

U R U G U A Y

PART ONE - ADC SUMMARY STRATEGY STATEMENTI. Introduction

The country was ruled by a military regime; its foreign debt had increased alarmingly; and income levels had dropped significantly. In the early eighties, that description fit Uruguay as well as its much larger neighbors, Brazil to the north and Argentina to the south. By the late eighties, after all three countries had returned to democratic rule, only Uruguay is on the path of economic revival.

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Uruguay still has a heavy level of foreign debt per capita, but it has kept up with its payments. As a leading member of "Los Ocho", the group of eight Latin American democracies that have been deliberating positions on the international debt issue, it has used its disproportionate diplomatic influence as a moderating force within the group. While not afflicted with the strong populist political tendencies that thwart progress in Argentina, Uruguay has a long welfare statist tradition that has required free-market economic reformers to move with certain caution. The economic challenges of the nineties call for further transformation in Uruguay if it is to achieve its potential as a model of sustained economic development in the region.

II. Economic Setting

Uruguayan per capita Gross National Product (GNP) at the end of 1988 was approximately \$2,150, representing a significant recovery from the depressed levels of 1982, but still below the peak level of 1981. The democratic government, which assumed office in 1985, has pursued a market-oriented economic model with emphasis on export growth, diversification and liberalization of many leading sectors of the economy. A unified free exchange regime was established and tariff rates were lowered and simplified. During the years 1986 and 1987 the Uruguayan economy substantially improved its overall performance achieving an accumulated Gross Domestic Product (GDP) growth of 12%. The public sector deficit was reduced to 4.1% of GDP by the end of 1987 from deficits as high as 10.2% of GDP in 1984 and 7.5% of GDP in 1985.

Rapid growth of GDP was made possible by export expansion and the recovery of internal demand from the depressed levels of the early 80's. It utilized the idle industrial capacity installed during the period 1979-1982. However, by the end of 1987, the economy had begun to bump into capacity constraints. Investment fluctuated between 7.6% and 8.7% of GDP during the years 1985-7. This was inadequate to expand productive capacity, being below replacement level. It was also less than half the average investment level during the years 1979-81 (a 17.4% of GDP), when the GDP grew at an average yearly rate of almost 5%. This, combined with restraints on domestic consumption and labor unrest, caused a loss of economic dynamism in 1988. Economic growth in 1988 was only 0.5%, and the central government deficit grew 50.9%.

This higher deficit (approximately 2% of GDP) combined with the parafiscal deficit of the Central Bank will probably result in an overall deficit larger in terms of GDP than in 1987. This contributed to an acceleration of inflation to 78% (for the year ending March 1989).

Nevertheless, exports boomed in 1988 reaching USD 1.4 billion, an all-time record. This trend is likely to continue unless there are major labor difficulties or collapses in international prices. The strong export performance combined with an increase in tourism revenues has resulted in a healthy current account surplus that enables Uruguay to service its debt despite the fact that, in per capita terms, it is one of the highest in the hemisphere.

III. Challenges for the Nineties

The principal objective of President Julio Sanguinetti's administration has been the reinstitutionalization of democracy in Uruguay. One of the principal means of accomplishing this has been the development and maintenance of a broad political consensus on foreign and domestic policy. While some economic reform efforts have been made, many of the structural changes necessary for sustained economic growth that were included in the 1986-89 medium-term Structural Adjustment program have been postponed or compromised for fear of destroying this carefully built political consensus. Consequently, the administration that assumes power in March 1990 will face a number of challenges on the economic front.

A. Public Sector Expenditures

Although progress has been made, the amount of resources expended by the public sector remains an important impediment to sustained growth. Excessive public sector employment continues to be a problem in both the Central Government and public enterprises. When the GOU moved on closing losing passenger rail service, workers were transferred to other public service jobs rather than being dismissed. In a move to reduce the losses of the national airline, the GOU tried, but failed, to pass legislation allowing partial sale to a foreign airline. Reform of the social security and pension system, with expenditures in excess of 10% of GNP, was a priority element of the structural adjustment plan. But here too the GOU has been unable to pass the necessary legislation. Other significant drains on resources are the losses of the State Housing Bank and losses by the National Bank as a result of its takeover of the portfolio of four private banks that became insolvent in the wake of the 1982 financial crash.

B. Legal and Policy Constraints

There are a whole series of legal and policy issues that should be on the agenda of the next administration in order to encourage private sector investment. The labor code in Uruguay is inadequate, antiquated and paternalistic. A revision has been under consideration but no action has been taken. Inadequate legal protection for creditors discourages lending by private banks. The antiquated and exceedingly slow system of justice is also a general impediment to economic modernization.

