



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

FD-ARJ-1105 34V

MEMORANDUM

Date: 7 September 1993

To: DAA/AFR, Tim Bork, 6936 NS
AFR/ARTS, Jay Smith, 2740 NS
AFR/ONI, Cecelia Burks, 301R SA-2
AFR/MRP, Larry Grizzard, 2484 NS
R&D/PO, Minnie Mitchell, 709 SA-18
POL/PAR, Janice Weber, 3957 NS
FA/B, David Rhoad, 3756G NS
STATE/AFR/EPS, Gene Young, 5242A NS

From: AFR/SWA, Judy Gilmore *for Janice*

Subj: Cape Verde ABS Submission

Attached please find the Cape Verde ABS for your review. Assuming that you receive this in time, we would like to hold the review on

**Wednesday, September 8, at 10:00 AM in the
SWA Conference Room (3491 NS).**

If it doesn't get to you on time (and we will know Wednesday), we will try to reschedule for Thursday.

The purpose of this review will be to raise and hopefully resolve any issues; and to discuss new project descriptions, as applicable. If you can't attend the meeting, please make sure to forward your issues to Country Development Officer Louise Werlin. She can be reached in Room 3491 at 647-8125. We look forward to seeing you then.

cc: (w/out ABS): AFR/DP, Sherry Grossman
AFR/DP, Janet McConnell
AFR/SWA, Bill Darkins
AFR/SWA, Louise Werlin

OAR CAPE VERDE
FY 1995 Annual Budget Submission

TABLE OF CONTENTS

	Page
1. Mission Director's Narrative Statement	1-3
2. FY 1994 New Project Concept Paper	4
3. FY 1994 Program by Strategic Objective Table	5
4. Update of FY 1993, FY 1994 and FY 1995 Project Detail and Activity Coding from the FY 1994 Annual Budget submission (Table IV)	6-8
5. FY 1994 Project Ranking (Table V from FY 1994 ABS)	9
6. FY 1994 P.L.480 Requirements (Update of Tables XI and XIII from the FY 1994 ABS)	10
7. FY 1994 Operating Expense Requirements at Two Levels	11-13
8. FY 1995 New Project Concept Paper	14-15
9. FY 1995 Program by Strategic Objective Table	16
10. FY 1995 P.L.480 Requirements	17
11. FY 1995 Operating Expense Requirements at Two Levels	18-19
12. Operating Expense Narrative	20-21

NARRATIVE STATEMENT

Cape Verde is a country in transition. It has moved from a one-party state to a multi-party democracy and is in the process of transforming a statist, inward looking economy to a free market system emphasizing export-oriented industries. The United States, through its development assistance program, has worked closely with the Cape Verdeans in this transition. The USAID Mission is currently in the process of developing a new strategy which will assist Cape Verde in addressing its major problems: a lack of foreign exchange to purchase food and other essentials and a lack of employment opportunities for its growing population. It will focus on one strategic objective and accompanying target of opportunity. A draft strategy Concept Paper, containing several alternative strategies will be developed in the next few months.

USAID's strategy in Cape Verde will have one Strategic Objective and one Target of Opportunity. The S.O. is "To assist the Government of Cape Verde (GOCV) in decreasing its high population growth rate." The Target of Opportunity is to "Assist the GOCV in diversifying its economy and increase its foreign exchange earnings by encouraging private investment and enhancing export development and expanded private enterprise development." Together, the Strategic Objective and Target of Opportunity address the supply and demand sides of Cape Verde's basic problem: providing food and employment to its people. The strategy builds upon the achievements and lessons learned from our earlier projects in Cape Verde and directly or indirectly relates to all of A.I.D.'s four policy areas.

Relationship to A.I.D. Priorities

The Strategic Objective of "Assisting Cape Verde in decreasing its high population growth rate" responds to A.I.D.'s population objective and Cape Verde's need to limit its population growth, especially crucial in light of the reduction of immigration opportunities. Targets will be the increased use of modern contraceptives, providing easy access to family planning in all the islands, and introduction of private sector services. A team is currently in Cape Verde conducting a Population/Family Planning Assessment and developing a strategic framework for activities in this area. The Proposed Population/Reproductive Health Initiatives (PRHI, 655-0020) project is expected to continue the Mission's population activities, some of which had been carried out under the completed Family Health Initiatives Project (655-AFHI) and also provide support to the GOCV's efforts to combat the growing threat of AIDS. The PRHI will stress training, social marketing of contraceptives and policy development.

