

PD-ABI-105

AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT DATA SHEET</b>		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	26934 Amendment Number	DOCUMENT CODE 3
2. COUNTRY/ENTITY KENYA		3. PROJECT NUMBER 615-0240		
4. BUREAU/OFFICE AFRICA		5. PROJECT TITLE (maximum 40 characters) STRUCTURAL ADJUSTMENT ASSISTANCE PROGRAM TECHNICAL ASSISTANCE PROJECT		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 1 2 3 1 9 3		7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY 8 8 B. Quarter 4 C. Final FY 9 3		

8. COSTS (\$000 OR EQUIVALENT \$1 = )						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	3,000		3,000	12,800		12,800
(Grant)	( 3,000 )	( )	( )	( 12,800 )	( )	( 12,800 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.	1.					
	2.					
Host Country		1,000	1,000		4,266	4,266
Other Donor(s)						
<b>TOTALS</b>	3,000	1,000	4,000	12,800	4,266	17,066

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) DFA	660	720	-	12,100		500		12,800	
(2)									
(3)									
(4)									
<b>TOTALS</b>				12,100		500		12,800	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 050	11. SECONDARY PURPOSE CODE 180
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)	
A. Code	
B. Amount	

13. PROJECT PURPOSE (maximum 480 characters)  
 To provide technical assistance in support of the Structural Adjustment Assistance Program by financing, among other things, technical assistance, training and commodities to support the analysis for and undertaking of policy initiatives and institutional change by the Republic of Kenya.

14. SCHEDULED EVALUATIONS	15. SOURCE/ORIGIN OF GOODS AND SERVICES
Interim MM YY MM YY Final MM YY 1 2 8 8 0 8 9 3	<input type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input checked="" type="checkbox"/> Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)  
 To provide additional support to the following components:  
 Microcomputerization of the budget process, capital market development, studies and evaluation, tax modernization.

*EWN* Methods of implementation and financing have been approved by the Mission Controller *Carroll*

17. APPROVED BY	Signature <i>Clayton J. Swann</i>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Title Acting Mission Director, USAID/K	

**ACTION MEMORANDUM FOR THE ACTING MISSION DIRECTOR, USAID/KENYA**

**FROM:** Carla Barbiero, Acting Chief, Office of Projects

**SUBJECT:** Structural Adjustment Assistance Program Technical Assistance Project (615-0240)

**DATE:**

**ACTION:** Your approval is requested for the attached:  
(i) Project Paper (PP) Amendment for the Structural Adjustment Assistance Program - Technical Assistance Project (SAAP-TAP); and  
(ii) Project Authorization Amendment No. 2 which authorizes additional A.I.D. financing of \$700,000 in DFA funds, thereby revising the total Life-of-Project (LOP) funding from \$12.1 Million to a new LOP total of \$12.8 Million.

**BACKGROUND:** SAAP-TAP was originally authorized on August 18, 1988, with planned LOP funding of \$3,000,000. Amounts obligated thereunder were made available through an amendment to a preexisting "Grant Agreement for Technical Assistance" which was executed on May 15, 1987, using funds previously authorized as part of the overall Structural Adjustment Assistance Program, initially authorized in June of 1986. No separate Project Paper or Project Authorization was done in connection with the May 15, 1987 Grant Agreement, which had obligated \$3,200,000 for project-like activities. In August 1989, the SAAP-TAP Project Authorization was amended to increase the total LOP by \$5,900,000. Project Authorization Amendment No. 1, dated August 30, 1989, deemed amounts included in the May 15, 1987 Grant Agreement to be included within the overall LOP funding level, even though such amounts were not encompassed in the LOP funding shown on the original Project data sheet for the August 18, 1988 Project Paper. This brought overall LOP funding level to \$12,100,000.

**PROJECT DESCRIPTION:** SAAP-TAP's purpose is to provide technical assistance to the GOK in support of the implementation of its structural adjustment program and to strengthen its policy analysis and planning institutions. The attached PP supplement will provide additional financing necessary to support expanded policy analysis and institutional strengthening requirements for four of the seven SAAP-TAP components.

There will be no additional funds allocated to the Sectoral Policy Analysis and Planning component, since no new studies are anticipated at this time. Similarly, there is no need to allocate additional funding to the CIP Monitoring and Audit components.

**Microcomputerization of the Budget Process:** An additional \$479,000 will be allocated to the Computerization of the Budget Process component of SAAP-TAP which will finance the computerization process as well as USAID evaluations. Operating through the Ministry of Finance (MOF), Project-financed technical assistance has enabled various GOK line Ministries to prepare their own computerized budget, thus lending greater control and transparency to revenue and expenditure budget controls. The additional funds will extend technical assistance and assist in the institutionalization and maintenance of the improved budget process.

Specifically, the additional resources provided through this Project amendment will enable the MOF to establish Computer System Support Units in the Budgetary Supply Department and the Directorate of Accounting Services. In addition, new and existing staff members will be adequately trained in systems development methods to further enhance budget programs. A budget systems management manual will be available to guide MOF and line ministry personnel in using the systems to prepare the annual budget, monitor revenue and control expenditures.