C. Agriculture

Agriculture remains the backbone of the Uruguayan economy. It is, however, a traditional agriculture which is increasingly ill-suited to competition in the modern age. Uruguay needs to begin a systematic introduction of new technologies in production, in particular, modern biogenetics. For the non-traditional products, marketing know-how will also be needed. As a substantial agricultural producer, it should also develop its own capacity to generate new and appropriate technology. The government is eager to do this, but lacks the expertise and resources to do it alone.

D. Industry

Uruguayan industry arose initially from the processing of agricultural exports. Beginning in 1940's an active program of import substitution gave rise to a wide variety of protected industries. Uruguay is now going through a painful adjustment in its industrial structure brought about by necessary economic liberalization and by competition by its two large neighbors, Brasil and Argentina. The clamor for protection will probably grow in the 1990's if these industries come under even stronger external competition. A successful adjustment will require greater private investment and access to the necessary technology.

E. Services

The GOU feels that the economic future of Uruguay will be closely tied to the development of service industries. Tourism and banking are already significant contributors to the economy which the government would like to see developed further. To stimulate the development of services, the government recently named a high level commission, including the Finance Minister, the Central Bank president and the Minister of Industry to develop a strategy for making Uruguay a regional services center. Most of the legal framework for this type of activity is already in place. However, much of the physical infrastructure (i.e., telecommunications) is still inadequate. The educational system will also require major adaptation if it is to produce the type of persons that will be required by these new industries.

F. Encouraging Private Investment

In order to convince private investors of the long-term profitability of the Uruguayan economy and thus to encourage investment, the GOU will have to control domestic inflation, improve the services infrastructure of the country and continue to support external diversification. Uruguay is too small a market to be attractive to either unprotected domestic or foreign investors. The Uruguayan Government is committed to a vigorous investment promotion campaign which includes modern free zone legislation. One of the main objectives of this campaign is to highlight the contrast between the instability of its neighbors and the stability of Uruguay.

F. Entrepreneurial Development

Like much of Latin America, Uruguay's business class has been traditionalist and family-oriented and accustomed to earning its profits more by obtaining monopolies in connivance with the central government than from its own efforts. Partly as a result of this, business is not a well respected career in Uruguay. There is a widespread recognition in political and business circles that this cultural milieu must change if Uruguay is to compete effectively in the modern world. Efforts are already underway to promote modern management training, which did not exist in Uruguay as little as 5 years ago. Government liberalization of the economy and sharp reductions in external protection have dramatically changed the business environment. However, the development of a new entrepreneurial class has not been sufficiently rapid to create new employment opportunities to fill the void created by the loss of traditional ones. This is particularly evident in the widespread unemployment among young people in Uruguay and the consequent growth of the informal economy and emigration.

IV. Program Goal and Objectives

The goal of the Uruguay ADC program is to assist Uruguay to achieve sustained growth in the 1990's. The three LAC objectives that characterize the program are, in order of causality: 1) Improve educational opportunities; 2) Strengthen the Private Sector; and 3) Increase GDP. Activities under the first objective contribute to objectives two and three. And activities under the second objective also contribute to objective three.

A few words are needed on the LAC objectives not selected. Increasing agricultural production and promoting exports are understood to be subsumed under the selected objectives in view of the fact that Uruguay is a small open economy heavily based on agriculture and livestock. Stabilization of financial structures may have been an appropriate objective in the past, but reform is more appropriate for the future. Natural resource degradation is not a major development issue in Uruguay. Improvements in infrastructure, i.e. telecommunications, are important for Uruguay's future development, but A.I.D. does not have a role in that. Population growth is practically zero, and health and housing standards are fairly high.

Strengthening democratic institutions is an objective of the Embassy and A.I.D. in Uruguay. It has not been treated as a separate objective in this AAP because two of the three tentative activities (assistance for the improved functioning of the judicial system and the legislature) also have economic rationales, and because the third activity (assistance to improve civil-military relations) would be dependent on the development of a suitable regional project.

In pursuance of the three objectives of the program, USAID will use four of the five means endorsed in the ADC guidelines -- institutional strengthening, transfer of U.S. technology, mobilization of non-A.I.D. resources and policy change. The fifth, i.e. activities benefitting LDCs, is not a prospect, due principally to Uruguay's size, location and pattern of international relations.

