a tripartite development program involving national, local, and private organizations. Concerned national and local leaders have stressed the need for a faster and more decentralized approach to rural development to address the needs of providing better services to the people and preventing the insurgency situation from getting worse.

This program will increase the financial resources available to concerned national or local entities to support village-oriented projects focusing on the improvement of (a) productivity, income, and well-being of farm families and/or (b) conservation and use of natural resources.

Limited funds may be provided to support systems and networks to accelerate the flow of new production and marketing or agrobusiness technologies to farm families. Consideration will normally be given only to projects which are supported by at least a 25 percent regional, provincial, or local cash or in-kind contribution to match the resources provided under this Program .

Support could be given to projects which: disseminate new production technologies and marketing strategies for high-value

crops, address post-harvest drying and processing needs, provide training and TA for organizing farmers and youth groups, fund access trails and farm-to-market roads for remote villages, improve communal irrigation, support community agro-reforestation programs, promote upland rehabilitation and employment generation, or expand the availability to barangays of improved seeds and plant materials. Where assistance is not available from other USAID projects, a limited amount of funding will also be made available under this program to assist in the design of projects and to strengthen the development management capacity of critical implementing agencies. This might include support for improving the capacity of government entities to provide contracts or grants, so as to increase private sector participation in the implementation of GOP programs.

Projects may be proposed by any appropriate development organization or government unit through agreed on channels to a regional or local coordinating body (such as the Regional/Provincial Development Councils, Regional/Provincial Fishery and Agricultural Councils--operated by the Department of Agriculture). National program coordination will probably be provided through the Department of Agriculture, Department of Environment and Natural Resources, and the Philippine Council for Agriculture and Resources Research and Development (PCARRD--under the Department of Science and Technology).

It is anticipated that the accomplishments of previous or ongoing USAID-supported agricultural and rural development programs (e.g., Rainfed Resources Development, Accelerated Agricultural Development, Local Resources Management) will help accelerate the planning and development of projects in some provinces. For example, assistance for agro-reforestation will build on the successful models of contract implementation now being used by DENR under the Rainfed Resources Development Project.

F. Target Groups: This program will directly benefit rural families.

NOTE: While it is assumed that our assistance objectives can be better achieved through a Program rather than a Project approach, the actual mode will be determined during the design process. The objectives of this program are similar to those of the proposed program to provide Matching Funds for Community Action Programs, but we have separated them because of the distinct host country channels involved in the flow of funds. During design, we will examine the merits of maintaining the separation.

ABS NEW PROJECT NARRATIVE

A. Program/Project No. & Title: (492-XXXX) Matching Funds for
Community Action Programs

B. Proposed Funding :

FY 1990	:	\$ 5.0 million (ARDN - \$1.0; ESF - \$4.0)
LOP	:	\$25.0 million (ARDN - \$3.0; ESF - \$22.0)

C. Appropriation Account: ARDN/ESF

D. Purpose: To support Government of the Philippines (GOP) decentralization initiatives by providing fast disbursing resources for expanding local development programs and increasing cooperation on development between the government and the private sector.

E. Program Description: This program seeks to accelerate Philippine economic recovery by providing matching funds to provincial and local governmental units for development projects. (Selected chartered cities outside of Manila would be included.) These units are closer to the people and therefore generally more motivated and able to act on local development needs than national agencies. Similar assumptions are reflected in the new 1986 Philippine Constitution (ratified by 87% of the voters), which provides a strong mandate for increased local autonomy. The Philippine Congress is now revising the Local Government Code to implement this mandate. Moreover, in March 1988, President Aquino issued Executive Order 319 which reorganized development councils from the regional down to the barangay (village) level. This Executive Order stresses the need for better coordination of national and local organizations and for greater private sector involvement to accelerate socio-economic development. NEDA has thus

tried to increase the coordinating role of the Regional Development Councils (RDCs) by giving them authority to review budgets of national agencies working in the region.

Many of the Provincial Governors and City/Municipal Mayors elected in January 1988 are anxious to mount new programs to upgrade basic services and expand development activities in the rural areas, but they still have very limited resources. These local leaders normally stress a two-fold concern in their request for resources: providing better services to their people and preventing the insurgency situation from getting worse. There also seems to be a genuine effort in most areas to use the various development councils to mount a tripartite development program involving national, local, and private organizations.

This program will increase the financial resources available to local governments for responding to locally generated development projects. To accelerate implementation, the funds will be allocated to Provincial and City Development Councils (probably through the Regional Development Councils or RDCs) based on agreed criteria and development priorities.

Projects may be proposed by the private sector, NGOs, municipalities or barangay councils to the Provincial and City Development Councils. Consideration will normally be given only to projects which are supported by at least a 25 percent local cash or in-kind contribution to match Program resources. It is assumed that the funds provided under this Program in FY 1990 will be disbursed

quickly because there should be many acceptable project proposals available for funding as a result of ongoing and planned local development programming exercises.

Priority in funding will be given to projects which will have a fast and direct effect on economic progress at the barangay level. These could include projects to disseminate new production technologies and marketing strategies for high-value crops, address post-harvest drying and processing needs, provide training and TA for organizing farmers and youth groups, fund access trails and farm-to-market roads for remote villages, improve communal irrigation, support communal agro-reforestation programs, or expand the availability to barangays of improved seeds and plant materials. Where assistance is not available from other USAID projects, a limited amount of funding will also be made available under this program to assist in the design of projects and to strengthen the development management capacity of local governments and other implementing groups (including local development PVO's and foundations). Support could also be provided for improving local tax collections and other self-help measures and for strengthening the organization and leadership of municipalities and barangays interested in mounting better community development efforts.

It is anticipated that the accomplishments of previous or ongoing USAID-supported local development programs (e.g., Provincial Development Assistance Project, Local Resources Management, Real Property Tax Administration) will help accelerate the planning and

development of projects in some provinces. This includes the continuation of professional planning and development staffs in some provinces.

F. Target Groups: By focusing on village level impact, this program will directly benefit rural families. In addition, the developmental role of the regional, provincial and local development councils and related private and public organizations will be strengthened.

NOTE: While it is assumed that assistance objectives can be better achieved through a Program rather than a Project approach, the actual mode will be determined during the design process. The objectives of this program are similar to those of the proposed program to provide Matching Funds for Agricultural Impact Programs, but we have separated them because of the distinct host country channels involved in the flow of funds. During design, we will examine the merits of maintaining the separation.

ABS NEW PROJECT NARRATIVES

- A. Program Number & Title: 492-0406 TARGETTED CHILD SURVIVAL
- B. Proposed Funding:
- | | |
|---------|--------------|
| FY 1990 | \$ 2,000,000 |
| LOP | \$15,000,000 |
- C. Appropriation Account: Health
- D. Purpose: Improve utilization of selected primary health care services, to maximize child survival.
- E. Program Description

The project will build on the initial success of immunization and ORT initiatives funded under the PHCF Project (492-0371).

Institutionalizing the gains made during the accelerated EPI program 1987-89, the Project will aim at sustaining high levels of coverage through comprehensive technical and management training, especially among city health department staff, cold chain maintenance, improved information/evaluation and logistics support. The gains made in ORT will be broadened through support for preventive aspects of diarrheal disease control, including education, breastfeeding and sanitation concerns. The major new program element of the overall child survival improvement strategy will be the prevention and control of acute respiratory infection (ARI), since this is now the leading cause of under 5 morbidity and mortality. The emerging National ARI Plan will require extensive operations

research, training of health personnel and clients, large amounts of commodities and promotion and education. Incorporation of Vitamin A supplementation as part of either the ARI, CDD or EPI delivery system may be included as further research results on its effectiveness on child mortality reduction becomes evident. The project will be driven by a focused program of social marketing and communication to build support for these child survival initiatives. AID inputs will include technical assistance, training, mass media/advertising, commodities and R&D costs.

F. Target Groups:

The primary target group will be the 3% of the population under age one (1,176,000 in 1988). Children age five and under, pregnant and nursing mothers, and high-risk, fertile-age women whose health are key to infant survival will be secondary targets.

ABS NEW PROJECT NARRATIVE

- A. Project Number & Title : (492-XXXX) Industrial Guarantee Loan Fund
(IGLF)
- B. Proposed Funding : Grant
FY 1990 : \$ 1.5 Million (ARDN-\$1,125) (PSEE-\$375)
LOP : \$20 Million (ARDN-\$15,00) (PSEE-\$5,000)
- C. Appropriation Account : ARDN/PSEE
- D. Purpose : To encourage investment in enterprises outside Metro Manila and in export-oriented enterprises.
- E. Project Description : AID funds would capitalize a guarantee facility, in conjunction with other donors/multilateral development banks which may include the World Bank and ADB. By lessening risk, the partial guarantee would encourage participating commercial banks to extend credit to enterprises outside Metro Manila and to export oriented enterprises. The program would be administered by the Central Bank of the Philippines, which has been handling World Bank-financed forerunners of the proposed activity. Targetting the export sector and industries outside Manila represents a departure from forerunners which have allowed wider, non-focused eligibility.
- F. Target Group : Entrepreneurs and workers in the export sector and in areas outside Metro Manila would benefit, as would the participating commercial banks because of reduced risks to their lending operations.

ABS NEW PROJECT NARRATIVE

- A. Project Number & Title : (492-XXXX) Capital Market Development
- B. Proposed Funding : Grant
- FY 1989 : \$2 Million
- LOP : \$4 Million
- C. Appropriation Account : PSEE
- D. Purpose : To enhance the capacity of the Philippine capital market to mobilize private term financial resources.
- E. Project Description : The project would assist appropriate government and private sector entities to strengthen the capacity of the capital markets to mobilize private term capital and encourage an increase in the supply of securities. Expected outputs include proposals for revised legislation and regulations submitted to Congress, an improved Securities and Exchange Commission serving in a developmental as well as a regulatory capacity, and more efficiently operating stock exchanges. AID project funds would finance technical assistance, training and computer equipment acquisition.
- F. Target Group : The entities directly benefitting from the A.I.D. assistance would be the Securities and Exchange Commission and the country's two stock exchanges. The resulting improved investment environment would benefit firms seeking equity investment as well as investors who would be able to invest in a larger number of companies, with greater confidence.

ABS NEW PROJECT NARRATIVE

- A. Project Title : (492-XXXX) Philippine Agribusiness
Industrial Investment Company (PAIICO)
- B. Proposed Funding : Grant
FY 1989 : \$2 million
L.O.P. : \$4 million
- C. Appropriation Account : ARDN
- D. Purpose : To mobilize private term capital for investment in (1) firms slated for privatization; (2) financially distressed privately-held firms; and (3) new and existing agro-industrial enterprises.
- E. Project Description : The project would provide technical assistance for the start-up and partial capitalization on a subordinated debt basis for PAIICO, a firm that would provide investment capital for agricultural projects of high return potential. PAIICO would act as an intermediary/broker in obtaining investors/buyers who would provide new capital and managerial expertise to "turn around" existing financially distressed businesses. PAIICO could also act as a principal in transactions in which it would be the purchaser of such businesses, would then "turn them around" and resell them at a profit. Government-held firms scheduled for privatization constitute fortuitous targets of opportunity for PAIICO's turn around function. Other sources of financing may include multilateral donors, the AID/PRE Bureau and Private Filipino-owned firms.

F. Target Group : Beneficiaries would include investors, both domestic and U.S., seeking to acquire Philippine businesses, entrepreneurs seeking capital for agribusiness ventures, and low-income Filipinos who would find employment as moribund companies are revived.

ABS NEW PROJECT NARRATIVE

- A. Project Title : (492-XXXX) Venture Capital
- B. Proposed Funding : Grant
- FY 1989 : \$2.0 Million (ARDN - \$1,500; PSEE - \$500)
- L.O.P. : \$6.0 Million (ARDN - \$4,000; PSEE - \$2,000)
- C. Appropriation Account : ARDN/PSEE
- D. Purpose : To mobilize equity risk capital for newly established small to medium-sized enterprises in high growth areas.
- E. Project Description : The project would provide partial capitalization, on a subordinated debt basis, to a venture capital fund established by a U.S.-based venture capital firm. The fund would be organized in the same form as a closed-end mutual fund, and its equity would be privately placed. Other capital sources would include multilateral development banks and private Filipino financial and nonfinancial firms. The fund would invest in small and medium-sized Filipino companies with emphasis on: (1) Technology Transfer; (2) Labor-intensive, export oriented manufacturing; (3) Agribusiness; (4) Asset privatization; (5) The "turn-around" of distressed assets. This project would complement privatization and capital market development activities in the Philippines by: (1) contributing to the enhancement of the environment necessary to mobilize private term financial resources for investment in productive enterprises; (2) directly increasing the supply of securities; and (3) transferring technologies that will increase production and productivity.