Our Target of Opportunity, "To assist the GOCV in diversifying its economy and foreign exchange earnings by encouraging private investment and enhancing export development and expanded private enterprise development," strongly supports A.I.D.'s economic growth objective. Cape Verde, with its highly fragile agricultural base and small external market has only one hope for economic growth: the development of an export-oriented economy which takes advantage of Cape Verde's major assets--its hard working, relatively well educated population, fisheries resources and tourism potential. The Export Development Services Project (EDS, 655-0014) has created the Center for Investment and Export Promotion (PROMEX) which is working closely with the GOCV to support investment policy reforms, conducting feasibility marketing studies and providing services to potential investors. These efforts are beginning to pay off, with the first major investment from Asia on stream, \$9 million worth of investments signed up, and with prospects for almost \$140 million in additional investment. The EDS project will be extended through FY 1995 and is expected to be followed by an Export Promotion and Private Sector Development (655-0019) project to support the institutionalization of PROMEX, continuation of the reform process and strengthening of the indigenous Cape Verdean private sector. The Mission has completed a formal private sector assessment and will shortly begin an assessment of the informal sector. These will identify opportunities and constraints to private sector development. This Target of Opportunity will be deemed a success if Cape Verde expands its ability to attract income and employment generating investment.

The Mission does not plan any new projects in the areas of environment and democratization. Funds obligated in FY 1991 and FY 1992 will be used to implement a Watershed and Applied Research Development project (655-0017) which will institutionalize and coordinate work done in agricultural research and in stabilizing the fragile environment under past A.I.D. projects. The opportunities for employment in export-oriented industries should reduce the pressure on the land, as should a lowering of the birth rate. In the area of democratization, the continuation of assistance to Cape Verde at the current level is a demonstration of support for a country which was the first to democratize in Africa and has an excellent record in governance and human rights.

Two other aspects of the program should be mentioned. Training activities, of particular importance in a country with a high literacy rate but few post-secondary institutions, will continue and focus more on areas tied to the Strategic Objective. The P.L.480 Title II food program will continue to be a vital part of our effort in Cape Verde. The food provided under this program, which is managed by the American PVO Agricultural Cooperatives Development Inc. (ACDI), is essential for a country which can grow only 25 percent of its

needed grain in the best of years. Local currency generated under this program has been used to pay workers engaged in conservation activities under the completed Watershed Development Project (655-0013), thus helping stabilize the environment as well as provide much needed employment. While this will continue, there will be an increased use of the local currency for income generating projects, such as women's cooperatives and credit to small businesses.

Effect of Proposed Program Cuts

In order to effectively implement this strategy, it will be necessary to continue DFA at the current level. If the FY 1994 program is reduced to 75% of the base, it will be impossible to begin the AIDS component of the Population/Reproductive Health Services project. Economic Development activities would also be affected. It would be necessary to delay the training program for PROMEX employees which was recommended by the recent evaluation. There would also be a delay in the institutionalization of PROMEX and of funding GOCV investment feasibility studies. In FY 1995, a reduction to 75% of the current level would mean a scaling back of activities in both population and export promotion/-private sector development. At a 50% level, it might be impossible to begin the new Export Promotion and Private Sector Development Project. This would not permit the institutionalization of PROMEX, development of a flexible mechanism that would permit the GOCV to operate this activity on its own, and aid to Cape Verde's private sector. In the population area, it would be impossible to carry out the social marketing component of the new project.

OE Reductions

Reductions in OE could not be covered by eliminating a USDH position, since two USDH is the minimum needed to implement this program. Therefore, cuts will fall on the travel and procurement budgets. In the event that OE is reduced in FY 1994 to 75% of the base level, travel both within and outside Cape Verde would be virtually eliminated. Travel by the Regional Contract and Legal Officers to Cape Verde, particularly important for the design of the Population project, would have to be curtailed. The Mission would be unable to purchase LAN equipment, which would result in future savings. FY 1995 OE cuts would have similar consequences. It is anticipated that within three to five years the USDH presence can be phased out entirely, and the program managed by the Cape Verdeans.

*Amick
ps*

FY 1994 NEW PROJECT NARRATIVE

CAPE VERDE POPULATION/REPRODUCTIVE HEALTH

The Cape Verde Population/Reproductive Health (CPRH-655-0020) project continues and builds upon the Mission's population activities carried out under the Family Health Initiatives (655-FHI). It is being carried out as the Strategic Objective: " To assist the GOCV in decreasing its high population growth rate" and deals with the demand size of Cape Verde's major challenge, earning enough foreign exchange to feed its people and providing them with employment opportunities. It will provide technical assistance, training and commodity support primarily in population, but also in the related areas of maternal child health and AIDS/HIV prevention and treatment. Efforts will be made to introduce private service reproductive health services.