PART TWO - FY 1990/91 ACTION PLAN

I. Program Description

Following Uruguay's return to democracy in 1985, A.I.D. developed an ESF program for Uruguay to assist the GOU with its program of economic recovery. The program consisted of a cash transfer of \$25,520,000 and ESF project assistance of \$955,000. The first tranche of both was obligated in June 1986, and the second tranche was obligated in July 1987. As of December 31, 1988, the ESF local currency counterpart program had an uncommitted balance of approximately \$5.1 million and an undisbursed balance of approximately \$16.0 million. Details of this program are provided in the annual report submitted concurrently with the AAP. In addition USAID/Uruguay has received an annual allocation of \$100,000 from the LAC II regional participant training program. The status of that project is shown in the attached Country Training Plan update included in the Annual Portfolio report. The funds provided through FY 88 are fully committed and the FY 89 allocation is to be reprogrammed to support a new training project. Minor centrally funded population activities have been undertaken in Uruguay and AIFLD sponsors participant trainees from Uruguay. In FY 89 a PRE-funded activity in free zone development and a TDP-funded activity in vocational training were carried out.

In mid-FY 88, LAC decided to designate Uruguay as an ADC. In mid-FY 89 USAID/Uruguay received an allocation of \$45,000 from the ITT project, which will be used for ADC project design purposes, including the hiring of a local PSC to assist with the development of the program. At this point, USAID's attention remains predominantly focused on the ongoing ESF program, particularly management issues highlighted in a draft IG audit report. This will remain the case through the end of CY 1989. In the second quarter of FY 90, with the ESF program management issues largely resolved and a new government beginning its term, USAID will be in a position to more fully define the activities in its FY 90 and FY 91 program. To take maximum advantage of targets of opportunity, only activities under objective # 1, increasing educational opportunities, are being specified at this point. Selection of activities under the other two objectives will need to take into consideration the new GOU agenda, mutual agreements with the GOU on the use of remaining ESF project funds and counterpart local currency, and actions by other donors.

The three objectives of the FY 90-91 ADC program are essentially the same as the objectives of the ongoing ESF program. Some of the activities in the ongoing program are appropriate for an ADC program, but some obviously are not. By early CY 90, it is planned that the majority of the local currency program which is not appropriate for an ADC program will have been structured so as not to require or permit active A.I.D. involvement. Included in this are the regional development projects, the counterpart support for other donor programs and the private sector credit fund for industrial projects.

The remaining local currency for which A.I.D. retains active involvement and the ESF dollar project will be used to support the ADC program. An activity will be funded from these resources rather than from Uruguay's allocation under the ITT project, if concurrence can be obtained from the GOU counterpart institution, the Office of Planning and Budget (OPP), and if USAID concludes that the involvement of OPP will not prejudice the success of the activity.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. SUMMARY FUNDING TABLEObjective # 1 (Increase Educational Opportunities)

<u>Activity</u>	<u>LOP Funding</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
1. Junior Achievement (N)	200,000	--	100,000	100,000
2. Advanced Education for Development (N)	1,000,000	100,000	350,000	250,000

2. ACCOMPLISHMENTS (Increase Educational Opportunities)

a. Actual for FY 1988 and Early 1989

- o An extensive market-oriented assessment was completed for tertiary level training in Uruguay. The report highlights the areas in which the Uruguayan system of higher education is not meeting the demands of a modern economy. The report will be used by the Catholic University in tailoring its future course offerings.
- o Local currency counterpart to a UNDP program has helped rebuild Uruguay's basic science infrastructure that was largely lost as a result of political repression and economic problems. Under the program, eighty Uruguayan scientists have returned to Uruguay and training and research capabilities have been restored in biology, physics, mathematics, information systems and chemistry.
- o A TDP-financed feasibility study was completed for the upgrading of vocational training at the GOU's technical training institute. The study recommends a \$3.7 million procurement of equipment, training materials and training, which would be financed by the Export-Import Bank.
- o A local currency grant to the Christian Business Leaders Association (ACDE) has enabled ACDE to acquire a site and facilities for its institute for business management training. The grant also provides program support in conjunction with the IDB and INCAE.
- o A total of 13 participants under LAC II and ESF project 528-0108 departed for the U.S. during the period.

b. Key Activity/Program Accomplishments Planned for Action Plan Period (FY 1989 - FY 1991)

Quarter/Year

1. Commencement of Advanced Education
for Development Project 4th/89
2. Commencement of Junior Achievement Project 3rd/90