F. Target Group : Project beneficiaries would be Philippine entrepreneurs who would obtain capital, technology and overseas markets, U.S. producers who would benefit from lower Philippine production costs, and low-income Filipinos, who would benefit from the jobs created.

ABS NEW PROJECT NARRATIVE

- A. Project Number & Title : (492-XXXX) Trade and Investment Promotion
- B. Proposed Funding : Grant
- FY 1990 : \$1,000,000
- L.O.P. : \$4,000,000
- C. Appropriation Account : PSEE
- D. Purpose : To encourage domestic and direct U.S. investment in rural areas of the Philippines, and to support the promotion of Philippine exports.
- E. Project Description : This project will finance technical services for governmental entities such as the Philippine Board of Investment and the Philippine International Trading Corporation and private associations such as the Philippine Chamber of Commerce and Industry and the Chamber of Philippine Exporters.
- To stimulate investment, the Project will finance: (1) studies to identify policy and operational constraints to domestic and foreign investment and analyses of effective alternatives to existing Philippine policies affecting investment, as well as the formulation of action plans for the relevant government agencies and private organizations to implement the study recommendations to overcome these constraints; (2) sector surveys to identify investment opportunities and dissemination of survey results through Philippine and U.S. business associations; (3) investment workshops, seminars, missions and conferences, to promote investment in the Philippines,

and also to foster links between U.S. and Philippine business associations; and (4) brokering between U.S. firms with access to technology and markets, and potential Philippine joint-venture partners, with a focus on export industries. A "buy-in" to the new International Executive Service Corps Trade and Investment Service or similar investment and technology transfer brokering network will be considered as a possibility for achieving this objective.

Project export promotion activities will include: (1) studies to examine policy considerations that impact on the Philippines' export competitiveness, such as the GOP's management of the exchange rate, and its restrictive GOP import policy vs. import liberalization; and analyses of the impact of externalities such as U.S. trade legislation, international agreements and product quotas; and development of an action plan by which the relevant Philippine government bodies would move toward the adoption of the identified policies and actions supportive of the export sector; (2) the development of an international market research capacity and the dissemination of market intelligence information for Philippine exporters; and (3) establishing trade linkages between small to medium-sized Philippine enterprises and U.S. firms.

F. Target Group : Local entrepreneurs will benefit from increased access to U.S. technology. Investors, both domestic and foreign, will benefit from an improved business climate and rural communities will experience increased employment and income. Local exporters will benefit from increased access to international markets, particularly the U.S. market, and from the amelioration of a policy environment in the Philippines that currently discriminates against exports.

ABS NEW PROJECT NARRATIVE

- A. Project Number & Title : (492-XXXX) Telecommunications
- B. Proposed Funding :
- FY 1989 : \$ 5 Million
- L.O.P. : \$25 Million
- C. Appropriation Account : ESF
- D. Purpose : The purpose of this project is to improve and expand rural telecommunications in order to enhance the flow of commerce, encourage investment and production, and provide for further economic expansion and growth in the rural sector.
- E. Project Description : The lack of an adequate nationwide telecommunications system is severely hampering rural economic development. Approximately 73 percent of the total telephones in the Philippines are concentrated in the Metro Manila area. There are 5.73 main telephone lines per 100 persons in Metro Manila, but telephone density is under 1.02 for the entire country. Existing rural telephone facilities are frequently overloaded and subject to high traffic congestion and the smaller rural telephone companies throughout the Philippines operate almost in a void, lacking connections to the national telecommunications network with service quality very poor.

This project will assist the Department of Transportation and Communications develop a viable nationwide inter-island telecommunications system. It will finance: (1) technical assistance to identify and address policy constraints, national and local management issues and operational deficiencies, and identify

organization and investment options; and (2) engineering/construction services, and equipment/commodities and associated installation services (all to be sourced from the U.S. and Philippines) for the rehabilitation, upgrading, expansion and linkage - via micro-wave or other available and appropriate technology - of rural telephone systems, and to provide linkages for these systems to existing national backbone voice and data transmission systems.

- F. Target Group : The beneficiaries will be individuals, institutions and the full range of small, medium and large business interests involved in agricultural production, agricultural processing and industrial production as more reliable and timely marketing and production based information is made available. In addition, agricultural and industrial investment options in rural areas will be enhanced which will in-turn provide for increased employment opportunities and higher incomes.

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	XXXX	MULTILATERAL ASSISTANCE INITIATIVE (To be Programmed)	N	G	ESF	125000	125000
2	0396	Population Sector Support	0	G	PN	6025	131025
3	0374	Regional Development Fund	0	G	ESF	20000	151025
4	0420	Rural Infrastructure Fund	0	G	ESF	50000	201025
5	XXXX	Telecommunications	0	G	ESF	15000	216025
6	0429	Rural Electrification	0	G	ARDN	5720	221745
7	0403	Financial Management Improvement	0	G	ARDN/PSEE	3500	225245
8	0432	Technical Resources	0	G	ESF	3000	228245
9	0419	PVO Co-Financing III	0	G	Various	3000	231245
10	0395	Enterprise in Community Development	0	G	ARDN/PSEE	2000	233245
11	0428	Privatization	0	G	ARDN	1000	234245
12	XXXX	Capital Market Development	0	G	PSEE	2000	236245
13	XXXX	Private Development Corporation of the Philippines (PDCP)	0	G	ARDN	3500	239745
14	XXXX	Venture Capital	0	G	ARDN/PSEE	3000	242745
15	XXXX	Philippine Agribusiness Industrial and Investment Company (PAIICO)	0	G	ARDN	2000	244745
16	XXXX	Trade and Investment Promotion	N	G	PSEE	1000	245745
17	XXXX	Industrial Guarantee Loan Fund	N	G	ARDN/PSEE	1500	247245
18	XXXX	Local Government Improvement	0	G	ARDN/ESF	2000	249245
19	XXXX	Matching Funds for Community Action Programs	N	G	ARDN/ESF	5000	254245
20	XXXX	Local Development Information Systems	N	G	ARDN/ESF	2500	256745
21	XXXX	Rural Development Training	N	G	ESF	2000	258745
22	0406	Targetted Child Survival	N	G	HE	2000	260745
23	0371	Primary Health Care Financing	0	G	HE	547	261292
24	0385	Accelerated Agricultural Production	0	G	ARDN	1208	262500
25	0366	Rainfed Resources Development	0	G	ARDN	1500	264000
26	XXXX	Matching Funds for Agricultural Impact Programs	N	G	ARDN/ESF	7000	271000
27	0343	Project Design	0	G	ESF	3000	274000
28	PL02	PL 480 Title II - Philippines (CRS)			P2	5885	279885
29	PL02	PL 480 Title II - Philippines (CARE)			P2	6115	286000
30	PL01	PL 480 Title I - Philippines			P1	150000	291000
31	XXXX	Agricultural Education Improvement and Outreach Project	0	G	ARDN	2000	293000
32	XXXX	In-Service Teacher Training	0	G	EHR	2000	295000
33	XXXX	Training & Development Issues II	0	G	EHR	1000	296000
34	0359	Small & Medium Enterprise Development	0	G	ARDN	2000	298000

ANNEX G

LOCAL CURRENCY USE PLAN

The FY 1988 CDSS Supplement reconfirmed increased rural productivity as the central strategic goal of the 1986-1990 CDSS. This goal was also supported by the November 1988 Resource Planning Team which emphasized the importance of getting essential government services to the countryside and the need for speedier disbursements and quick impact interventions. Raising rural productivity, including farmer profitability, remains relevant to the country's development problems and matches with the central goal of President Aquino's economic development program.

The local currency uses outlined below reflect an attempt to improve the economic development climate of the country. Financial assistance resources have been adapted to support the Aquino Administration's efforts to gain control over a large budget deficit that threatens to overwhelm development initiatives. In addition to direct budget support, the USAID is promoting relevant policy reform measures to reduce biases in agricultural markets, to provide macroeconomic framework supportive of private sector led growth, such as trade liberalization, and to reduce government involvement in and regulation of the economy particularly through privatization efforts which help reduce the national budgetary burden of non-performing acquired assets and public corporations.

The Budget Support Program initiated in FY 1986 provided an equivalent of \$300 million in ESF grant local currency to support selected categories in the Philippine Government's budget for education, health and agriculture. These funds were attributed to the costs of providing basic services and included no capital outlays. Local currency provided under the \$150 million ESF Budget Support Program II grant were used for elementary education and health programs related to extension services in the provinces, malaria eradication and schistosomiasis control. Support to critical government services in areas such as education and health will continue through Budget Support Programs III and IV planned for FYs 1988 and 1989 with levels anticipated at \$75 million and \$60 million respectively. For FY 1990, new programming is envisioned for a "Multilateral Assistance Initiative" which will likely include some level of budgetary support that will benefit either or both GOP recurrent and capital expenditures with high development impact.

To help offset a decline in the Philippine's sugar quota in FYs 1986 and 1987, local currency equivalent to about \$43.64 million was generated under Section 416 of the U.S. Agricultural Act of 1949. These proceeds were used to finance the distribution, handling, and processing costs of food assistance programs to needy people provided under the USAID's PL 480 Title II program and to assist efforts directed at improving agricultural production and extension.

In FY 1987, a PL 480 Title II Section 206 program generated about \$30.95 million in proceeds which supported GOP programs and activities in agricultural extension and credit, irrigation, cooperative development, nutrition and rural health. Proceeds from the \$20 million FY 1988 Title II/Section 206 program are also being used to support agriculture and rural health.

PL 480 Title I generations supporting economic development and stabilization strategies for this reporting period include about \$43 million from FY 1985 and prior agreements, a carry-over of \$16.7 million from the FY 1986 agreement, and \$30 million for FY 1988. Title I programs are planned for FYs 1989 and 1990 at \$35 million and \$50 million respectively. All Title I proceeds support government activities and programs related to agriculture and rural development and the conservation of natural resources. Beginning in FY 1989, the USAID expects to negotiate Section 108 Agreements which will provide funds to support the cooperative movement in the Philippines.

The final category covers host country owned local currency expenditures for Mission operating expenses which are provided under a bilateral agreement as general program support through a Trust Fund arrangement.