The objectives of the project will be addressed through five areas of intervention in Population and AIDS as follows:

- (1) Policy development and GOCV population planning efforts
- (2) In-country training of physicians, nurses and supervisors; and community-based contraceptive distribution.
- (3) Information, Education and Communication (IE&C) activities.
- (4) Innovative service delivery approaches, such as social marketing of contraceptives, community-based distribution and private sector delivery.
- (5) Procurement of clinical equipment and supplies.

The following goal-level indicators are anticipated:

- (1) Decrease in the total fertility rate.
- (2) Increase in the contraceptive prevalence rate.
- (3) Increase in access to modern contraceptive methods.
- (4) Achievement of adequate quality of care and new avenues for service delivery systems.
- (5) Increase in participation of female NGOs in population/family planning activities.
- (6) Reduction of medical barriers to contraception.

Attachment I

FY 1994 PROGRAM BY STRATEGIC OBJECTIVE (\$000)

Strategic Objective	Policy Area	FY 1994 Congressional presentation level	
		100 %	75 %
1. Reduce Population Growth			
	Population/	1,500	750
	Family Planning		
2. Export Promotion/Private Sector Development (Target of opportunity)			
	Economic Growth	1,200	1,275
Total:		2,700	2,025

5
1

TABLE IV : PROJECT BUDGET DATA (U.S. \$000)

PROJECT NUMBER	FUND SRC	NPA IND	OBLIG DATE		--TOTAL COST-- AUTH PLAN	OBLIG THRU FY 1991	--FY 1992 EST.--		-----FY 1993 PLANNED-----			--FY 1994 PROP.--		FY 1995 OBLIG PROP	
			INIT/FINAL				OBLIG ATIONS	EXPEND ITURES	OBLIG ATIONS	EXPEND ITURES	YR END MORTGAGE	OBLIG ATIONS	EXPEND ITURES		
655-0011			FOOD CROP RESEARCH												
	SH	G	82	87	4,688	4,688		369							
655-0013			WATERSHED DEVELOPMENT												
	SS	G	84	89	2,000	2,000		535							
	SH	G	84	89	5,611	5,611		1,055							
	PROJECT TOTAL:				7,611	7,611		7,611	0	1,590	0	0	0	0	0
655-0014			EXPORT DEVELOPMENT SERVICES												
	SS	G	89	94	4,700	5,575	4,000	1,147	700	1,152	875	875	1,512		
655-0015			PROGRAM DEV AND SUPPORT												
	SS	G	88	C		1,250	350	250	320	250	260		225	275	100
655-0017			WATERSHED AND APPLIED RESEARCH DEV.												
	SS	G	91	96	3,800	3,800	1,800	2,000						1,200	
655-0018			ECONOMIC SUPPORT PROGRAM (NPA)												
	ES	G	91	91	1,144	1,144	1,144	1,144							
655-0019			EXPORT PROMOTION AND PRIVATE SECTOR DEV.												
	SS	G	PA	95 99		4,500					4,500				675
655-0020			POPULATON\REPRODUCTIVE HEALTH												
	SS	G	PA	94 99		5,000							1,000	150	1,025
655-AFHI			FAMILY HEALTH INITIATIVES II												
	SS	G	88	C		500		100	173		9			172	
655-ATLS			AFRICAN TRNG. FOR LEADERSHIP & SKILLS												
	SS	G	90	C		2,600		300	300				300	300	450
655-HRDA			HUMAN RESOURCE DEVELOPMENT ASSISTANCE												
	SS	G	88	C		3,419		350	350				300	850	450
	REPORT TOTAL:				21,943	40,087	19,593	3,000	5,393	950	1,421	5,375	2,700	4,459	2,700

16

TABLE IV : PROJECT BUDGET DATA (U S \$000)

PROJECT NUMBER	FUND SRC	NPA IND	OBLIG DATE INIT/FINAL	--TOTAL COST-- AUTH PLAN	OBLIG THRU FY 1991	--FY 1992 EST.--		-----FY 1993 PLANNED-----			--FY 1994 PROP.--		FY 1995 OBLIG PROP
						OBLIG ATIONS	EXPEND ITURES	OBLIG ATIONS	EXPEND ITURES	YR END MORTGAGE	OBLIG ATIONS	EXPEND ITURES	

APPROPRIATION SUMMARY

SS					3,000	2,825	950	1,421	5,375	2,700	4,459	2,700
SH					0	1,424	0	0	0	0	0	0
ES					0	1,144	0	0	0	0	0	0
REPORT TOTAL:					3,000	5,393	950	1,421	5,375	2,700	4,459	2,700

-7-

Table IV
Notes

1. The Watershed Development Project (655-0013) will end 09/30/93. A total of approximately \$700,000 will be available after all outstanding earmarks and commitments are paid. This amount can be reprogrammed during FY94. OAR/Praia would prefer to reobligate the funds into the proposed new projects entitled Export Promotion and Private Sector Development and Population/Reproductive Health Initiatives.