3. NAARRATIVE: (Increase Educational Opportunities)

The first objective, increasing educational opportunities, is not a quantitative objective, as it might be in a LDC. Uruguay has a long tradition of universal access to public education, including at the university level where approximately 70,000 students are enrolled in the National University. The problem is that the educational system is not producing the mix of graduates needed to meet the development challenges facing Uruguay in the nineties. Although this problem is widely recognized in the private sector and in government circles, the prospects for near-term reform within the National University are rather small, given the political and bureaucratic interests involved in the institution. With approximately \$1.0 million in local currency, A.I.D. has helped the National University restore its basic science capabilities that were decimated through emigration. But our program in the future will concentrate on the alternative to the National University, the recently established Catholic University.

The Catholic University is basing its present and planned program offerings clearly on the priority development needs of the country. An A.I.D.-financed market study has helped in this process, as has deliberations with government and private sector leaders. An undergraduate business management program is now offered, and much needed programs in international commerce and labor relations are soon to be started. With A.I.D. support, the Catholic University will be developing linkages with a consortium of four U.S. colleges and universities, with particular strengths in business management, tourism, agribusiness and information science. Faculty from the Catholic University will be given scholarships to the U.S. institutions and these institutions will assist with program development at the Catholic University. The same project will also provide for U.S. participant training for Uruguayans not associated with the Catholic University and at institutions other than members of the consortium.

To inspire more Uruguayans to pursue business careers, A.I.D. will also be supporting the establishment of a Junior Achievement program in Uruguay, probably with the Partners of the Americas as the grantee.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

<u>1. SUMMARY FUNDING TABLE</u>				
Objective # 2 (Strengthening Private Sector)				
<u>Activity</u>	<u>LOP Funding</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
1. Policy Reform & Support (N)	500,000	--	200,000	300,000
2. PRE Free Zone Study	100,000	100,000	--	--
3. Judiciary and/or Legislature Modernization (AJDD) (N)	500,000	--	250,000	250,000

2. ACCOMPLISHMENTS (Strengthening Private Sector)

a. Actual for FY 1988 and Early 1989

- o A PRE-financed study of Uruguay's opportunities to promote free zone investment has just been completed for the GOU. The study, which includes the results of market research in several countries, provides the GOU with an investment promotion strategy to realize the potential of recent free zone legislation.
- o The GOU recently passed legislation giving its agricultural research institutions semi-autonomous status with revenue based on a special tax on production and with private sector participation in the direction of the research program. Concurrent with the deliberations on the proposed legislation, A.I.D. financed a study which demonstrated that the rate of return to investment in rice research in Uruguay had averaged 52%.
- o Five senior GOU officials have been enrolled in graduate level policy programs in the U.S.

b. Key Activity/Program Accomplishments Planned for Action Plan Period (FY 1989 - FY 1991)

	<u>Quarter/Year</u>
1. Start first policy support initiative	2nd/90
2. Start second policy support initiative	4th/90
3. Start third policy support initiative	2nd/91

3. NARRATIVE: (Strengthening Private Sector)

This objective encompasses a range of possible initiatives of a policy, legal or administrative nature that may be taken by the GOU to promote the development of a dynamic private sector. The just completed PRE-financed study/plan for the promotion of Uruguayan free zones is an example of how A.I.D. can assist the GOU direct its efforts once a policy determination or law has been passed. Similarly, with the law now passed that restructures the GOU's agricultural research institutions, A.I.D. will be assisting with a study to help the new institution establish its research priorities in terms of private sector demand for and supply of research.

An umbrella private sector commission has just been formed with representatives of all the major private sector chambers. Assistance has been requested from A.I.D., but no commitments have been made. A determination first has to be made regarding how effective the commission is likely to be as a vehicle for encouraging free-market policies.

It is premature to say what will be the best targets of opportunities in FY 90 and 91. Privatization and the elimination of state monopolies has been a subject of considerable debate, but little action has been taken during the present administration. That may change in 1990, in which case A.I.D. assistance would be considered. Other opportunities which may develop include improving the administration of the courts or the legislature, modernizing the labor code, and preparing the necessary legislation for the development of a local capital market (e.g. legal protections for minority stock holders and the development of an investment banking law). Also, once the free zone study is reviewed, some follow up support may be appropriate.