FY 1990 Annual Budget Submission
 Table VI: Expenditures of Local Currency Generations
 (all in the U.S. dollar equivalents, and in \$ Millions)

<u>Source/Purpose</u>	<u>1987 Actual</u>	<u>1988 Est.</u>	<u>1989 Planned</u>	<u>1990 Prop.</u>
I. <u>ECONOMIC SUPPORT FUND</u>				<u>1/</u>
A. Public Development Activities				
1. Development Support Program	43.20			
B. Public Sector Recurrent Budget				
1. Budget Support Program				
I (Education, Health and Agriculture)	90.00			
II (Education and Health)	75.00			
III (Education and Health)		75.00		
IV (Education and Health)			60.00	
<u>1/ (See Narrative)</u>				
<hr/>				
SUBTOTAL OF ESF LC EXPENDITURES	208.20	75.00	60.00	-0-
(UNEXPENDED ESF LC BALANCE)	-0-	-0-	-0-	-0-
<hr/>				
II. <u>P. L. 480</u>				
A. Public Development Activities under Title I/79:				
1. Project Development Fund	0.12	0.12		
2. Agricultural Educational Outreach Project	0.37	0.20		
3. Bicol Integrated, Health, Nutrition and Population	0.02			
4. Philippine Institute for Development Studies	0.49	0.50		

FY 1990 Annual Budget Submission
 Table VI: Expenditures of Local Currency Generations
 (all in the U.S. dollar equivalents, and in \$ Millions)

Source/Purpose	1987 Actual	1988 Est.	1989 Planned	1990 Prop.
5. DSWD-CRS Supported Programs	0.66	0.77		
6. Investment Coordinating Com.		0.02		
B. Public Sector Recurrent Budget				
1. Title I/85: (Agriculture and Rural Development)	-0-	40.00		
2. Title I/86: (Agriculture and Rural Development)	16.70			
3. Title II/Section 206/87: (Agriculture/Rural Development and Health)	30.95*			
4. Title I/88: (Agriculture/Rural Development and Natural Resources)		30.00		
5. Title II/Section 206/88: (Agriculture and Rural Health)		20.00		
6. Title I/89: (Agriculture/Rural Development and Natural Resources)			32.50	
7. Title I/90: (Agriculture/Rural Development and Natural Resources)				15.00
3. Private Sector Programs				
1. Title I/Section 108/89: (Cooperative Development)			1.50	
2. Title I/Section 108/90: (Cooperative Development)				3.50
<hr/>				
SUBTOTAL OF PL 480 LC EXPENDITURES	49.41	91.57	34.30	48.50
(UNEXPENDED PL 480 LC BALANCE)	41.61	- 0 -	2.00	3.50

FY 1990 Annual Budget Submission
 Table VI: Expenditures of Local Currency Generations
 (all in the U.S. dollar equivalents, and in \$ Millions)

<u>Source/Purpose</u>	<u>1987 Actual</u>	<u>1988 Est.</u>	<u>1989 Planned</u>	<u>1990 Prop.</u>
II. SECTION 416				
A. Public Sector Recurrent Budget				
1. Section 416/86: (Distribution, handling and processing food assis- tance programs and government activities supporting agricultural production and rural health/nutrition.)	18.47*			
2. Section 416/87: (Agriculture and Rural Development)	25.17*			
<hr/>				
SUBTOTAL OF SECTION 416 EXPENDITURES	43.64*			
(UNEXPENDED SEC. 416 BALANCE)	-0-			
<hr/>				
III. HOST COUNTRY OWNED LOCAL CURRENCY EXPENDITURES FOR PROGRAM SUPPORT				
1. A.I.D. Operating Expenses (Trust Funds)	2.46	2.59	3.06	3.49
<hr/>				
SUBTOTAL OF TRUST FUND LC EXPEN	2.46	2.56	3.06	3.49
(UNEXPENDED TRUST FUND LC BALANCE)	-0-	-0-	-0-	-0-
<hr/>				
GRAND TOTAL ALL LC EXPENDITURES	303.71	169.2	97.06	51.99
(GRAND TOTAL ALL UNEXPENDED LC BALANCES, I.E., THE PIPELINE)	41.61	-0-	2.00	3.50

*Excluding U.S. freight differential

TABLE VIII - FY '87 ACTUAL
USAID/PHILIPPINES
(\$000)

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS	LOCAL CURRENCY ESTIMATE
U.S. DIRECT HIRE	U100	413.5	113.7	527.2		123.9
Other Mission Funded Code 11	105	0.0	-	-		-
* Educational Allowance	106	10.2	113.7	123.9	01	123.9
Cost of Living Allowance	108	-	-	-		-
Other Mission Funded Code 12	110	23.5	-	23.5		-
* Post Assignment Travel	111	50.0	-	50.0	14	-
* Post Assignment Freight	112	162.5	-	162.5	14	-
* Home Leave Travel	113	105.0	-	105.0	12	-
* Home Leave Freight	114	32.2	-	32.2	12	-
* Educational Travel	115	22.2	-	22.2	8	-
* R&R Travel	116	-	-	0.0	-	-
* Other Code 215 travel	117	7.9	-	7.9	4	-
FOREIGN NATIONAL DIRECT HIRE	U200	0.0	306.9	306.9		306.9
* FN Basic Pay	201	-	202.8	202.8	53	202.8
* Overtime/Holiday Pay	202	-	19.9	19.9	3.92	19.9
All Other Code 11 -FN	203	-	4.7	4.7		4.7
All Other Code 12 -FN	204	-	49.5	49.5		49.5
Benefits - Former FN Pers.	205	-	-	-		-
CONTRACT PERSONNEL	U300	329.8	795.2	1,125.0		951.0
* PASA Technicians	301	-	-	-		-
* U.S. PSC Salaries/Benefits	302	280.0	17.0	297.0	3.30	157.0
All Other U.S. PSC Costs	303	0.7	1.9	2.6		2.6
* FN PSC Salaries/Benefits	304	15.1	555.4	570.5	141	570.5
All Other FN PSC Costs	305	74.0	120.6	194.6		120.6
* Manpower Contracts	306	-	-	-		-
HOUSING	U400	14.2	590.1	714.3		714.3
* Residential Rent	401	11.8	388.0	400.1	48	400.1
Residential Utilities	402	9.1	169.2	177.0		177.0
Maintenance & renovation	403	1.2	55.1	56.0		56.0
* Quarters Allowance	404	-	-	-		-
Residential Furniture/Equip	405	0.3	54.5	54.8		54.8
Trans/Freight - Code 311	406	-	-	-		-
* Security Guard services	407	-	3.7	3.7	1	3.7
Official Residence Allowance	408	-	-	-		-
Representation Allowance	409	2.1	-	2.1		2.1

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS	LOCAL CURRENCY ESTIMATE
OFFICE OPERATIONS	U500	995.5	554.7	1,550.2		954.9
Office Rent	501	129.2	109.5	238.7		238.7
Office Utilities	502	0.9	55.9	56.8		56.8
Building Maintenance/Renovation	503	34.4	14.3	48.7		48.7
Office Furniture/Equipment	504	72.3	8.7	81.0		8.7
Vehicles	505	71.6	-	71.6		-
Other Equipment	506	72.3	-	72.3		-
Transportation/Freight	507	6.0	-	6.0		-
Furn/Equip/Veh Repair/Maint	508	42.5	36.0	72.5		72.5
Communications	509	6.2	35.7	41.9		41.9
* Security Guard Services	510	0.8	47.2	48.0	17	48.0
Printing	511	0.2	27.0	27.2		27.0
* Site Visits-Mission	513	29.7	48.3	77.0	377	48.3
* Site Visits-AID/W	514	97.5	0.2	97.7	25	0.2
* Information Meetings	515	19.9	-	19.9	7	-
* Training Attendance	516	31.9	-	31.9	24	-
* Conference Attendance	517	16.6	-	16.6	5	-
* Other Operational Travel	518	0.1	4.8	4.9	104	4.8
Supplies & Materials	519	208.2	136.7	344.9		136.7
* Contract Consulting Services	521	-	-	0.0		-
* Contract Mgt./Prof. Services	522	-	-	0.0		-
* Special Studies/Analyses	523	-	-	0.0		-
* All Other Code 25	524	166.2	36.4	202.6	1	122.6
TOTAL OPERATING EXPENSE BUDGET		1,753.0	2,460.6	4,223.6		
636 (c) Requirements	U601					
TOTAL ALLOWANCE REQUIREMENTS	U000	1,753.0	2,460.6	4,223.6		

OTHER INFORMATION

Exchange Rate Used in Calculations P=10.5/\$1
 Estimated Inflation Rate 5% 7%

U.S. Direct Hire workforce levels: Positions: 39.0
 Workyears: 38.9

* Unit data must be provided.

FY 1990 ANNUAL BUDGET SUBMISSION

 TABLE VIII - FY '89 ESTIMATE
 USAID/PHILIPPINES
 (\$000)

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	WHITE	LOCAL CURRENCY ESTIMATE
U.S. DIRECT HIRE	0100	398.2	152.5	548.7		168.2
Other Mission Funded Code 11	105	-	-	-		-
* Educational Allowance	106	13.7	152.5	166.2	39	166.2
Cost of Living Allowance	108	-	-	-		-
Other Mission Funded Code 12	110	32.7	-	32.7		-
* Post Assignment Travel	111	56.1	-	56.1	16	-
* Post Assignment Freight	112	159.5	-	159.5	16	-
* Home Leave Travel	113	60.8	-	60.8	14	-
* Home Leave Freight	114	27.4	-	27.4	4	-
* Educational Travel	115	13.2	-	13.2	10	-
* R&R Travel	116	24.0	-	24.0	5	-
* Other Code 215 travel	117	9.8	-	9.8	8	-
FOREIGN NATIONAL DIRECT HIRE	0200	9.5	336.8	346.3		346.3
* FN Basic Pay	201	7.3	254.4	261.7	47	261.7
* Overtime/Holiday Pay	202	0.4	13.9	14.3	3.1	14.3
All Other Code 11 -FN	203	-	1.9	1.9		1.9
All Other Code 12 -FN	204	1.8	67.0	68.8		68.8
Benefits - Former FN Pers.	205	-	1.0	1.0		1.0
CONTRACT PERSONNEL	0300	486.5	933.4	1,419.9		1,181.0
* FASA Technicians	301	-	-	-		-
* U.S. FSC Salaries/Benefits	302	451.3	-	451.3	7.4	205.7
All Other U.S. FSC Costs	303	-	14.0	14.0		14.0
* FN FSC Salaries/Benefits	304	2.2	812.1	814.3	150	814.3
All Other FN FSC Costs	305	33.0	106.7	139.7		139.7
* Manpower Contracts	306	-	-	-		-
BUSING	0400	50.8	759.3	810.1		759.3
* Residential Rent	401	11.5	407.7	419.2	51	419.2
Residential Utilities	402	9.5	210.9	220.4		220.4
Maintenance & Renovation	403	2.3	85.5	87.8		87.8
* Quarters Allowance	404	-	-	-		-
Residential Furniture/Equip	405	24.0	13.8	37.8		13.8
Trans/Freight - Code 311	406	-	-	-		-
* Security Guard services	407	-	3.9	3.9		3.9
Official Residence Allowance	408	-	-	-		-
Representation Allowance	409	3.0	-	3.0		3.0

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS	LOCAL CURRENCY ESTIMATE
OFFICE OPERATIONS	US00	1,562.2	395.5	1,957.7		1,411.3
Office Rent	501	214.0	0.0	214.0		214.00
Office Utilities	502	35.3	30.0	65.3		65.30
Building Maintenance/Renovation	503	16.7	32.4	49.1		49.10
Office Furniture/Equipment	504	49.6	4.7	54.3		4.70
Vehicles	505	69.0	-	69.0		-
Other Equipment	506	43.8	-	43.8		-
Transportation/Freight	507	26.9	-	26.9		-
Furn/Equip/Veh Repair/Maint	508	1.2	42.4	43.6		43.60
Communications	509	9.7	42.6	52.3		52.30
* Security Guard Services	510	1.0	51.9	52.9	17	52.90
Printing	511	0.5	29.8	30.3		29.80
* Site Visits-Mission	513	26.0	43.0	69.0	308	43.00
* Site Visits-AID/W	514	88.0	0.2	88.2	26	0.20
* Information Meetings	515	18.0	-	18.0	6	-
* Training Attendance	516	34.0	-	34.0	26	-
* Conference Attendance	517	19.0	-	19.0	5	-
* Other Operational Travel	518	1.0	4.3	5.3	158	4.30
Supplies & Materials	519	170.6	74.2	244.8		74.20
* Contract Consulting Services	521	-	-	-		-
* Contract Mgt./Prof. Services	522	-	-	-		-
* Special Studies/Analyses	523	-	-	-		-
* All Other Code 25	524	737.9	40.0	777.9	1	777.90
TOTAL OPERATING EXPENSE BUDGET		2,505.0	2,590.0	5,095.0		
636 (c) Requirements	US01					
TOTAL ALLOWANCE REQUIREMENTS	0000	2,505.0	2,590.0	5,095.0		

OTHER INFORMATION

Exchange Rate Used in Calculations	P=20.5/81
Estimated Inflation Rate	5% 10%
U.S. Direct Hire workforce levels:	
Positions:	39.0
Workyears:	38.8

* Unit data must be provided.