2. The Watershed and Applied Research Development Project (655-0017) is in the final stage of a project amendment. The amendment is reducing the activities and the life of project to a three-year program at the \$3,800 level which has already been obligated. This project is linked to a PL-480 Title II Monetized component which provides local currency to pay local rural laborers to carry out work programs related to soil conservation and erosion control. In addition the local currency will finance several pilot programs to support rural private enterprise credit schemes.

3. The Export Promotion and Private Enterprise Development Project (655-0019) will be designed and obligated during FY95. The overall LOP level has been reduced to \$4,500. The reduction comes as a result of the shift in training emphasis in the HRDA and ATLS projects to the private sector which reduces the need to include a large training element in the new project.

4. The Mission intends to design and obligate a new project in Population/Family Planning and AIDS during FY94. This project will be developed after the Population/Family Planning Assessment is completed in September 1993.

5. Please note that for the Family Health Initiatives II project (655-AFHI) that the ABS disk does not include the amount obligated for OAR/Praia through FY91. As a result a year end mortgage is showing. The amount obligated through FY91, according to our records is \$400,000. Of that total \$146,500 was spent through FY91. An additional \$100,000 was obligated in FY92 and \$172,920.89 was spent in FY92. No funds were obligated in FY93 and \$8,595.15 was spent. A total of \$500,000 was obligated and \$328,015.15 was spent leaving a total of \$171,984.85 unspent. The Mission will spend the remainder in FY94.

6. The Export Development Services project will have an additional \$875,000 obligated as part of a cost extension for an additional year. This project had initial delays in start up for one year. OAR/Praia wishes to extend the PACD for one year to the end of FY95.

CAPE VERDE (655)
 FY 1994 ANNUAL BUDGET SUBMISSION

TABLE V : PROPOSED PROGRAM RANKING

RANK	PROJECT	TITLE	PROGRAM FUNDING (\$000)	
			APPROP	INCR
MCC LEVEL				
	655-0015	PROGRAM DEV AND SUPPORT	SS	225
	655-ATLS	AFRICAN TRNG. FOR LEADERSHIP & SKILLS	SS	300
	655-HRDA	HUMAN RESOURCE DEVELOPMENT ASSISTANCE	SS	300
	655-0020	POPULATON\REPRODUCTIVE HEALTH	SS	775
	655-0014	EXPORT DEVELOPMENT SERVICES	SS	425
		TOTAL MCC REQUEST		2,025
INCREMENT LEVEL				
1	655-0020	POPULATON\REPRODUCTIVE HEALTH	SS	225
2	655-0014	EXPORT DEVELOPMENT SERVICES	SS	450
		TOTAL INCREMENT REQUEST		675
		TOTAL REQUEST		2,700

— 6 —

CAPE VERDE (655)
 FY 1994 ANNUAL BUDGET SUBMISSION

TABLE XIII: PL480 TITLE II

SPONSOR NAME: AGRICULTURAL COOP DEVELOPMENT INTERNAT.

A. MATERNAL AND CHILD HEALTH

B. SCHOOL FEEDING

C. OTHER CHILD FEEDING

D. FOOD FOR WORK

E. MONETIZATION

NUMBER OF RECIPIENTS (000)	COMMODITY		(THOUSANDS)	
			KG	DOLLARS
0.0	CORN	\$ 96/MTN	20.0	1,920.0
	TOTAL MONETIZATION		20.0	1,920.0