Some groundwork has been laid for both potential projects to be funded with AJDD funds. Project 528-0108 was to have included a component for improving administration of the court system and supporting procedural reform, but negotiations on design broke down. Indications are that an FY 90 project is feasible. The UNDP initiated support for modernizing the information systems of the legislature, but the UNDP project terminated at the end of CY 1989. Uruguayan legislators have visited USAID and LAC/DI to request that Uruguay be included in FY 90 in the planned regional project for legislative reform.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

<u>Activity</u>	<u>LOP Funding</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
1. Enterprise Assistance (N)	400,000	--	100,000	200,000

1. SUMMARY FUNDING TABLE

Objective # 3 (Increase GNP)

3. NARRATIVE: (Increase GNP)

This objective encompasses activities involving assistance to businesses such as credit, training or technical assistance. While a wide array of activities of this type have been included in the ESF programs to date, under the ADC strategy the focus will be narrowed.

Technology transfer for modernizing and diversifying the formal sector will continue to be an area of focus. During the AAP period this will principally be carried out through IESC with local currency financing. Local currency resources will also be used to fund a recently designed microenterprise program, modeled after the successful program in Paraguay. With technical assistance provided by PPC/WID, linkages will be established between the microenterprise project and a Kellogg Foundation-funded project which provides integrated social services in the poor neighborhoods of the capital area.

A third initiative, that is being jointly explored by A.I.D. and the IDB is the possible establishment of an umbrella organization to rationalize and coordinate the myriad small activities throughout the country that assist small and medium enterprises. A principal aim of the IDB is to create an institutional mechanism that could receive and allocate a single \$10 to \$15 million dollar project. A.I.D.'s role in this initiative is to quickly and flexibly respond with technical or financial resources at the critical time.

2. ACCOMPLISHMENTS (Increase GNP)

a. Actual for FY 1988 and Early 1989

- o Using local currency resources, the GOU contracted with the University of Idaho Postharvest Institute of Perishables for two in-country seminars, the first on reducing post-harvest losses and the second on marketing considerations in the production of perishables for export. Both seminars were well attended, and the highly favorable reviews indicate that demand has been stimulated for more training and information on these subjects.
- o Twenty-five companies have received technical assistance from the International Executive Service Corps (IESC) under project 528-0108. Numerous commercial links with U.S. firms have been established and potential venture possibilities are being explored. Technical assistance has been provided to the firm that purchased the first GOU privatization project, a hotel. Two firms used IESC technical assistance to prepare the business plans necessary for their funding requests to the International Finance Corporation. Financing on the order of \$10 to \$15 million is expected. The GOU now plans to extend and expand the IESC project using the local currency program.
- o Numerous production cooperatives and other enterprises have received grant and loan assistance under the local currency program to increase production or develop new markets.
- o Technical assistance was provided by Accion International to design a new microenterprise project.

b. Key Activity/Program Accomplishments Planned for Action Plan Period (FY 1989 - FY 1991)

Quarter/Year

1. Local currency program funding begins for new microenterprise program
4th/89
2. AID/IDB/GOU agree on joint plan of support for developing mechanism for rationalizing and coordinating enterprise assistance programs in Uruguay
2nd/90

III. Management

The principal issues for USAID/Uruguay and the priority concerns of the A.I.D. Representative relate to management. From initiation of the program in 1986 to the present there has been an imbalance between management resources and the management requirements of the program. Efforts have begun to reduce the imbalance, but it will remain an issue during the early part of the Action Plan period. The main contributing factors are the following:

- ESF Cash Transfer and Local Currency program. An IG audit of this program began in November 1988 and the final audit report is due in June or July 1989. Two sets of issues have been identified. The first relate to compliance problems with the dollar disbursement and subsequent tracking. The resolution requires a redeposit of \$11.5 million by the GOU and correct tracking of the use of these dollars. The second set of issues relates to compliance with agency policy on the management of the \$25 million local currency program. The joint programming resulted in the financing of dozens of specific projects, resulting in a monitoring burden that far exceeded the capacity of USAID/Uruguay. Deliberations are now underway to restructure the program in line with current program interests and projected USAID monitoring capability.
- Participant Training. Participant training, both under LAC II and the ESF project, has been handled without a training officer or training contractor. A small scale participant training program with its voluminous procedural and policy requirements, is the most staff/management intensive kind of assistance A.I.D. can provide. It is roughly estimated that the two training projects, which together amounted to approximately \$200,000 a year, were absorbing as much staff time as the entire ESF cash transfer program. The vast majority of this time was spent on administrative considerations, rather than careful targeting and follow up. Consequently, there is little assurance that the impact on development will be commensurate with the staff/management time expended. These management concerns were a significant factor motivating the design of our future participant training program described under objective # 1.