TABLE VIII - FY '89 ESTIMATE
USAID/PHILIPPINES
(\$000)

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS	LOCAL CURRENCY ESTIMATE
U.S. DIRECT HIRE	U100	598.6	142.1	650.7		142.1
Other Mission Funded Code 11	105	-	-	-		-
* Educational Allowance	106	-	142.1	142.1	34	142.10
Cost of Living Allowance	108	-	-	-		-
Other Mission Funded Code 12	110	47.9	-	47.9		-
* Post Assignment Travel	111	75.5	-	75.5	18	-
* Post Assignment Freight	112	168.9	-	168.9	16	-
* Home Leave Travel	113	92.6	-	92.6	24	-
* Home Leave Freight	114	47.1	-	47.1	24	-
* Educational Travel	115	13.2	-	13.2	10	-
* R&R Travel	116	66.2	-	66.2	21	-
* Other Code 215 travel	117	6.6	-	6.6	6	-
FOREIGN NATIONAL DIRECT HIRE	U200	16.6	405.5	412.1		405.1
* FN Basic Pay	201	9.1	308.4	314.5	47	314.50
* Overtime/Holiday Pay	202	0.4	15.0	15.7	3.1	15.70
All Other Code 11 -FN	203	-	2.1	2.1		2.10
All Other Code 12 -FN	204	2.1	90.0	92.4		92.40
Benefits - Former FN Pers.	205	-	1.4	1.4		1.40
CONTRACT PERSONNEL	U300	460.2	1,120.5	1,580.7		1,038.5
* PASA Technicians	301	-	-	-	-	-
* U.S. PSC Salaries/Benefits	302	436.2	-	436.2	7.2	313.17
All Other U.S. PSC Costs	303	-	23.7	23.7		23.70
* FN PSC Salaries/Benefits	304	-	979.4	979.4	143	979.40
All Other FN PSC Costs	305	24.0	117.4	141.4		117.40
* Manpower Contracts	306	-	-	-	-	-
HOUSING	U400	37.0	369.0	376.0		310.3
* Residential Rent	401	-	408.2	408.2	49	408.20
Residential Utilities	402	-	209.4	209.4		209.40
Maintenance & renovation	403	-	21.6	21.6		21.60
* Quarters Allowance	404	-	-	-	-	-
Residential Furniture/Equip	405	24.0	18.0	49.0		25.00
Trans/Freight - Code 311	406	-	-	-		-
* Security Guard services	407	-	4.0	4.0	1	4.00
Official Residence Allowance	408	-	-	-		-
Representation Allowance	409	3.0	-	3.0		3.00

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS	LOCAL CURRENCY ESTIMATE
OFFICE OPERATIONS	U500	1,593.6	582.6	2,176.2		1,624.6
Office Rent	501	202.20	32.3	234.5		234.50
Office Utilities	502	-	61.1	61.1		61.10
Building Maintenance/Renovation	503	-	48.3	48.3		48.30
Office Furniture/Equipment	504	49.0	80.5	129.5		90.50
Vehicles	505	65.8	-	65.8		-
Other Equipment	506	54.0	-	54.0		-
Transportation/Freight	507	33.0	-	33.0		-
Furn/Equip/Veh Repair/Maint	508	-	46.6	46.6		46.60
Communications	509	-	46.8	46.8		46.80
* Security Guard Services	510	-	57.1	57.1	17	57.10
Printing	511	-	32.7	32.7		32.70
* Site Visits-Mission	513	10.0	47.0	57.0	327	47.00
* Site Visits-AID/W	514	105.0	0.2	105.2	23	0.20
* Information Meetings	515	16.0	-	16.0	4	-
* Training Attendance	516	36.0	-	36.0	26	-
* Conference Attendance	517	18.0	-	18.0	5	-
* Other Operational Travel	518	1.0	4.7	5.7	153	4.70
Supplies & Materials	519	163.0	81.6	244.6		81.60
* Contract Consulting Services	521	-	-	-		-
* Contract Mgt./Prof. Services	522	-	-	-		-
* Special Studies/Analyses	523	-	-	-		-
* All Other Code 25	524	839.8	43.7	883.5	1	883.50
TOTAL OPERATING EXPENSE BUDGET		2,600.0	3,360.0	5,960.0		
336 (c) Requirements	U601					
TOTAL ALLOWANCE REQUIREMENTS	U000	2,600.0	3,360.0	5,960.0		

OTHER INFORMATION

Exchange Rate Used in Calculations P=20.5/51
 Estimated Inflation Rate 5% 10%

U.S. Direct Hire workforce levels: Positions: 42.0
 Workyears: 41.2

* Unit data must be provided.

FY 1990 ANNUAL BUDGET SUBMISSION

TABLE VIII - FY '90 ESTIMATE
USAID/PHILIPPINES
(\$000)

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS	LOCAL CURRENCY ESTIMATE
U.S. DIRECT HIRE	U100	558.7	159.4	718.1		159.4
Other Mission Funded Code 11	105	-	-	-		-
* Educational Allowance	106	-	159.4	159.4	37	159.40
Cost of Living Allowance	108	-	-	-		-
Other Mission Funded Code 12	110	48.6	-	48.6		-
* Post Assignment Travel	111	89.1	-	89.1	16	-
* Post Assignment Freight	112	187.0	-	187.0	18	-
* Home Leave Travel	113	94.7	-	94.7	11	-
* Home Leave Freight	114	48.4	-	48.4	16	-
* Educational Travel	115	14.5	-	14.5	10	-
* R&R Travel	116	69.3	-	69.3	26	-
* Other Code 215 travel	117	7.1	-	7.1	8	-
FOREIGN NATIONAL DIRECT HIRE	U200	11.6	446.1	457.7		457.7
* FN Basic Pay	201	8.9	337.1	346.0	47	346.00
* Overtime/Holiday Pay	202	0.4	16.9	17.3	3.1	17.30
All Other Code 11 -FN	203	-	2.3	2.3		2.30
All Other Code 12 -FN	204	2.3	98.3	100.6		100.60
Benefits - Foreign FN Pers.	205	-	1.5	1.5		1.50
CONTRACT PERSONNEL	U300	484.3	1,352.1	1,836.5		1,352.1
* PASA Technicians	301	-	-	-		-
* U.S. PSC Salaries/Benefits	302	459.3	-	459.3	31.2	459.30
All Other U.S. PSC Costs	303	-	25.8	25.8		25.80
* FN PSC Salaries/Benefits	304	-	1,077.0	1,077.0	149	1,077.00
All Other FN PSC Costs	305	25.0	129.7	154.7		154.70
* Manpower Contracts	306	-	-	-		-
HOUSING	U400	27.0	928.8	955.8		955.8
* Residential Rent	401	-	236.1	236.1	47	236.10
Residential Utilities	402	-	283.1	283.1		283.10
Maintenance & renovation	403	-	181.2	181.2		181.20
* Quarters Allowance	404	-	-	-		-
Residential Furniture/Equip	405	24.0	87.7	111.7		111.70
Trans/Freight - Code 311	406	-	-	-		-
* Security Guard services	407	-	4.8	4.8		4.80
Official Residence Allowance	408	-	-	-		-
Representation Allowance	409	3.0	-	3.0		3.00

EXPENSE CATEGORY	FUNCTION CODE	DOLLARS	TRUST FUNDS	TOTAL	UNITS	LOCAL CURRENCY ESTIMATE
OFFICE OPERATIONS	U500	719.4	721.3	1,439.7		958.0
Office Rent	501	194.90	113.2	308.1		308.10
Office Utilities	502	-	90.0	90.0		90.00
Building Maintenance/Renovation	503	-	70.0	70.0		70.00
Office Furniture/Equipment	504	9.0	51.3	60.3		51.30
Vehicles	505	50.9	-	50.9		-
Other Equipment	506	39.9	-	39.9		-
Transportation/Freight	507	20.0	-	20.0		-
Furn/Equip/Veh Repair/Maint	508	-	51.3	51.3		51.30
Communications	509	-	51.5	51.5		51.50
* Security Guard Services	510	-	62.8	62.8	17	62.80
Printing	511	-	36.0	36.0		36.00
* Site Visits-Mission	513	10.5	52.0	62.5	327	52.00
* Site Visits-AID/W	514	116.0	0.2	116.2	23	0.20
* Information Meetings	515	17.0	-	17.0	4	-
* Training Attendance	516	38.0	-	38.0	26	-
* Conference Attendance	517	19.0	-	19.0	5	-
* Other Operational Travel	518	1.0	5.2	6.2	153	5.20
Supplies & Materials	519	160.4	89.8	250.2		89.80
* Contract Consulting Services	521	-	-	-		-
* Contract Mgt./Prof. Services	522	-	-	-		-
* Special Studies/Analyses	523	-	-	-		-
* All Other Code 25	524	41.8	48.0	89.8	1	39.80
TOTAL OPERATING EXPENSE BUDGET		1,800.0	3,487.9	5,287.9		
636 (c) Requirements	U601					
TOTAL ALLOWANCE REQUIREMENTS	U000	1,800.0	3,487.9	5,287.9		

OTHER INFORMATION

Exchange Rate Used in Calculations
Estimated Inflation Rate

P=20.5/91

5% 10%

U.S. Direct Hire workforce levels:

Positions: 41.0
Workyears: 40.8

* Unit data must be provided.

TABLE VIII (a)
NARRATIVE
USAID/Philippines

1. Reason for Increase (Decrease) - FY 89 to FY 90

a) Dollar Funded Costs (In \$'000)

While the Mission's overall budget allowance requirements show a 31% decrease from FY 89 to FY 90, that decrease is misleading. That net decrease results from a 55% decrease in FY 90 under function code U500 which is offset by an average increase of 7.3% in function codes U100, U200, and U300. However, our FY 89 budget includes a special supplement of \$800.0 which is directly related to the planned relocation of our office. Inclusion of that special supplement in our FY 89 requirements distorts our real needs for FY 90 when a comparison is made between those two years. In fact, it is now known that the Mission's requirements under U500 will actually increase by \$203.3 in FY 90 over that required in FY 89--not withstanding the effect of the supplement.

The Mission's actual known overall requirements for FYs 89 and 90 are \$28.5 and \$453.8, respectively, over the given budget allowances. What is not included in these known costs are anticipated significant increases in the utilities, maintenance, security guard services, secured and other telecommunications, and other costs for our new office space. For example, maintenance costs are expected to increase three-fold over the present level. In addition, after we move to the new office space we will incur annual transportation costs of about \$20.0 for our FSN employees. These costs will result because our new office is inaccessible to normal sources of public transportation.

In the figures reflected below, reductions were made in almost all functional codes for FYs 89 and 90 in order not to exceed the straight-line budget amount given per State 142683. The unknown increased costs which will result from our move to new office space have not been budgeted for because of the limitations in State 142683. Some of the dollar shortfall in FYs 89 and 90 have been plugged into our Trust Fund budget below. However, it must be kept in mind that the Trust Fund budget must be negotiated annually with the Government of the Philippines (GOP) and may not be approved at the levels shown. The increases and decrease by function codes per your ABS guidelines are summarized and discussed below:

<u>Expense Category</u>	<u>Function Code</u>	<u>In \$'000</u>		<u>% Increase(Decrease) Between FYs</u>
		<u>FY 89</u>	<u>FY 90</u>	
US Direct Hire	U100	508.6	558.7	10%
FM Direct Hire	U200	10.6	11.6	9%
Contract Personnel	U300	460.2	484.3	5%
Housing	U400	27.0	27.0	-
Office Operations	U500	1,593.6	718.4	(55%)
Total Allowance Requirements	U000	2,600.0	1,800.0	(31%)

- U100 - The 10% increase results from a provision for inflation.
- U200 - The 9% increase includes provision for step increases and a general salary increase.
- U300 - The 5% increase results from providing a 5% inflation factor for US PSC Salaries/Benefits and all other FN PSC costs.
- U500 - As explained above, the 55% decrease in FY 90 is mainly due to the a special supplement of \$800.0 which was included in FY 89 for the planned relocation of our office.

b) Peso Funded Costs (In \$'000)

Our total allowance requirements increased by 14% between FYs 89 and 90. As discussed above, this budget must be negotiated annually with the GOP and may not be approved at the levels shown. Changes by functions codes are shown and discussed below:

<u>Expense Category</u>	<u>Function Code</u>	<u>In \$'000</u>		<u>% Increase(Decrease) Between FYs</u>
		<u>FY 89</u>	<u>FY 90</u>	
US Direct Hire	U100	142.1	159.4	12%
FN Direct Hire	U200	405.5	446.1	10%
Contract Personnel	U300	1,120.5	1,232.2	10%
Housing	U400	809.3	928.9	15%
Office Operations	U500	582.6	721.3	24%
 Total Allowances Requirements	 U000	 3,060.0	 3,487.9	 14%

- U100 - The 12% increase is based on the Mission's average historical number of dependents eligible for educational allowance.
- U200 & U300 - The increase results from a 10% provision for inflation for peso funded costs.
- U400 - This represents the average rental increase of 17% on residential houses.
- U500 - The 24% increase in FY 90 resulted because a significant amount of office rental costs will be charged to \$ funds in FY 89, because of our planned move to a new location. The remainder reflects a 10% provision for inflation.