F. GENERAL RELIEF

G. OTHER

101

FY 1994 Operating Expense

Expense Category	Function Code	FY 1994 Base (75%)		FY1994 Target (100%)	
		Dollars	Totals	Dollars	Totals
Praia, Cape Verde					
US Direct Hire	U100				
Other Salary	U105				
Educ. Allow	U106	5.1		5.1	
COLA	U108				
Other Benefits	U110				
Post Assign Trv	U111				
Post Assign Frt	U112				
Home Lv Trv	U113	7.9		7.9	
Home Lv Frt	U114	7.2		7.2	
Educ Trv	U115				
R & R Trv	U116	11		11	
Other Trv	U117	4.2		4.2	
Subtotal			35.4		35.4
FN Direct Hire	U200				
FN Basic Pay	U201	10.5		10.5	
OT/Holiday Pay	U202	1.6		1.6	
All other Code 11FN	U203	2.1		2.1	
All other Code 12FN	U204	1.7		1.7	
Benefits-Former FN	U205				
Accrued Severance	U206				
Subtotal			15.9		15.9
Contract Personnel	U300				
US PSC Sal/Benefits	U302				
All Other US PSC Costs	U303				
FN PSC Sal/Benefits	U304	90		90	
All Other FN PSC Costs	U306	33		38	
Subtotal			123		128
Housing	U400				
Res. Rent	U401	28.3		28.3	
Res. Utilities	U402	17.4		17.4	
M & R	U403	3		3	
LQA	U404				
Security Guards	U407				
ORE	U408				
REP	U409	0.3		0.3	
Subtotal			49		49
Office Operations	U500				

Office Rent	U501	4.4	4.4
Office Utilities	U502	8.2	8.2

FY 1994 Operating Expense

Expense Category	Function Code	FY 1994 Base (75%)		FY1994 Target (100%)	
		Dollars	Totals	Dollars	Totals
Praia, Cape Verde					
Bldg M & R	U503	2.1		2.8	
Equipment M & R	U508	6.3		8.4	
Communications	U509	21.3		21.3	
Security Guards	U510				
Printing	U511				
Site Visit-Mission	U513	1.2		2.4	
Site Visit-AID/W	U514	4.5		12	
Info Meetings	U515			10	
Training	U516			6	
Conference Attendance	U517	2.5		8.3	
Other Ops Trv	U518	2.4		6	
Supplies	U519	21.6		20.7	
FAAS	U520	15.3		15.3	
Cont Consulting Svcs	U521	23		23	
Cont Mgt/Prof Svcs	U522			13.2	
Spec Studies/Analysis	U523				
ADP H/W Leases/Maint	U525				
ADP S/W Leases Maint	U526				
Trtans/Freight U500	U598	2.8		6.2	
All Other Cont. Svcs	U599	13.9		20.8	
Subtotal			129.5		189
NXP Procurement	U600				
Vehicles	U601				
Res. Furniture	U602				
Res. Equipment	U603				
Office Furniture	U604				
Other Equipment	U605				
ADP H/W Purchases	U606			40	
ADP S/W Purchases	U607				
Trans/Freight	U698			8	
Subtotal			0		48
Total OE Expenses		352.8	352.8	465.3	465.3
Less FAAS		-15.3	-15.3	-15.3	-15.3
Total OE Expenses Budget		337.5	337.5	450	450
USDH FTEs			2		2

FNDH FTEs	1	1
US PSC FTEs	0	0
TON PSCs FTEs	0	0
FN PSCs FTEs	8	8
Other Contracts FTEs	0	0
Total FTEs	11	11

FY 1995 NEW PROJECT NARRATIVE

EXPORT PROMOTION AND PRIVATE SECTOR DEVELOPMENT (655-0019)

This project relates directly to the Mission's Target of Opportunity of "Assisting the Government of Cape Verde (GOCV) in diversifying its economy and increasing its foreign exchange earnings by encouraging private sector investment, export development and private enterprise development." As Cape Verde's only hope for sustained economic development lies in the development of an export-oriented private sector, this fits under A.I.D.'s Economic Growth objective.

This project, is a follow-on to the Export Development Services Project (655-0014). It will assist the GOCV and the Cape Verde private sector in promotion of sectoral policy reforms, production of goods and services for export, development of human resources and expansion of private enterprise. It will provide assistance in the following areas:

- (1) Support the institutionalization of the Center for Investment and Export Promotion ("PROMEX") as an autonomous and increasingly self-reliant institution.
- (2) Assist the Cape Verdean private sector in its present endeavor to create a Chamber of Commerce, Industry and Services.
- (3) Identify and encourage the implementation of policy and administrative reforms to reduce bureaucratic constraints to private sector development and export production and trade.
- (4) Identify and encourage the implementation of policy and administrative reforms to increase credit access to the private sector.
- (5) Strengthen Cape Verde's institutional capacity for investment and export promotion through the development of data bases on the country's economic potential.
- (6) Develop the human resource capacity for private sector development through individual training and group seminars and conferences for Cape Verdeans in both public and private sectors.