- Local Staff. The USAID/Uruguay staff consists of five trust-funded Uruguayan PSCs -- a program specialist, an accountant, a secretary, an administrative assistant and a driver. The program specialist receives his first formal training in project implementation during the June 1989 project implementation course. The office is also in the process of trying to recruit a fully bilingual Uruguayan to assist with the development of new ADC activities. This will fill a gap in the staff structure left by the departure of the U.S.-PSC dependent spouse economist in June 1988. So far a suitable candidate has not been found. Initially the new PSC will be program-funded under ITT, but will be shifted to OE funding in mid FY 90. This position is specifically not being trust-funded in order to allow the flexibility to use the individual's services on projects outside of Uruguay.

- A.I.D. Representative. The A.I.D. Representative splits his time between the USAID Office in Uruguay and the USAID Office in Paraguay. In addition, he will be responsible for a new administration of justice project in Argentina. The compliance problems reflected in the IG audit are indicative of the costs involved in managing ADC country programs without a full-time resident USDH. As noted above, adequate local staff capability and careful structuring of the program can remedy a good part of the present imbalance between management resources and responsibilities. But the depth and breadth of counterpart relationships necessarily suffers if the A.I.D. Representative is constantly on the move between countries, and this can mean missed opportunities.

- Regional Support. FY 90 obligation plans are not specific enough to identify what contract actions may be involved. Both the Junior Achievement and Advanced Education for Development projects are grants, which will be obligated by the A.I.D. Representative. The most critical regional support for USAID/Uruguay is that provided by the Regional Controller in Bolivia. This will be particularly true with regard to the process of clearing IG audit recommendations. USAID/Uruguay strongly endorses USAID/Bolivia's request for a Deputy Controller position in order to ensure adequate coverage of this post.

- Operational Expenses. Operational Expenses (excluding trust funds) will increase from \$45,000 in FY 89 to \$104,900 in FY 91. Half of the increase is the result of the establishment of an OE-funded PSC position. By early FY 92 all trust funds will be exhausted, resulting in a further increase in OE budget needs for FY 92.

SUMMARY PROGRAM FUNDING TABLE

		<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
EHR				
	1. ITT	100	300	200
	2. Training	-	150	150
		<u> </u>	<u> </u>	<u> </u>
	Subtotal	100	450	350
PSEE				
	1. ITT	45	300	500
ESF				
	1. AJDD	-	250	250
	TOTAL			
	1. ITT	145	600	700
	2. Training	-	150	150
	3. AJDD	-	250	250

FY 1991-1991 ACTION PLAN
 SUB-PLAN (23523)

FY 1989 ACT.
 (\$ 000)

FY 1990 REQUEST
 (\$ 000)

FY 1991 REQUEST
 (\$ 000)