2. Funding Shortages in FY 1988 and/or FY 1989 (Dollar Funded Costs)

As discussed above, the Mission's actual FY 88 and projected FY 89 requirements are higher than the total budget allowances given per STATE cable 142683. However, our budget figures have been adjusted to reflect those allowance levels, and some dollar shortfalls were shifted to our Peso Trust Fund budget. It was also pointed out earlier that because of the lack of sufficient budget allowance, some anticipated costs related to our new office space have not been included in our budget. It was further pointed out that since our Trust Fund budget has to be negotiated annually with the GOP, there is no assurance that needed increased funding will be provided.

The Mission has taken or plans to take the following actions to enable it to operate at the reduced budget levels in FYs 88 and 89. These steps include: (1) non-replacement of selected retiring/resigning FN PSC personnel, (2) deferral of the procurement of needed office and household equipment and replacement vehicles, (3) each office has been given restricted budgets for travel and training, and overseas telephone calls (office chiefs must adhere to these budgets), and (4) restricting other communications and printing costs through increased review and control. In addition to the above, the Mission is reviewing all of its contracts for general services and looking for ways that such costs can be decreased by either reducing, changing, or eliminating the scope of work being provided.

The Mission will continue its efforts to identify and implement further cost savings where appropriate during FYs 89 and 90. From our perspective it appears that the Mission is being squeezed from two directions on its budget. To begin with, our program is significantly increasing with no resultant increase being provided in operating budget allowances. Secondly, while the U.S. Government is strapped in its ability to provide operating expense increases, because of its overall budgetary problems, the GOP's problems are even more acute. Therefore, we believe that our ability to negotiate substantial increases in our Trust Fund budget is highly unlikely.

3. Management Improvements

This Mission continuously reviews its operations and functions with the objective of being able to reduce its operating costs. Many of the planned actions were already taken and discussed in 2. above. In addition to such efforts, we have aggressively reviewed our FAAS costs during the last 3 years and worked very closely with the Embassy Budget and Finance Office to reduce these costs. Our efforts have been very successful. The Mission's FAAS costs were \$95.7 in FY 86; \$49.4 in FY 87; and are estimated to be \$45.0 in FY 88. We are also taking measures to reduce our overtime costs and we follow the practice of scheduling TDY/consultation and training in Washington D.C. in conjunction with employees' home leave travel. Savings on plane fare costs alone from this latter practice are estimated to be \$38.8 per annum.

4. Trust Fund

This Mission has had a Peso Trust Fund budget since its inception. These funds, which constitute direct support to the Mission by the GOP, basically are used for many of the same operational costs covered by our dollar OE budget. The FY 88 allowance provided by the GOP is sufficient to meet our needs. However, for FYs 89 and 90, we have been advised to only expect a maximum increase of 5% the previous year's allowance. For both FYs 89 and 90 our projected budget requirements exceed the amounts the GOP has indicated it will provide. A comparison of our peso requirements (shown in dollars) with the level the GOP has indicated it will provide follows:

	In \$'000	
	<u>FY 89</u>	<u>FY 90</u>
Mission's Projected Requirements	3,060.0	3,487.9
GOP's proposed allowance	<u>2,756.0</u>	<u>2,893.0</u>
Shortage	<u>304.0</u>	<u>594.9</u>

The Mission will exert its best efforts in negotiating with the GOP to obtain the funding levels necessary to avoid any budget shortages. This will be done in concert with the Mission's cost saving measures discussed above. We would like to again reiterate our belief that our ability to negotiate a peso budget level with the GOP—sufficient to avoid any shortfalls—is unlikely because of the GOP's overall budgetary problems.

Although our initial allotment of funds for FY 88 were delayed, Mission does not anticipate that this will be a problem in the future. We were able to successfully negotiate a change in the GOP's disbursement procedures which will result in our receiving our budget allowances on a more timely basis.

TABLE VIII (b)
Information on U.S. PSC Costs
Dollar Funded

<u>JOB TITLE/DESCRIPTION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Housing Assistant	\$ 9,909 (11/08/86-09/30/87)	\$ 15,835 (10/01/87-09/01/88)	\$ 16,000 (10/01/88-09/30/89)	\$ 18,000 (10/01/89-09/30/90)
General Services Specialist	\$ 34,869 2/ (05/24/87-04/14/88)	\$ 99,482 (04/15/88-04/14/89)	\$ 98,668 (04/15/89-04/14/90)	\$ 100,320 (04/15/90-04/14/91)
Regional Program Coordinator	\$101,323 (09/01/87-08/31/88)	\$ 85,122 (09/01/88-08/31/89)	\$ 89,379 (09/01/89-08/31/90)	\$ 94,253 (09/01/90-08/31/91)
Civil Engineer 1/	\$106,000 (08/28/87-02/26/88)	\$ 98,700 (02/27/88-02/26/89)	\$106,000 (02/27/89-02/26/90)	\$112,000 (02/27/90-02/26/91)
RIF Civil Engineer	-	\$ 98,707 (05/17/88-05/16/89)	\$ 87,905 (05/17/89-05/16/90)	\$94,576 (05/17/90-05/16/91)
Temporary Secretaries (2)	-	\$ 7,200 (12/17/87-12/06/88)	\$ 7,560 (12/17/88-12/16/89)	\$ 7,938 (11/17/89-12/16/90)
Year-long Interns (2)	-	\$ 7,200 (09/01/87-08/31/88)	\$ 7,560 (09/01/88-08/31/89)	\$ 7,938 (09/01/89-08/31/90)
Temporary B&A Officer	-	\$ 22,000 (07/01/88-06/30/89)	\$ 23,100 (07/01/89-06/30/90)	\$24,255 (07/01/90-06/30/90)
	-	\$ 17,000 (06/06/88-07/06/89)	-	-

TABLE VIII (b)
(Continued)

<u>JOB TITLE/DESCRIPTION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Civil Engineer <u>1/</u> (01/01/87-06/30/87)	\$ 27,090 <u>2/</u>	-	-	-
Summer Hires (3) (06/22/87-07/31/87)	\$ 771	-	-	-
TOTAL	<u>\$279,962</u>	<u>\$451,246</u>	<u>\$436,172</u>	<u>\$459,280</u>

1/ Assigned for monitoring ESF activities

2/ Covers incremental funding only

Table VIII (b)
Information on F.N. PSC Costs
(Peso Trust Funded)

<u>JOB TITLE/DESCRIPTION</u>	<u>POS GR</u>	<u>CONTRACT TERM COVERED</u>	<u>D O L L A R C O S T S</u>			
			<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Secretary	07	10/01/87-05/12/90	\$ 3,693	\$ 4,468	\$ 5,408	\$ 5,949
Secretary	07	10/01/87-03/21/90	3,544	4,288	5,194	5,713
Admin Clerk (Typing)	05	10/01/87-12/13/88	2,814	3,405	4,146	4,560
Legal Advisor	11	10/01/87-09/30/90	8,193	9,913	11,869	13,056
Prog Spec (Economist)	12	10/01/87-11/22/90	10,638	12,872	15,382	16,920
Prog Spec (Economist)	11	10/01/87-09/21/90	7,489	9,062	10,861	11,947
Prog Spec (Economist)	11	10/01/87-08/29/90	8,193	9,913	11,869	13,056
Secretary	07	10/01/87-06/30/90	4,289	5,190	6,265	6,391
Secretary	07	10/01/87-03/26/90	3,842	4,649	5,622	6,184
Clerk Typist	04	10/01/87-04/05/90	2,236	2,705	3,315	3,647
Personnel Assistant	07	10/01/87-10/31/90	3,991	4,829	5,836	6,420
Secretary	06	10/01/87-11/15/90	3,224	3,901	4,734	5,208
Language Instructor	06	10/01/87-02/13/90	3,360	4,065	4,929	5,422
Library Tech (Ref)	06	10/01-87-05/06/90	4,036	4,883	5,900	6,490
Reference Librarian	08	10/01/87-12/15/90	4,264	5,160	6,228	6,351
Clerk Typist	04	10/01/87-06/16/90	2,135	2,583	3,170	3,487
Personnel Advisor	11	10/01/87-06/30/90	10,651	12,888	15,401	16,941
Secretary	05	10/01/87-06/30/90	3,305	3,999	4,851	5,336
Clerk Typist	04	10/01/87-07/28/90	2,135	2,583	3,170	3,487
Clerk Typist	04	10/01/87-06/21/90	2,540	3,194	3,396	4,286
Clerk Typist	04	10/01/87-09/30/90	2,135	2,583	3,170	3,487
Shipment & Trv Supv	08	10/01/87-04/16/90	5,207	6,301	7,583	8,342
Shipment Assistant	07	10/01/87-09/30/90	4,289	5,190	6,265	6,391
Shipment Assistant	07	10/01/87-09/02/90	3,394	4,107	4,980	5,478
Travel Clerk	05	10/01/87-09/03/90	3,182	3,350	4,575	5,142
Receptionist	04	10/01/87-05/11/90	2,236	2,705	3,315	3,647
Receptionist	04	10/01/87-08/01/9	2,135	2,583	3,170	3,487
Comm. Media Supv	05	10/01/87-09/30/90	3,550	4,296	5,203	5,724
Offset Press Oper	04	10/01/87-07/13/90	1,908	2,309	2,845	3,130
Offset Press Oper	03	10/01/87-04/24/90	2,135	2,583	3,170	3,487

Table VIII (b)
(Continued)

<u>JOB TITLE/DESCRIPTION</u>	<u>POS GR</u>	<u>CONTRACT TERM COVERED</u>	<u>D O L L A R C O S T S</u>			
			<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Prog Spec(Soc Science)	12	10/01/87-11/02/90	12,141	14,691	17,541	19,295
Program Assistant	07	10/01/87-09/30/90	4,141	5,010	6,051	6,656
Secretary	07	10/01/87-11/30/90	3,360	4,065	4,929	5,422
Secretary	06	10/01/87-04/26/90	4,075	4,931	5,957	6,553
Participant Trng Asst	08	10/01/87-09/16/90	3,887	4,703	5,686	6,255
Pub Health Physician	12	10/01/87-12/31/90	18,350	22,203	26,457	29,102
Prog Spec (Gen)	11	10/01/87-08/05/90	8,193	9,913	11,869	13,056
Prog Asst (Pop)	09	10/01/87-12/26/90	4,636	5,610	6,763	7,440
Secretary (Steno)	05	10/01/87-10/20/90	2,814	3,405	4,146	4,560
Secretary	06	10/01/87-04/12/90	3,360	4,065	4,929	5,422
Secretary (Steno)	06	10/01/87-07/15/90	3,224	3,901	4,734	5,208
Prog Spec (Pop)	11	10/01/87-04/23/90	7,841	9,488	11,365	12,502
Prog Spec (Pop)	11	10/01/87-09/30/90	7,138	8,637	10,356	11,392
Prog Spec (PYO)	11	10/01/87-05/06/90	7,489	9,062	10,861	11,947
Program Assistant	08	10/01/87-06/30/90	4,641	5,616	6,770	7,447
Secretary	06	10/01/87-12/31/90	3,900	4,719	5,706	6,276
Secretary (Steno)	06	10/01/87-07/27/90	2,572	3,112	3,799	4,178
Clerk Typist	04	10/01/87--5/31/90	2,135	2,583	3,170	3,487
Prog Spec (Agric)	10	10/01/87-07-05-90	7,333	8,873	10,636	11,700
Prog Spec (Agric)	10	10/01/87-08/26/90	6,044	7,313	8,784	9,663
Secretary	06	10/01/87-11/30/90	3,765	4,556	5,512	6,063
Prog Spec (Agric)	10	10/01/87-03/15/90	5,528	6,689	8,044	8,848
Prog Spec (Economics)	10	10/01/87-11/15/90	6,302	7,625	9,155	10,070
Prog Spec (Agribusi)	10	10/01/87-10/23/90	6,560	7,937	9,525	10,477
Secretary	05	10/01/87-02/28/90	3,673	4,444	5,380	5,918
Secretary	05	10/01/87-09/30/90	2,569	3,108	3,793	4,172
Prog Spec (Agric)	11	10/01/87-04/03/90	8,193	9,913	11,869	13,056
Prog Spec (Coop)	10	10/01/87-02/13/90	6,302	7,625	9,155	10,070
Prog Spec (Gen)	10	10/01/87-09/30/90	5,270	6,377	7,673	8,441
Prog Spec (Gen)	10	10/01/87-09/30/90	6,044	7,313	8,784	9,663
Prog Spec (Economics)	10	10/01/87-03/15/90	7,591	9,185	11,006	12,107