Anticipated project goal-level indications are as follows:

- (1) Increase in the number of new private companies created, especially those producing goods and services for export.

- (2) An increase in foreign direct investment and in private transfers from abroad.
- (3) An increase in the quantity and quality of private sector training, especially in international business.
- (4) An increase in exports as a percentage of the GDP.
- (5) New jobs created and an increase in overall employment.

FY 1995 PROGRAM BY STRATEGIC OBJECTIVE (\$000)

Strategic Objective	Policy Area	BASE: 100% FY 1994 Congressional Presentation Level					
		50% of BASE		75% of BASE		100% of BASE	
		Ongoing	New	Ongoing	New	Ongoing	New
1. Reduce Population Growth							
	Pop/Health	400		400		1,625	
2. Export Promotion/Private Enterprise Development (Target of Opportunity)							
	Economic Growth	950		1,625		1,075	
Other							
Total:		1,350		2,025		2,700	

CAPE VERDE (655)
FY 1995 ANNUAL BUDGET SUBMISSION

TABLE XIII: PL480 TITLE II

FY 1995

SPONSOR NAME: AGRICULTURAL COOP DEVELOPMENT INTERNAT

A. MATERNAL AND CHILD HEALTH

B. SCHOOL FEEDING

C. OTHER CHILD FEEDING

D. FOOD FOR WORK

E. MONETIZATION

NUMBER OF RECIPIENTS (000)	COMMODITY	(THOUSANDS)	
		KG	DOLLARS
0.0	CORN	20 0	1,920 0
	TOTAL MONETIZATION	20 0	1,920.0

\$ 96/MTN

F. GENERAL RELIEF

G. OTHER

-17-

FY 1995 Operating Expense

FY 1995 Base (75%) FY 1995 Target (100%)

Expense Category	Function Code	Dollars	Totals	Dollars	Totals
Praia, Cape Verde					

FY 1995 Operating Expense

FY 1995 Base (75%) FY 1995 Target (100%)

Expense Category	Function Code	Dollars	Totals	Dollars	Totals
Praia, Cape Verde					

US Direct Hire	U100				
Other Salary	U105				
Educ. Allow	U106	6.8		6.8	
COLA	U108				
Other Benefits	U110				
Post Assign Trv	U111				
Post Assign Frt	U112				
Home Lv Trv	U113	11		11	
Home Lv Frt	U114	8.3		8.3	
Educ Trv	U115				
R & R Trv	U116	7.9		7.9	
Other Trv	U117			4.3	
Subtotal			34		38.3
FN Direct Hire	U200				
FN Basic Pay	U201	10.9		10.9	
OT/Holiday Pay	U202	1.6		1.6	
All other Code 11FN	U203	2.1		2.1	
All other Code 12FN	U204	1.7		1.7	
Benefits - Former FN	U205				
Accrued Severance	U206				
Subtotal			16.3		16.3
Contract Personnel	U300				
US PSC Sal/Benefits	U302				
All Other US PSC Costs	U303				
FN PSC Sal/Benefits	U304	81.2		92.9	
All Other FN PSC Costs	U306	26		39	
Subtotal			107.2		131.9
Housing	U400				
Res. Rent	U401	28.3		28.3	
Res. Utilities	U402	18.4		18.4	
M & R	U403	3.1		3.1	
LQA	U404				
Security Guards	U407				
ORE	U408				
REP	U409	0.3		0.3	
Subtotal			50.1		50.1

FY 1995 Operating Expense

Expense Category	Function Code	FY 1995 Base (75%)		FY 1995 Target (100%)	
		Dollars	Totals	Dollars	Totals
Praia, Cape Verde					
Office Operations	U500				
Office Rent	U501	4.4		11.1	
Office Utilities	U502	8.5		11.7	
Bldg M & R	U503	1.4		2.9	
Equipment M & R	U508	4.3		8.7	
Communications	U509	22.1		22.1	
Security Guards	U510				
Printing	U511			2.5	
Site Visit-Mission	U513			12.5	
Site Visit-AID/W	U514			10.4	
Info Meetings	U515			6.2	
Training	U516			8.6	
Conference Attendance	U517			6.2	
Other Ops Trv	U518	3.5		21.6	
Supplies	U519	16.2		16.2	
FAAS	U520			23.9	
Cont Consulting Svcs	U521				
Cont Mgt/Prof Svcs	U522				
Spec Studies/Analysis	U523				
ADP H/W Leases/Maint	U524				
ADP S/W Leases/Maint	U525				
Trans/Freight U500	U526				
All Other Cont. Svcs	U598	0.3		2.3	
	U599	1		23.5	
Subtotal			61.7		190.6
NXP Procurement					
Vehicles	U600				
Res. Furniture	U601			20	
Res. Equipment	U602			2.1	
Office Furniture	U604				
Other Equipment	U605			7.9	
ADP H/W Purchases	U606				
ADP S/W Purchases	U607				
Trans/Freight	U608			9	
Subtotal			0		39
Total OE Expenses		269.3	269.304	466.2	466.2
Less FAAS		-16.2	-16.2	-16.2	-16.2
Total OE Budget Expenses		253.1	253.1	450	450
USDH FTEs			2		2
FNDH FTEs			1		1
US PSC PTEs			0		0
TCN PSC FTEs			0		0
FN PSCs FTEs			7		7
Other Contracts FTEs			0		0
Total FTEs			10		10