FUNCTION CATEGORY	FUNCTION CODE	FY 1989 ACT. (\$ 000)			FY 1990 REQUEST (\$ 000)			FY 1991 REQUEST (\$ 000)					
		DOLLARS	FUNDS	TOTAL	DOLLARS	FUNDS	TOTAL	DOLLARS	FUNDS	TOTAL			
U.S. DIRECT HIKE	U100	56.0	4.6	100.6	73.7	7.4	81.1	70.8	7.5	78.3	94.7	17.5	112.2
U.S. DIRECT BASIC PAY	U101	27.4	0.0	73.4	54.2	0.0	54.3	54.3	0.0	54.3	54.3	0.0	54.3
DIFFERENTIAL PAY	U102	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER ACTION FUNDED CODE 11	U104	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER ACTION FUNDED CODE 11	U105	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDUCATION ALLOWANCES	U106	0.0	4.6	4.6	0.0	1.4	1.4	0.0	0.0	0.0	0.0	0.0	0.0
RETIREMENT PLAN - DIRECT HIKE	U107	5.1	0.0	5.1	4.5	0.0	4.5	0.0	0.0	0.0	4.5	0.0	4.5
LIVABLE ALLOWANCES	U108	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER ACTION FUNDED CODE 12	U109	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER ACTION FUNDED CODE 12	U110	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL ALLOWANCE - TRAVEL	U111	4.5	0.0	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL ALLOWANCE - FREIGHT	U112	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL ALLOWANCE - TRAVEL	U113	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL ALLOWANCE - FREIGHT	U114	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDUCATION TRAVEL	U115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL ALLOWANCE - TRAVEL	U116	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL ALLOWANCE - FREIGHT	U117	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER CODE 215 TRAVEL	U118	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F. N. DIRECT HIKE	U200	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BASIC PAY	U201	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OVERTIME - HOLIDAY PAY	U202	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ALL OTHER CODE 11 - FN	U203	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ALL OTHER CODE 12 - FN	U204	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BENEFITS FORMER FN PERSONNEL	U205	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACT PERSONNEL	U300	0.0	15.7	55.7	0.0	57.4	57.4	16.5	76.9	93.4	34.7	75.8	113.5
FASS TECHNICIANS	U301	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
U.S. SEC - SALARY/BENEFITS	U302	0.0	15.3	15.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ALL OTHER CODE 11 - SSC COSTS	U303	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F.N. SEC - SALARY/BENEFITS	U304	0.0	42.4	42.4	0.0	57.4	57.4	16.5	76.9	93.4	34.7	75.8	113.5
ALL OTHER CODE 12 - SSC COSTS	U305	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MANPOWER CONTRACTS	U306	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
JCC COSTS PAID BY NID/W	U307	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HOUSING	U400	9.1	15.8	23.9	4.8	35.5	40.3	8.5	37.1	45.6	7.5	36.8	44.3
RESIDENTIAL RENT	U401	5.0	7.7	12.7	0.0	22.3	22.3	0.0	22.8	22.8	0.0	25.0	25.0
RESIDENTIAL UTILITIES	U402	0.0	4.2	4.2	0.0	3.0	3.0	0.0	3.6	3.6	0.0	3.8	3.8
PAID RENT AND RESERVATION	U403	0.0	3.2	3.2	0.0	2.0	2.0	0.0	3.0	3.0	0.0	3.5	3.5
TRAVEL ALLOWANCE	U404	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RESIDENTIAL MANAGEMENT GROUP	U405	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRANSIT/STREET - CODE 111	U406	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SECURITY TRNG SERVICES	U407	0.0	0.7	0.7	0.0	2.0	2.0	0.0	2.5	2.5	0.0	2.5	2.5
OFFICIAL RESIDENCE ALLOWANCE	U408	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
REFRESHMENT ALLOWANCES	U409	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Annex A

FY 1990-1991 ACTION PLAN UPGRADY (25029)	FUND CLASSIFICATION	OBJ CLASSIFICATION	FY 1988 ACT. (\$ 000)			FY 1989 EST. (\$ 000)			FY 1990 REQUEST (\$ 000)			FY 1991 REQUEST (\$ 000)		
			DOLLARS	FUNDS	TOTAL	DOLLARS	FUNDS	TOTAL	DOLLARS	FUNDS	TOTAL	DOLLARS	FUNDS	TOTAL
EXPENSE CATEGORY EXPENSE IDENTIFIERS	1500		10.2	54.3	64.5	76.3	54.3	130.6	53.0	55.5	108.5	37.8	59.5	107.3
OFFICE COST	US01 234		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OFFICE UTILITIES	US02 234		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BUILDING MAINT./RENOVATION	US03 239		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OFFICE FURNITURE/EQUIPMENT	US04 310		7.1	7.1	14.2	19.1	19.1	38.2	4.5	4.5	9.0	0.0	3.0	3.0
VEHICLES	US05 312		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER EQUIPMENT	US06 319		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRANSPORTATION / FREIGHT	US07 221		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL EXPENSES/REPAIRS/MAINT.	US08 259		1.7	1.7	3.4	3.4	3.4	6.8	1.5	1.5	3.0	0.0	1.5	1.5
TELEPHONE	US09 222		0.5	0.5	1.0	1.0	1.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
RECORDS/COMMUNICATIONS	US10 257		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRINTING	US11 246		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SITE INVESTIGATION/PERSONNEL	US13 210		1.7	1.7	3.4	3.4	3.4	6.8	0.0	0.0	0.0	0.0	0.0	0.0
SITE MAINT./PERSONNEL	US14 210		1.2	1.2	2.4	2.4	2.4	4.8	0.0	0.0	0.0	0.0	0.0	0.0
INFORMATION MEETINGS	US15 210		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAINING/APPRENTICE	US16 210		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONFERENCES/ATTENDANCE	US17 210		0.2	0.2	0.4	0.4	0.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0
OTHER OPERATIONAL TRAVEL	US18 210		6.8	6.8	13.6	13.6	13.6	27.2	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES AND MATERIALS	US19 260		1.6	1.6	3.2	3.2	3.2	6.4	0.0	0.0	0.0	0.0	0.0	0.0
TOOLS	US20 257		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONSULTING SVCS. - CONTRACTS	US21 259		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CONSULTING SVCS. - CONTRACTS	US22 259		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SPEC SVCS./SERVICES - CONT.	US23 259		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ALL OTHER CODE 25	US24 259		0.1	0.1	0.2	0.2	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL D.E. EXPENSE BUDGET			114.3	120.4	234.7	114.3	154.6	278.9	121.8	157.0	278.8	174.7	202.6	377.3
RECONSTRUCTION	US60 220		77.3	0.0	77.3	67.8	0.0	67.8	67.8	0.0	67.8	67.8	0.0	67.8
OPERATIONAL EXPENSE REQUIREMENTS	US00		35.0	130.4	165.4	45.0	154.6	199.6	52.0	157.0	249.0	104.9	202.6	307.5
TOTAL NO. ADP WORK STATIONS			0	0	0	0	0	0	0	0	0	0	0	0
TOTAL NUMBER OF PCs			2	0	2	3	0	3	3	0	3	4	0	4
CLASS CLASS 210 TRAVEL			3.0	12.4	15.4	23.4	3.5	27.0	27.0	11.2	38.2	31.8	10.0	41.8
Dollars Incurred for Local Currency Expenses			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange Rate Used (April 29, 1989)			14520											