Table VIII (b)
(Continued)

<u>JOB TITLE/DESCRIPTION</u>	<u>POS GR</u>	<u>CONTRACT TERM COVERED</u>	<u>D O L L A R C O S T S</u>			
			<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Art & Graphics Asst.	07	10/01/87-08/28/90	3,096	3,746	4,551	5,006
Secretary	06	10/01/87-02/05/90	3,244	3,901	4,734	5,208
Mail Clerk	04	10/01/87-01/04/90	2,842	3,439	4,187	4,605
Secretary	06	10/01/87-09/30/90	3,900	4,719	5,706	6,276
Excess Prop Asst	07	10/01/87-09/30/90	4,737	5,732	6,908	7,598
Excess Prop Asst	07	10/01/87-09/30/90	4,588	5,551	6,693	7,363
Procurement Supv	10	10/01/87-07/31/90	6,044	7,313	8,784	9,663
Clerk Typist	04	10/01/87-02/22/90	2,135	2,583	3,170	3,487
Secretary	06	10/01/87-09/15/90	3,360	4,065	4,929	5,422
Comm. Maint. Tech.	07	10/01/87-12/16/90	3,544	4,288	5,194	5,713
Supply Clerk	05	10/01/87-11/20/90	2,814	3,405	4,146	4,560
Purchasing Agent	05	10/01/87-06/19/90	2,936	3,553	4,322	4,754
Maintenance Supv	07	10/01/87-06/19/90	4,141	5,010	6,051	6,656
Maintenance Supv	07	10/01/87-08/25/90	3,394	4,107	4,980	5,478
Maintenance Foreman	05	10/01/87-07/06/90	2,691	3,256	3,969	4,366
Clerk Typist	05	10/01/87-03/23/90	2,135	2,583	3,170	3,487
(Work Control Clk)						
Motor Pool Supv	07	10/01/87-09/30/90	4,588	5,551	6,693	7,363
Voucher Examiner	06	10/01/87-07/27/90	3,088	3,737	4,540	4,994
Automotive Mechanic	04	10/01/87-06/08/90	3,145	3,806	4,622	5,084
Automotive Mechanic	04	10/01/87-09/30/90	2,640	3,194	3,896	4,286
Chauffeur	03	10/01/87-09/30/90	2,678	3,240	3,950	4,345
Chauffeur	03	10/01/87-09/30/90	2,763	3,343	4,073	4,480
Chauffeur	03	10/01/87-09/30/90	2,763	3,343	4,073	4,480
Chauffeur	03	10/01/87-03/22/90	2,421	2,930	3,582	3,940
Chauffeur	03	10/01/87-08/31/90	2,336	2,826	3,459	3,305
Chauffeur	03	10/01/87-04/24/90	1,823	2,206	2,722	2,995
Chauffeur	03	10/01/87-01/28/90	2,592	3,136	3,327	4,210
Chauffeur	03	10/01/87-01/16/90	2,592	3,136	3,827	4,210
Chauffeur	03	10/01/87-06/13/90	2,164	2,619	3,213	3,535
Chauffeur	03	10/01/87-10/02/90	2,250	2,723	3,336	3,670
Chauffeur	03	10/01/87-08/07/90	2,250	2,723	3,336	3,670
Chauffeur	03	10/01/87-07/22/90	2,164	2,619	3,213	3,535
Chauffeur	03	10/01/87-07/22/90	2,164	2,619	3,213	3,535
Chauffeur	03	10/01/87-07/22/90	2,164	2,619	3,213	3,535

Table VIII (b)
(Continued)

<u>JOB TITLE/DESCRIPTION</u>	<u>POS GR</u>	<u>CONTRACT TERM COVERED</u>	<u>D O L L A R C O S T S</u>			
			<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Chauffeur	03	10/01/87-03/08/90	1,908	2,309	2,845	3,130
Chauffeur	03	10/01/87-09/30/90	1,823	2,206	2,722	2,995
Chauffeur	03	10/01/87-03/08/90	1,908	2,309	2,845	3,130
Chauffeur	03	10/01/87-03/17/90	1,908	2,309	2,845	3,130
Chauffeur	03	10/01/87-09/30/90	1,823	2,206	2,722	2,995
Secretary	07	10/01/87-03/11/90	3,544	4,288	5,194	5,713
Computer Sys Anlst	11	10/01/87-09/07/90	8,193	9,913	11,869	13,056
Computer Sys Anlst	10	10/01/87-07/08/90	5,786	7,001	8,414	9,255
Computer Sys Anlst	09	10/01/87-06/21/90	4,421	5,350	6,454	7,099
Computer Programmer (Computer Sys Anlst)	09	10/01/87-07/14/90	3,394	4,107	4,980	5,478
Computer Programmer	08	10/01/87-11/30/90	4,453	5,388	6,499	7,149
Minicomputer Operator	05	10/01/87-02/28/90	2,691	3,256	3,969	4,366
Secretary	06	10/01/87-07/27/90	2,569	3,108	3,793	4,172
Finan Analyst (AID)	11	10/01/87-03/17/90	7,489	9,062	10,861	11,947
Finan Analyst (AID)	11	10/01/87-09/16/90	7,841	9,488	11,365	12,502
Finan Analyst (AID)	11	10/01/87-03/15/90	7,841	9,488	11,365	12,502
Finan Analyst (AID)	11	10/01/87-04/05/90	7,138	8,637	10,356	11,392
Finan Analyst (AID)	11	10/01/87-04/29/90	7,138	8,637	10,356	11,392
Secretary	06	10/01/87-11/06/90	3,224	3,901	4,734	5,208
Accts.Maint. Clerk	08	10/01/87-04/13/90	2,953	3,573	4,346	4,781
Acctg Tech (AID)	08	10/01/87-05/22/90	4,641	5,616	6,770	7,447
Acctg Tech (AID)	08	10/01/87-06/30/90	4,541	5,616	6,770	7,447
Acctg Tech (AID)	08	10/01/87-07/24/90	4,453	5,388	6,499	7,149
Acctg Tech (AID)	08	10/01/87-03/04/90	4,264	5,160	6,228	6,851
Voucher Examiner (AID)	08	10/01/87-07/09/90	4,641	5,616	6,770	7,447
Voucher Examiner (AID)	08	10/01/87-12/11/90	4,264	5,160	6,228	6,351
Voucher Examiner (AID)	08	10/01/87-05/23/90	4,075	4,931	5,957	6,553
Voucher Examiner	07	10/01/87-03/01/90	2,953	3,573	4,346	4,781
Voucher Examiner	05	10/01/87-11/18/90	2,569	3,108	3,793	4,172
Pay Controls Assistant	07	10/01/87-11/15/90	3,693	4,468	5,408	5,949

Table VIII (b)
(Continued)

<u>JOB TITLE/DESCRIPTION</u>	<u>POS GR</u>	<u>CONTRACT TERM COVERED</u>	<u>D O L L A R C O S T S</u>			
			<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Secretary (Angeles)	06	10/01/87-10/05/90	3,360	4,065	4,929	5,422
Chauffeur (Angeles)	03	10/01/87-08/17/90	2,421	2,930	3,582	3,940
Maint. Man (Angeles)	03	10/01/87-04/08/90	2,164	2,619	3,213	3,535
Prog Spec (Priv Sect)	10	10/01/87-02/09/90	6,044	7,313	8,784	9,663
Secretary	06	10/01/87-05/25/90	3,360	4,065	4,929	5,422
Secretary	06	10/01/87-11/12/90	3,360	4,065	4,929	5,422
Secretary	05	10/01/87-09/15/90	2,569	3,108	3,793	4,172
Engineer (AID)	11	10/01/87-09/05/90	8,895	10,763	12,878	14,166
Engineer (AID)	11	10/01/87-02/28/90	9,598	11,613	13,887	15,276
Engineer (AID)	11	10/01/87-08/21/90	9,598	11,613	13,887	15,276
Engineer (AID)	11	10/01/87-06/30/90	9,246	11,188	13,383	14,721
Engineer (AID)	11	10/01/87-12/31/90	9,598	11,613	13,887	15,276
Engr (AID)	11	10/01/87-05/09/90	8,544	10,338	12,374	13,611
Engr (AID)-Davao	11	10/01/87-05/09/90	8,544	10,338	12,374	13,611
Engr (AID)-Angeles	11	10/01/87-09/09/90	6,497	9,913	11,869	13,056
Prog Spec (Cap Devl)	11	10/01/87-02/15/90	7,138	8,637	10,356	11,392
Prog Spec (Cap Devl)	10	10/01/87-06/15/90	6,044	7,313	8,784	9,663
Prog Spec (Cap Devl)	11	10/01/87-02/03/9	7,138	8,637	10,356	11,392
Prog Spec (Energy)	11	10/01/87-08/23/90	8,544	10,338	12,374	13,611
Secretary	06	10/01/87-11/30/90	4,661	5,043	6,107	6,479
Secretary (Steno)	05	10/01/87-06/30/90	2,691	3,256	3,969	4,366
Secretary (Steno)	05	10/01/87-08/09/90	2,569	3,108	3,793	4,172
Secretary	06	10/01/87-06/17/90	<u>3,578</u>	<u>3,737</u>	<u>4,540</u>	<u>4,769</u>
T O T A L			<u>\$670,500</u>	<u>\$812,135</u>	<u>\$979,389</u>	<u>\$1,077,328</u>

Organization: USAID Philippines

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>
None				

TABLE VIII (d)
ALL OTHER CODE 25 DETAIL
USAID/Philippines
(In \$'000)

<u>JOB TITLE/DESCRIPTION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
I. Dollar Funded Costs:				
Wang Hardware maintenance (10/01/86-09/30/87)	74.1	-	-	-
Online hardware maintenance (05/15/87-11/14/87)	10.1	18.8 (11/16/87-11/15/88)	20.7 (11/16/88-11/15/89)	22.8 (11/16/89-11/15/90)
Sanjoval's Medical Expenses (08/31/87-09/30/87)	17.7	-	-	-
Vehicle Contract Maintenance (09/01/87-02/29/88)	15.0	-	-	-
Price Waterhouse IQC Work Order (04/27/87-06/15/87)	24.7	-	-	-
Various items (medical costs, transport and courier services, printing, dollar funded local training and installation of tel cable) (10/01/86-09/30/87)	24.6	19.1 (10/01/87-09/30/88)	19.1 (10/01/88-09/30/89)	19.0 (10/01/89-9/30/90)
Proposed Office relocation	-	700.0 (06/01/88-09/30/88)	800.0 (10/01/88-03/31/89)	-
Total Dollar Funded Costs	166.2	737.2	839.8	41.8

TABLE VIII (d)
(Continued)

II. Peso Trust Funded:				
Warehousing Operations	26.6 (08/01/87-07/31/88)	29.2 (08/01/88-07/31/89)	31.9 (08/01/89-07/31/90)	35.0 (08/01/90-07/31/91)
Various items (transport and courier services and medical treatment costs)	9.8 (10/01/86-09/30/87)	10.8 (10/01/87-09/30/88)	11.8 (10/01/88-09/30/89)	13.0 (10/01/89-09/30/90)
Total Peso Funded Costs	<u>36.4</u>	<u>40.0</u>	<u>43.7</u>	<u>48.0</u>