Operating Expense Narrative

The Mission's FY 93 budget includes post assignment travel for the new Program Officer based on the assumption that travel will begin prior to September 30, 1993. If not, adjustments will have to be made to the FY 94 OE budget.

The FY 94 ABS included a total of 12.1 FTE's for the FY94 OE budget and 3 FTE's from program. In this FY 95 ABS we have included 11 FTE's in FY94 and 10 FTE's in FY 95 in the OE budget and 3 FTE's in the program budget.

Several unexpected events in FY 93 greatly increased expenses in the U100 series line items. During most of FY 93 only one of the two USDH has been at post, making it difficult to meet the many annual and intermittent reporting requirements. Additionally, when the second USDH (a GDO) failed to receive medical clearance to return to post while on home leave, greatly increased and unanticipated expenses were incurred. The post intends to cover additional costs of U111 and U112 out of the FY 93 budget. However, several unknowns will affect these expenses. It has not been decided if the GDO will be posted to AID/W or South America. If he has an onward assignment, \$9,000 earmarked for transfer to AID/W (U114) would be available to cover costs of transfer of the Program Officer. Also, return portion of airline tickets for the GDO's return to post after Home Leave (U113) will provide additional funds which will be applied to post assignment costs of the new Program Officer and his dependents.

In the area of staffing, OAR/Praia has experienced some reassignment and shifting of responsibilities in an effort to make day-to-day operations run more smoothly, and correct previous chronic problems of meeting report deadlines in a timely manner. The hiring of an efficient FSN Executive Assistant for the AIDREP was an integral first step in implementing this plan. The FSN Administrative Assistant, who had been providing some secretarial support, retained his C & R duties and took on procurement responsibilities from one of the PTRHs who departed post.

All employees have been expected to take on additional responsibilities to assist with the overload of work that resulted when the second USDH did not return to post as noted above. Expenditures for FSN salaries increased during FY 93 due to the purchase of prior service for two employees under the local social security system. Employees' share of this cost is being reimbursed through payroll deductions.

Two authorized PTRH positions (down from 4 in 1991) have remained unfilled since although candidates are available, pending Washington approval. Both slots have been filled by hiring American residents on purchase orders which are paid out of OE funds. Post has just received permission to fill the Admin/EXO PTRH position. It is our understanding that funding for PTRH is

paid out of Washington, which will reduce the burden on the OE budget in FY 94 and FY 95. We hope to fill the second PTRH as well in FY 94 to handle NXP management and general GSO tasks.

Post expects a classification expert to reclassify all eight FSN positions early in FY 94. After reclassification is completed, post intends to explore funding of the HRDA Officer out of HRDA, rather than OE funds. No additional personnel requirements are foreseen at this time.

In anticipation of very tight budget constraints in FY 94 and FY 95, post has made several adjustments in NXP/EXP procurement. Projected residential furniture procurement was greatly reduced, although some furniture was needed to accommodate the larger family of the new Program Officer. Procurement of replacement for post's oldest vehicle has been dropped, and every attempt will be made to pay for all anticipated FY 93, FY 94 and FY 95 procurement of both NXP and EXP (supplies) with FY 93 funds.

