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Annual Budget Submission

FY 1986

OFFICE OF ECONOMIC AFFAIRS
BUREAU FOR PROGRAM AND POLICY COORDINATION

JUNE 1984

Agency for International Development
Washington, D.C. 20523

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BEST AVAILABLE

OFFICE OF ECONOMIC AFFAIRS

Action Plan

The functions of the Office of Economic Affairs are: (1) to provide AID with an economic analytic capability in the areas of international trade and finance relative to LDCs and LDC macroeconomic policy and performance; (2) to provide policy advice and related information on these areas to AID policy makers for use in developing and evaluating AID programs and projects, AID policies and strategies, and AID positions on relevant international economic issues addressed in an interagency or international context. The EA office also contributes to implementing the Administrator's directive to increase and improve economic analysis capabilities in AID.

Objectives of the Action Plan are:

1. Improve the Agency's understanding of and ability to address the problems of economic instability, structural adjustment and long-term economic growth in the developing world.

2. Increase the capability of the Office to monitor, analyze and assess for policy purposes:
   a) LDC macroeconomic performance and policies;
   b) trends and policy actions in international trade involving or impacting on LDCs;

c) trends and policy actions in international financial matters involving or impacting on LDCs, including debt, international investment, private bank lending, and IMF and IBRD programs.

3. Maintain an active program analyzing the interaction between trade, finance and development and translating the analysis into policy recommendations.

The short-run operational objectives to help implement the Action Plan are:

1. Continue the process of filling vacant economic staff positions.

2. Continue work on preparing background documents on trade and development, economic stabilization in LDCs, and LDC economic adjustment efforts.

3. Provide ongoing analytical input on policy issues in these areas as they arise and working with other USG agencies on international economic issues of importance to AID.

4. Continue the process of increasing the staff capability to utilize microcomputers in order to increase overall office productivity.

For the first three quarters of FY 1984, Office staff constraints increased significantly in the wake of several departures coupled with substantial delays in attempts to fill vacancies. (It is now anticipated that the Office will be fully staffed at the end of FY 1984.) Given the severe staff constraints, the EA Office was not able to accomplish many of the goals set out in the previous year. Nevertheless, program analysis work was undertaken on topics concerning structural adjustment lending; economic stabilization programs and their relationship to AID country programs; and privatization of public services and infrastructure.

As part of the effort to assist in implementing the Administrator's initiative to upgrade economic analysis in the Agency, EA program funds were used in a collaborative effort with PPC/PDPR and the four regional bureaus to initiate preparation of a handbook for economic analysis of projects. The EA Office is also initiating, coordinating and financing (the overhead costs) the first ever conference of AID professional economists. The conference is designed to bring

together the technical resources constituted by economists themselves as a means to explore how AID can upgrade economic analysis and the technical economic content of its programs. It is expected that AID economists will continue to meet in conferences each year as part of an ongoing process to maintain and improve the economic skills and the application of those skills in AID. The EA Office will continue to play an active role in this process.

The Office plans to initiate a program in FY 85 to analyze international trade policy, issues and trends -- including the interactions of trade, finance and development in the changed conditions of the 1980s. The EA program will also continue to examine LDC economic stabilization programs and structural adjustment efforts. The program will concentrate on trends and issues which appear to have the greatest relevance to AID programs or which would have a significant bearing on LDC long-term economic performance and related U.S. policies.

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT ($000)

	FY 1983 ACTUAL	FY 1984 ESTIMATE	--FY 1985-- CP ESTIMATE		FY 1986 AAPL	---------PLANNING PERIOD--------- 1987	1988	1989	1990
Selected Development Activities - Research (Grants)	250	385	250	300	425	450	495	545	600
Total Personnel									
USDH Workyears		11.2		11.2	8.6	8.6	8.6	8.6	8.6
IPA Workyears		.25		1.7	2.0	2.0	2.0	2.0	2.0

OPTIONAL

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION
($000)

APPROPRIATION ACCOUNT PROJECT NO.	TITLE	L/G	FY 84 ESTIMATE	FY 85 ESTIMATE	FY 86 AAPL
Selected Development Activities					
930 0095	Economic Interdependence and Structural Adjustment	G	385	400	425

SUBMISSION
DGET DATA

.S. DOLLAR COST ($000)								
	FY 1985			FY 86		PEACE CORPS		
D- S	OBLIG- ATIONS	EXPEND- ITURES	FUNDED THRU	AAPL	FUNDED THRU	VY84	VR85	ITEM NO.
	300	355		425				12034
	190	190		315				10439
2	10	10		10				10443
0								10440
		30						
		25						10442
5	50	50		50				
0	50	50		50				
1	300	355		425				
1	300	355		425				

OPTIONAL

AID PROGRAM IN FY 1986
ANNUAL BUDGET SUBMISSION
TABLE IV - PROPOSED PROGRAM RANKING

DECISION UNIT

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	PROGRAM FUNDING ($000) APPROP	INC	CUM
1		Structural Adjustment, International Trade, LDC Macroeconomic Policies and Development	N	G	SD	250	250
2		Macroeconomic Policies and Development	N	G	SD	150	300
3		Trade, International Investment and Development	N	G	SD	50	350
4		Long-Term Development and Economic Stabilization Programs in LDCs	N	G	SD	50	400
5		Research Coordination and Dissemination	N	G	SD	25	425

The AAPL is $425.