Organization: USAID/Philippines

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

	<u>FY'87</u>	<u>FY'88</u>	<u>FY'89</u>	<u>FY'90</u>
1. CAPITAL INVESTMENT:				
A. Purchase of Hardware				
WANG				
External Chassis (VS-6554)	2.1			
128 K Comm Controller (VS-TCL)	2.1			
Front Panel/External Chassis (VS-FP6554)	.2			
Connector for RS232 (TCP-RS232)	.2			
Netcore (VS-WSNS-CORE-5)	1.4			
VS Pt to Pt Transport (VS-WSNT-1-PP-5)	.4			
VS Terminal Emulation (VS-WSNS-1-LGN-5)	.4			
VS File Transfer Service (VS-WSNS-1-FT-5)	.4			
VS DP/WP Workstations (4230A-VS)	5.3			
PC 8 Slot, 512K, 360K/20MB (PC-XC5-3)	10.8			
WANG/IBM Monitor Card (PC-PM101)	1.0			
WANG Graphics Card (PC-PM002)	.6			
Monochrome Monitor (PC-PM004)	1.0			
PC VS Local Comm Option Card (PC-PM141-VS)	1.8			
PC Integrated Word Processing (PC-AS002-2)	1.0			
PC 60 CPS Daisy Wheel Printer (PC-PM018)	1.1			
VS 60 CPS Daisy Wheel Printer (DW/OS 60)	3.9			
Bidirectional Forms Tractor (BFT-1)	.2			
WANG Laptop Computer (WLTC-S1-US)	5.7			
360 KB Diskette Drive (WLTC-1-1-US)	.6			
IWP Release 2.6B (WLTC-AS002-D-9)	.4			
European Battery Charger (WLTC-5-4-EU)	.1			
Extra AC Transformer 220VAC (WLTC-5-3-EU)	.1			
NICAD Batteries for the WLTC (725-3317)	.1			
External Numeric Keypad (WLTC-4-1)	.2			
512K Memory Board for WLTC (WLTC-3-1)	1.2			
PC (PC200/300)/Workstation (4230A-VS)		13.8	27.6	20.3
Memory upgrade (2 to 4)(4 to 6)(UJ-34xx)		11.6		11.6
Port Serial IOP (22V27-216)		3.9	3.9	
PC 280 (PC-280-3)		4.5		
20 Mb Disk/controller card (APC-PM023)		1.0		
PC Memory Expansion (PM032)		.4		
Mouse (725-3461)		.1		
Laser Printer (LCS15)				3.0
ICS 2 Add'l Eqpt		.5		
Large Data Storage Cabinet (2295V-C6)			18.0	
Streaming Tape Drive (2529V)			3.0	
HERTS Automatic Voltage Regulator	2.2			
RACAL-MILGO Modem (26 LSI MarkII)	2.6			
EPSON Matrix Printer (FX-286)	1.3			
HP LaserJet II Printer		4.0		
HP Scanjet		2.0		
Tape Cabinet (2)			1.5	

Organization: USAID/Philippines

TABLE VIII (e)
(Continued)

B. Purchase of Software				
LOTUS 1-2-3 Upgrade to 2.01 (WANG Version)	1.4			
PROPLAN System Software Package	1.0			
LOTUS 123 IBM Version Release 2.01	.7			
WLTC RH Thesaurus (WLTC-AS009-D-9)	.1			
WANG OS 7.13 upgrade		1.0		
WANG Pagemaker		.5		
Dbase3+,Foxbase+,ThinkTank,DOS 3.2		.5		
C. Site Facility				
SUBTOTAL Section 1	51.6	43.8	54.0	39.9
2. Personnel:				
A. Compensation, Benefits and Travel				
B. Workyears				
3. Equipment Rental, Space and Other Operating Costs:				
A. Lease of Equipment				
B. Space	3.5	4.0	4.6	5.3
C. Supplies and Other Material	6.0	6.4	6.9	7.5
D. Non-Commercial Training				
SUBTOTAL Section 3	9.5	10.4	11.5	12.8
4. Commercial Services:				
A. Computer Time				
B. Leased Telecommunications Services	5.0	5.0	5.0	5.0
C. Operations and Maintenance				
(1) Operations				
(2) Maintenance				
Other than WANG equipment	10.1	18.8	20.7	22.8
WANG Equipment (AID/W maintenance)	74.1			

Organization: USAID/Philippines

TABLE VIII (e)
(Continued)

D. Systems Analysis and Programming:				
E. Systems Design and Engineering				
F. Studies and Others				
SUBTOTAL Section 4	89.2	23.8	25.7	27.8
5. TOTAL DOLLARS	150.3	78.0	91.2	80.5
TOTAL WORKYEARS (From item 2A)				
6. MISSION ALLOWANCE LEVELS:				
A. Existing systems	98.7	34.2	37.2	40.6
B. New or expanded systems	51.6	43.8	54.0	39.9

FY 1990 ANNUAL BUDGET SUBMISSIONTABLE XIP.L. 480 TITLE I/III REQUIREMENTS

(Dollars in Millions, Tonnage in Thousands)

	ACTUAL		ESTIMATED		PROJECTED	
	FY 1988	1988	FY 1989	1989	FY 1990	1990
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>						
Rice	30	91	-	-	-	-
Wheat ^{1/}	-	-	35 ^{2/}	289	50	413
Total	30	91	35	289	50	413
<u>Other</u>						
P.L. 480 Title II						
Section 206:						
Rice	20 ^{3/}	48 ^{4/}				
Total	20 ^{3/}	48 ^{4/}				

COMMENT:

- 1/ Wheat tonnage based on dols 121 per metric ton per State 386499 dtd 12/12/87.
- 2/ USAID requests \$35.0 million in Title I to ensure sufficient support will be available for private sector initiatives. Failing the availability of \$35.0 million in FY89, USAID requests \$30.0 million in Title I and \$5.0 million in P.L. 480 Title II Section 206.
- 3/ includes ocean freight costs
- 4/ estimated rice tonnage to be provided under this program

FY 1990 ANNUAL BUDGET-SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country PHILIPPINES

Sponsor's Name CATHOLIC RELIEF SERVICES (CRS)

A. Maternal and Child Health..... Total Recipients 450,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>DOLLARS</u>
<u>450,000</u>	<u>Corn Soy Milk(CSM)</u>	<u>9,828</u>	<u>2,644</u>
<u>450,000</u>	<u>Non Fat Dry Milk(NFDM)</u>	<u>9,828</u>	<u>1,091</u>
<u>Total MCH</u>		<u>19,656</u>	<u>3,725</u>

B. School Feeding..... Total Recipients _____

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

C. Other Child Feeding..... Total Recipients 400,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>DOLLARS</u>
<u>400,000</u>	<u>Corn Soy Milk(CSM)</u>	<u>6,528</u>	<u>1,756</u>
<u>400,000</u>	<u>Non Fat Dry Milk(NFDM)</u>	<u>8,736</u>	<u>961</u>
<u>Total Other Child Feeding</u>		<u>15,264</u>	<u>2,717</u>

D. Food for Work..... Total Recipients 25,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>DOLLARS</u>
<u>25,000</u>	<u>Bulgur wheat (BW)</u>	<u>2,272</u>	<u>443</u>
<u>Total Food for Work</u>		<u>2,272</u>	<u>443</u>

E. Other (Specify) Total Recipients _____

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

II. Sponsor's Name CRS/Philippines

FY 1990 ANNUAL BUDGET-SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country PHILIPPINES

Sponsor's Name COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE (CARE)

A. Maternal and Child Health..... Total Recipients 623,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>DOLLARS</u>
<u>623,000</u>	<u>Non Fat Dry Milk(NFDM)</u>	<u>16,308</u>	<u>1,794</u>
<u>Total MCH</u>		<u>16,308</u>	<u>1,794</u>

B. School Feeding..... Total Recipients 1,690,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>DOLLARS</u>
<u>500,000</u>	<u>All Purpose Flour(APF)</u>	<u>4,868</u>	<u>1,110</u>
<u>1,190,000</u>	<u>Bulgur Wheat (BW)</u>	<u>7,854</u>	<u>1,531</u>
<u>1,190,000</u>	<u>Non Fat Dry Milk(NFDM)</u>	<u>5,891</u>	<u>648</u>
<u>Total School Feeding</u>		<u>18,613</u>	<u>3,289</u>

C. Other Child Feeding..... Total Recipients _____

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

D. Food for Work..... Total Recipients _____

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

E. Other (Specify) MONETIZATION..... Total Recipients _____

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>DOLLARS</u>
	<u>Bulk Wheat</u>	<u>8,000</u>	<u>1,032</u>
<u>Total Other</u>		<u>8,000</u>	<u>1,032</u>

II. Sponsor's Name CARE/Philippines

MISSION PRIVATIZATION PLAN

A. THE PROBLEM

The movement of the Philippines from a generally private sector-oriented economy toward a mixed economy with a growing and inefficient public corporate sector gained impetus as long as fifteen years ago. During the 1970s neither the donors nor the international financial community gave due attention to the trend toward ever greater public sector domination of industry and large-scale service sector businesses such as airlines and banking. However, the subsequent emergence of "crony-capitalism"--private monopolies leveraged with public funds--caught the attention and interest of the world financial community and signalled the extent of the structural change in the Philippine business sector. As the complex architecture of crony capitalism was gradually revealed during the waning years of the Marcos administration, the full extent of the government's ownership and involvement in industry and business became increasingly clear.

The government owned the only airline, banks, steel mills, cement corporations, mining corporations, shipping lines, oil corporations, refineries, urban bus companies and trucking firms. On top of this mass of chartered public business, the government's domination of financial and capital markets, as well as the liberal use of sovereign guarantees to shore up private credits, had given the Philippine government enormous exposure to the nominally private businesses operated by the cronies. When the weaknesses in the financial structure of the Philippines were dramatically exposed during the crisis of confidence following the assassination of Benigno Aquino in 1983, the reality of this massive government exposure to private firms became clear. Over the next three years an increasing number of crony and other firms failed to meet their debt obligations. Many owners walked away from their companies with little regret, having made their profits in the mobilization and procurement phases of projects, leveraged with public funds. Others skillfully stripped their assets, undetected by the inexperienced and often unconcerned public sector bankers who held their paper.

As the defaults to the government banks cascaded, with single company defaults triggering the collapse of holding companies and corporate shells to which many of the government loans had been extended, the size of the public sector portfolio grew apace. Today, the public sector, chartered and acquired, eats a quarter of the national budget. President Aquino and her economic cabinet officers have given high priority to divestiture and privatization.

This priority has been underscored by the donor community. The IBRD has required divestiture and restructuring plans for public financial corporations and for non-financial (industrial and service) companies as a condition for program loans. USAID has tied food aid to privatization conditions in the agricultural and food processing areas. These efforts have been relatively well-received by the economic technocrats of the GOP who share the donors' sense of urgency in stanching the budgetary bleeding of the public corporate accounts and in restoring leadership to the private sector in most industrial and corporate activity.

Before examining the specifics of privatization in the Philippines, it is useful to consider the overall financial magnitude of the issue. The GOP's budget deficit for 1986 was an estimated \$1.4 billion, or around 4.7 percent of GNP, caused in large part by government expenditures in the form of subsidies, net lending and equity contributions to chartered public corporations, and by debt servicing for the three largest government financial institutions. In 1986, GOP equity contributions and net lending to public enterprises amounted to 27.7 billion pesos, or 26 percent of total budgetary expenditures. Outlays to the government financial institutions absorbed 58 percent of this assistance. To reduce this burden and to reverse the statist policies of the previous administration, the present administration must divest itself of three classes of assets:

1. Chartered Public Corporations (Non-Financial): The previous Administration pursued interventionist policies which led to the establishment of inefficient and heavily subsidized parastatals, most in direct competition with the private sector. The formation of public sector companies expanded rapidly in the 1970s and early 1980s, quadrupling from 65 in 1970 to 264 in 1986. A core of 14 very large chartered corporations constitute about half of total public corporation assets, and 74 smaller corporations and 174 wholly-owned subsidiaries make up the remainder. These entities range from the Philippine National Oil Company (PNOC) and Philippine Airlines to a variety of corporate subsidiaries in transport, trade and manufacturing. In terms of gross value added (GVA), this sector grew faster than the economy between 1975 and 1984, growing by 24.6 percent per annum compared to 14.1 percent for Gross Domestic Product (GDP). However, the contribution of this sector to total employment has been insignificant. In 1984, employment in public enterprises accounted for less than one percent of total employment.

2. Chartered Public Corporations (Financial): Policies of the previous government perpetuated an over-reliance in the economy on bank borrowing to finance medium- to long-term capital requirements. The volatility of the Philippine economy over the past five years caused many companies to default on their loans to the government financial institutions, which then acquired assets through the conversion of loans to equity. In most instances the financial obligation to the banks exceeds the value of the assets. To avoid decapitalizing the government financial institutions the government has had to provide them with massive financial support from the budget. There is an urgent need for the government to relieve itself of this financial burden, and to eventually divest itself of financial institutions such as the Development Bank of the Philippines (DBP), Philippine National Bank (PNB), the Land Bank, the Philippine Export and Foreign Loan Guarantee Corporation (PEFLGC), and numerous insurance and special purpose financial firms, because of their drain on the budget.