FORMAT FOR COUNTRY-SPECIFIC ISSUES PAPERS
COUNTRY NAME *Cape Verde*

I. BUDGET LEVELS (\$000) (100%)

Account	FY 93	FY 94	FY 95
DFA	2,700	2,700	2,700
DA/ADA	—	—	—
ESF	—	—	—
PL480II/III	1,920	1,920	1,920
Total			

II. WORKFORCE LEVELS (FTE) (100% DFA + 100% OE Option)

	FY 93			FY 94			FY 95		
	OE	PRG	TOT	OE	PRG	TOT	OE	PRG	TOT
USDH	2	—	2	2	—	2	2	—	2
FNDH	1	—	1	1	—	1	1	—	1
USPSC	—	—	—	—	—	—	—	—	—
FNPSC	8	2	10	8	1	9	7	1	8
TCPSC	—	—	—	—	—	—	—	—	—
TOTAL	11	2	13	11	1	12	10	1	11

III. WORKFORCE LEVELS (FTE) (100% DFA + 85% OE Option)

	FY 93			FY 94			FY 95		
	OE	PRG	TOT	OE	PRG	TOT	OE	PRG	TOT
USDH	2	—	2	2	—	2	2	—	2
FNDH	1	—	1	1	—	1	1	—	1
USPSC	—	—	—	—	—	—	—	—	—
FNPSC	8	2	10	8	1	9	7	1	8
TCPSC	—	—	—	—	—	—	—	—	—
TOTAL	11	2	13	11	1	12	10	1	11

IV. PROPOSED NEW STARTS AND AMENDMENTS (100% DFA)

Title	FY	Type	LOP \$Mil	DOA PID	DOA PP
Population/Reproductive Health	94	PA	5,000	—	—
Export Promotion/Private Sec Dev	95	PA	4,500	—	—

V. MORTGAGE AND PIPELINE (\$ 000)

	End of FY 93	End of FY 94	Ratio to FY 94 OYB	End of FY 95	Ratio to FY 95 OYB
Pipeline	7,600	5,213	1.9	N/A	N/A
Mortgage	-	4,000	1.5	6,800	2.5

VI. MISSION PROGRAM SUMMARY

Mission Program Summary (\$000)											
FY				Policy Area					Corresponding Overseas		
				Total Program	Environment	Pop/Health	Democracy	Econ Growth	Other (1)	OE	FTE
1993	100%			950	—	75	—	875		450	2
1994	90%			2,430	—	1,350	—	1,080		450	2
	100%			2,700	—	1,500	—	1,200		450	2
1995	90%	Ongoing		—	1,462	—	—	360		450	2
		New		—	—	—	607				
	100%	Ongoing		—	1,625	—	—	400		450	2
		New		—	—	—	675				

(1) Explanation of "Other":

VII. MISSION PROGRAM TRENDS

Mission Program Trends FYs 1993 - 1995 (\$ 000)				
	Sust. Dev.	Humanitarian	Regional Prog.	Other
FY 1993				2,700
FY 1994				2,700
FY 1995				2,700

VIII. FY 1994 - Mission Program Funding by Strategic Objective and Policy Area

Country Strategic Objectives to be Funded in FY 1994 Given Budget (in \$1000s)							
Mission	Strategic Objectives and Targets of Opportunity	% of FY 94 base	Policy Area				
			Environment	Pop/Health	Democracy	Econ Growth	Other
Cape Verde	SO #1: Population	90%	—	1,350	—	—	—
	SO #2:						
	SO #3:						
	SO #4:						
	TO #1: Private Investment/ Ec Devel		—	—	—	1,080	
	TO #2:						
	TO #3:						
	OTHER:						
	SO #1: Population	100%			1,500	—	—
	SO #2:						
	SO #3:						
	SO #4:						
	TO #1: Private Inves/ Ec Devel		—	—	—	1,200	—
	TO #2:						
TO #3:							
OTHER:							

24

IX. FY 1995 - Mission Program Funding by Strategic Objective and Policy Area

Country Strategic Objectives to be Funded in FY 1995 Given Budget (in \$1000s)							
Mission	Strategic Objectives and Targets of Opportunity	% of FY 94 base	Policy Area				
			Environ- ment	Pop/Health	Democracy	Econ Growth	Other
Cape Verde	SO #1: Population	90%	—	1,462	—	—	—
	SO #2:						
	SO #3:						
	SO #4:						
	TO #1: Private Invest/Ec Devl		—	—	—	967	
	TO #2:						
	TO #3:						
	OTHER:						
	SO #1: Population	100%	—	1,625	—	—	—
	SO #2:						
	SO #3:						
	SO #4:						
	TO #1: Private Invest/Ec Devl		—	—	—	1075	—
	TO #2:						
TO #3:							
OTHER:							

25

OAR CAPE VERDE : FY 1995 ANNUAL BUDGET

PD-ABK-405

SUBMISSION

1 OF 1 (24X)

CAPE VERDE

1993

ANNUAL BUDGET SUBMISSION (ABS)