NON EXPENDABLE PROCUREMENT PLAN FY-1959

FUNC CODE	D E S C R I P T I O N	
U303	RESIDENTIAL FURNITURE/EQUIPMENT	7.0
	MATTRESSES	1.1
	GARDEN FURNITURE	2.1
	ELECTRIC HEATHER	0.2
	MISCELLANEOUS RESID./FURN.	3.6
U304	OFFICE FURNITURE/EQUIPMENT	18.9
	WANG EQUIPMENT	5.5
	OFFICE MACHINES	1.9
	OFFICE FURNITURE	11.5

NON EXPENDABLE PROCUREMENT PLAN FY-1990

FUND CODE	D E S C R I P T I O N	
0105		5.0
	MATTRESS	0.0
	GARDEN FURNITURE	0.0
	ELECTRIC PEATHER	0.0
	MISCELLANEOUS RESID./FURN.	5.0
0104		4.5
	OFFICE FURNITURE/EQUIPMENT	4.5
	WANG EQUIPMENT	0.0
	OFFICE MACHINES	0.0
	OFFICE FURNITURE	0.0

NON EXPENDABLE ACQUISITION PLAN FY-1991

FUND CODE	DESCRIPTION	
0530	RESIDENTIAL FURNITURE/EQUIPMENT	5.0
	BUILT INS	0.0
	GREEN FURNITURE	0.0
	ELECTRIC HEATER	0.0
	MISCELLANEOUS RESID./EQUIP.	5.0
0540	OFFICE FURNITURE/EQUIPMENT	7.0
	WASG EQUIPMENT	0.0
	OFFICE MACHINES	1.0
	OFFICE FURNITURE	2.0

OPERATING EXPENSE
 DOLLAR AND TRUST FUND
 STAFFING LEVEL

	IUSDH	IFNDH	IDI	IRes.HI	IUSPSCI	IFNPSCI	MANPOWER CONT.			TOTAL
							I PROF.	I CLER.	I D/C	
OFFICE										
URUGUAY	1					5	3	3		6
TOTAL	1	0	0	0	0	5	3	3		6

PD&S
 STAFFING LEVEL
 FY 89

	IFNDH	IRES IHIRE	IUSPSCI	IFNPSCI	MANPOWER CONT.			TOTAL
					I PROF.	I CLER.	I D/C	
OFFICE								
URUGUAY				1*	1			1
TOTAL	0	0	0	1	1	0	0	1

* Half year only.

OPERATING EXPENSE
DOLLAR AND TRUST FUND
STAFFING LEVEL

	USDH	FNDH	IDI	Res.HI	USPSCI	FNPSCI	MANPOWER CONT.		TOTAL
							PROF.	CLER.	D/C
OFFICE URUGUAY	1					5	3	3	6
						1*	1		1
TOTAL	1	0	0	0	0	6	4	3	7

PD&S
STAFFING LEVEL
FY 90

	FNDH	RES HIRE	USPSCI	FNPSCI	MANPOWER CONT.		TOTAL
					PROF.	CLER.	D/C
OFFICE URUGUAY				1*	1		1
TOTAL	0	0	0	1	1	0	1

* Half year only.