Both DBP and PNB have undergone financial restructuring as part of the conditionality attached by the IBRD to its Economic Recovery Program Loan (see Section C.1). On an obligation basis, net lending to DBP is expected to decrease from 7.6 billion pesos (\$371 M) in 1986 to a projected 5.7 billion pesos (\$278 M) in 1987. Net lending and equity investments for PNB are projected to drop from 11.0 billion pesos (\$537 M) in 1986 to 2.3 billion pesos (\$137 M) in 1987.

3. Acquired Assets: Government financial institutions acquired hundreds of assets in the form of private companies that defaulted on their loans. The case for divesting these assets has been evident to the domestic and international financial community for many years. The previous IMF Stand-by Agreement with the GOP sought to force a measure of financial discipline on DBP and PNB. The key economic team members in the new Administration's Cabinet know that privatization is imperative and have arrived at a mechanism to undertake this task, as discussed in Section B below.

B. GOP APPROACH TO PRIVATIZATION

After several ad hoc attempts to privatize individual entities, the Aquino administration issued Proclamations 50 and 50-A in December 1986, formally launching a program for the expeditious disposition and privatization of certain government corporations and/or assets thereof. Proclamation No. 50 created the Committee on Privatization (COP) and the Asset Privatization Trust (APT) and 50-A, issued shortly thereafter, refined the requirements of the original Proclamation (to the satisfaction of the IBRD).

The COP is a Cabinet-level committee tasked with identifying for the President those non-performing assets and government corporations to be privatized, determining which assets will be transferred to the APT, establishing guidelines for privatization, and approving the sale and disposition of assets.

The APT was created to serve as the disposal unit in the process, with five full-time trustees from the private sector. The APT will focus primarily on the acquired assets of PNB and DBP and the government-owned corporations or parastatals. Operating guidelines for the APT have been finalized and issued. These guidelines address: the transfer of non-performing assets to the Trust; priorities for asset disposal; policies on conservation, rehabilitation, restructuring, mergers and other reorganizations; the choice of markets for disposition; valuation; sales methods; sale to previous owners; and operations and administration. The guidelines for the disposal of government corporations have also been issued.

C. OTHER DONOR PLANS

1. The World Bank (IBRD): The IBRD has been a vital force in promoting privatization in the Philippines. It conditioned its \$310 million Economic Recovery Loan on reforms in the government financial institutions, including the establishment of a mechanism for the privatization of acquired assets and the restructuring of the DBP and PNB. In addition, the IBRD and the GOP have reached agreement on a \$150 million Public Corporate Sector Rationalization loan, to privatize selected non-financial government corporations and increase the operating efficiency of the remaining public corporations. The IBRD is requiring Philippine government agreement on the structure and implementation of the rationalization effort as a precondition to both the Public Corporate Sector Loan and the second tranche of the Economic Recovery Loan.

2. International Finance Corporation (IFC) has committed \$12.5 million to the First Philippine Capital Fund for the purpose of converting part of the Philippines' foreign debt into equity investments. This Fund will likely be a contributor to the privatization process through the purchase of investment in the acquired and distressed assets of the GFIs. The IFC might also provide general technical assistance to the APT as required by the GOP. In the GOP execution of specific privatization deals, IFC may provide specialized technical assistance to potential buyers.

3. Asian Development Bank (ADB): ADB has no plans for significant near-term involvement in privatization, but is providing grant technical assistance for privatization-related studies, including \$350,000 for the development of a privatization strategy for Philippine Airlines. ADB has made a \$500,000 equity infusion to Planters Development Bank and is negotiating opening a \$10 million window for direct lending to private corporations without requiring a government guarantee.

D. THE MISSION APPROACH TO PRIVATIZATION

The Mission envisions its major contribution to the privatization process as assisting the GOP to develop its privatization strategy and implementation framework. The Mission's approach adheres to the principle that the process of privatization generally and divestiture specifically is a market process which must be implemented by private sector entities qualified to do so, i.e., private investment/merchant banks, accounting and consulting engineering firms, lawyers, etc. This approach sets us apart from the multilateral development banks (MDBs) who have indicated a willingness to provide financial and technical resources to review, classify and selectively rehabilitate assets before their disposal or leverage the sale itself.

E. SPECIFIC ACTIONS

The initial thrust of the Mission's privatization plan has been to act as a catalyst to focus the GOP's policy makers on the need to divest the government of non-performing and public corporate assets in an expeditious but orderly manner. The Mission has identified short- and long- term targets of opportunity for assisting the privatization process in the Philippines, as presented below.

1. Short-Term Privatization Assistance

a. Accomplishments to Date

1) Studies: Initially, the Mission funded several studies on the public corporate sector in the Philippines, which were used by the IBRD in its appraisals for the economic recovery and public corporate sector loans. Subsequently, the Mission used the PRE Bureau contract with the Center for Privatization for a key study performed by the First Boston Corporation entitled "Recommendations on the Privatization Program for the Republic of the Philippines." This study provided significant input to the GOP's decision not to undertake a massive physical and financial rehabilitation of assets prior

to their sale because costs incurred would probably not be recovered. The study further stressed the importance of centralization, simplicity, flexibility and speed for the GOP to succeed in privatization.

2) Privatization Conference: An international conference called "Philippine Opportunities for Entrepreneurs and Investors (PHOENIX)," focusing on the divestiture of government corporations, was held in December 1986. The Conference was hosted by the Presidential Commission on Government Reorganization (PCGR) and involved key GOP officials in a presentation of investment policies and opportunities. This conference represented the launching of the GOP's privatization program and the first in a series of marketing activities to generate interest in the assets being privatized by the GOP. The Mission deemed this an excellent opportunity for AID to be publicly associated with GOP privatization efforts and received the assistance of the PRE Bureau to financially support this conference. AA/PRE Neal Paden attended the conference and was featured as a speaker, and PRE recruited and financed several individuals skilled in asset evaluation techniques who led and participated in a panel discussion on this topic.

3) National Food Authority (NFA): Since the Mission's development thrust is agriculture and rural development, special emphasis is being given by the Mission to the privatization of government agribusiness and agri-marketing firms such as the National Food Authority (NFA) and commodity marketing firms such as the Philippine Cotton (PCC), Dairy (PDC) and Tobacco (PTC) Corporations. The former Minister of Agriculture formally requested advisory services to establish a framework for the divestiture of the NFA. A review of the NFA non-grain business operations was made, their commercial viability assessed, net worth and fair prices ranges were established and an action plan for divestment developed and recommended. The study's recommendations have been well received by the new Secretary of Agriculture.

The Philippine Cotton Corporation is being privatized by the Government's Asset Privatization Trust; bidding for PCC's assets was recently completed. The privatization of the Philippine Dairy Corporation has been approved by the Department of Agriculture, and bidding for PDC assets is currently in process.

b. Planned Advisory Services

The Secretary of Agriculture has requested that the Mission fund assessments similar to the NFA study for the Philippine Cotton and Dairy Corporations. The Mission has responded favorably to this request, and expects to have both U.S.-based and local advisory services in place during FY 1988.

2. Long-Term Privatization Assistance

a. Privatization Project (492-0428)

The Privatization Project was authorized by the Mission in May 1988; execution of the Project Grant Agreement with the Government of the Philippines is anticipated in early June 1988. The purpose of this project is

to reduce the privatization policy of the Government of the Philippines by supporting the GOP's divestiture of selected government owned and controlled corporations (GOCCs) and acquired assets, thereby improving the GOP's budget situation.

The project's approach is to assist the government to divest itself of state-owned corporations and acquired assets. The newly created Asset Privatization Trust and other governmental disposal units will require assistance in evaluation, finance packaging, identification of foreign investors and marketing. The project will provide technical assistance in the form of investment banking, accounting, marketing, and technical services for the following activities: a) evaluation; b) financial packaging; c) preparation of prospectus; d) presentation of formal opinions on the "fairness" of the terms of the sale; e) identification of potential direct and portfolio investors, particularly direct foreign investors for the larger entities to be privatized; f) assistance in negotiations with prospective investors; and g) issuing shares of state-owned companies in the public securities exchanges.

b. Philippine Agribusiness Industrial and Investment Company (PAIICO)

The purpose of this planned FY 1989 project is to mobilize private term capital for investment in firms slated for privatization, for financially-distressed privately-held firms, and for new and existing agro-industrial enterprises.

The project will provide technical assistance for the start-up and partial capitalization (on a subordinated debt basis) of PAIICO. PAIICO will provide investment capital for agricultural projects with high return potential, and will act as an intermediary/broker in obtaining investors/buyers to provide new capital and managerial expertise in "turning around" existing financially-distressed businesses. PAIICO could also act as a principal in the purchases of such businesses, "turning them around" and then profitably reselling them.

c. Capital Markets Development

This planned FY 1989 project will assist appropriate government and private sector entities to strengthen the capacity of the Philippine capital market to mobilize private term capital and encourage an increase in the supply of securities. Expected project outputs include proposals for revised legislation and regulations submitted to Congress, an improved Securities and Exchange Commission serving in both developmental and regulatory capacities, and more efficiently operating stock exchanges.

d. Venture Capital

The purpose of this proposed FY 1989 project is to mobilize equity risk capital for newly-established small to medium sized enterprises in high-growth areas. The project will provide partial capitalization on a subordinated debt basis for a venture capital fund established by a U.S.-based

venture capital firm. The fund would be organized like a closed-end mutual fund, with its equity privately placed. Other capital sources would include multilateral development banks as well as private Philippine financial and nonfinancial firms. The fund would invest in small and medium sized Philippine companies with emphases on technology transfer, labor-intensive export-oriented marketing, agribusiness, asset privatization and the "turn around" of distressed assets.

e. Accelerated Agricultural Production (AAP) Project

The Mission plans to assist the GOP to undertake privatization activities related to agriculture through the Market Development Component of the AAP project, signed in August 1986. Current discussions with the Department of Agriculture center on the provision of technical assistance for the privatization of seven NFA peripherals and four GOCCs.

3. Resource Allocation

a. Privatization

A funding level of \$5 million is planned. This project comprised one of the two components of the Mission's Financial Resources Mobilization Project, authorized in AID/W in 1987. The FRM Project did not go forward as negotiations with the GOP broke down over the capital market development component. Project activities are expected to commence in late FY 1988. Project-supported privatization activities would be undertaken over five years, FYs 1988-1992.

b. PAIICO

Proposed LOP funding for this project is \$4,000,000, with \$1.0 million expected to be obligated in FY 1989.

c. Capital Markets Development

A funding level of \$4,000,000 is planned for this project. Anticipated FY 1989 obligation is \$1.5 million.

d. Venture Capital

Life of project funding for the planned Venture Capital Project is \$6,000,000. The expected FY 1989 obligation is \$2.0 million.

e. Accelerated Agricultural Production (AAP)

\$470,000 has been budgeted to support privatization activities under AAP. Current estimates are for 24 person-months of technical assistance. The project's PACD is December 31, 1991; however, the privatization activities the project will support are likely to be completed in FY 1989.

MICRO AND SMALL ENTERPRISE PROGRAMS
(U.S. DOLLARS THOUSANDS)

<u>PROJECT ASSISTANCE (OBLIGATIONS)</u> ^{1/}	<u>FY 87</u> <u>ACTUAL</u>	<u>FY 88</u> <u>EST.</u>	<u>FY 89</u> <u>EST.</u>	<u>FY 90</u> <u>PROPOSED</u>
I. ESF Dollar Obligations	0	0	0	0
II. DA Dollar Obligations				
A. For Micro-enterprises				
1. For Credit	412	450	750	1,550
2. For T.A./Training	602	1,550	150	350
B. For Small Enterprises				
1. For Credit			1,500	3,000
2. For T.A./Training				8,000
C. For Small Farmers				
1. For Credit	305	1,517	800	1,600
2. For T.A./Training	645	2,119	1,200	2,200
<u>NON-PROJECT ASSISTANCE (DISBURSEMENTS)</u> ^{1/}				
I. From ESF Generations	0	0		
A. For Small Farmers				
1. For Credit			8,000	12,000
2. For T.A./Training			4,000	6,000
II. From DA Generations	0	0	0	0
III. From PL480 Generations	0	0	0	0

^{1/} As in our previous response, we have used the AID terms "obligations and "disbursements" where the instruction cable speaks of "commitments" and "expenditures," respectively.