**Capital Market Development:** An additional \$75,000 will be allocated to Capital Market Development component. Past efforts have centered on developing the legal framework which underpins Kenya's Capital Market, and establishing the Capital Markets Development Authority as a regulatory body. The additional funds will finance the procurement of services and material support required to broadly educate the public on the opportunities available through the Nairobi Stock Exchange offerings. The promotional and educational efforts are designed to stimulate the demand for new capital market instruments.

Through the technical assistance and advertising support that this Project amendment will provide, all six currently licensed brokerage firms will receive training in broker sales courses, a press kit will have been prepared for the NSE to distribute to the media, a public information hand-out on the NSE will be available and a modest advertising program will have been completed.

**Tax Modernization:** An additional \$50,000 will be allocated to the Tax Modernization component. These funds will continue to finance technical assistance under a joint financing arrangement with the UNDP. The Grant, which is coordinated by the World Bank, provides technical assistance to the GOK for the analysis, assessment and reform of its tax system.

**Studies and Evaluation:** The Studies and Evaluation component, which strengthens the capacity of the Ministry of Planning and National Development, will receive an additional \$96,000. These funds will finance the procurement of commodity equipment and technical assistance for the Central Bureau of Statistics, thereby fully institutionalizing the innovations introduced.

**MANAGEMENT AND OBLIGATION ARRANGEMENTS:** The seven components of SAAPTAP will continue to be managed by the Office most closely associated with their activities. In light of the upcoming staff turnover, it has been decided that once the new Program and Projects Office Chiefs arrive, a meeting will be convened to make a determination as to which office maintains overall responsibility for the Project.

The additional \$700,000 in A.I.D. financing will be incrementally obligated through amendments to the Project Agreement with the GOK. \$500,000 is planned for obligation in FY 92 and \$200,000 in FY 93.

The attached Illustrative Financial Summary Table details the revised A.I.D. and GOK contributions by component. The proposed GOK addition of the local currency equivalent of \$233,000 to the Computerization of the Budget Process will bring the overall total GOK contribution to \$4,266,000.

**ANALYSIS AND OTHER REQUIREMENTS:** This PP supplement does not revise the original PP technical, economic, social or administrative analyses and the initial analyses remain relevant.

**CONGRESSIONAL NOTIFICATION:** A Technical Notification for \$500,000 in additional financing expired without Congressional objection on May 21, 1992.

**CONDITIONS AND COVENANTS:** There are no additional conditions or covenants.

**GOK LETTER OF REQUEST:** The GOK has requested additional funding for the activities as listed below. The GOK letter of June 18, 1992 requested additional funding for the continued support of the Microcomputerization of the Budget Process. In their November 11, 1991 letter, the GOK requested additional funds for the Tax Modernization component. The November 14, 1991 GOK letter requested additional funds for Studies and Evaluations in the Central Bureau of Statistics.

**WAIVERS:** None.

**PROJECT REVIEW COMMITTEE ACTION:** The draft documents for this Project Paper amendment have been reviewed by the Mission's technical and financial staffers and RLA. Because no issues have been raised regarding this amendment, the Project Review Committee has determined that a formal PRC meeting to recommend approval is not necessary and has instead recorded its approval by clearing this memorandum and the attached documentation.

**AUTHORITY:** Under the Delegation of Authority (DOA) No. 551, section 4.A.(2) Principal Officers of field posts have the authority to amend a project authorization when the amendment will result in a total LOP funding of not more than \$30 million. Since LOP funding is under \$30 million, as acting Mission Director, you have the authority to amend the Project Authorization.

**RECOMMENDATION:** That you sign the attached Project Authorization Amendment No. 2 and PP facesheet and thereby approve an increase in A.I.D. grant financing of \$700,000, for a new planned LOP total of \$12.8 million, subject to the availability of A.I.D. funding.

Approved: *George J. Swinson*

Disapproved: \_\_\_\_\_

Date: 7/1/92

Drafted: *MS* Smith/ revised 7/1/92

Clearances:

PROG: EMartella/ CSteele *EM*

*EW* CONT: CCastro *CC*

RLA: CBrown *CB*

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**PROJECT AUTHORIZATION AMENDMENT NO. TWO**

**NAME OF COUNTRY:** KENYA

**NAME OF PROJECT:** Structural Adjustment Assistance Program - Technical Assistance Project

**PROJECT NUMBER:** 615-0240

1. Background. Pursuant to the Foreign Assistance Act of 1961, the Structural Adjustment Assistance Program - Technical Assistance Project ("SAAP - TAP") was originally authorized on August 18, 1988, with an original life of project funding level of \$3,000,000. Amounts obligated thereunder were made available through an amendment to a preexisting "Grant Agreement for Technical Assistance" which was executed on May 15, 1987, using funds previously authorized as part of the overall Structural Adjustment Assistance Program initially authorized in June of 1986. No separate Project Paper or Project Authorization was done in connection to the May 15, 1987 Grant Agreement, which had obligated \$3,200,000 for project-like activities. In August 1989, the SAAP - TAP Project Authorization was amended to increase total life of project by \$5,900,000. Project Authorization Amendment No. 1, dated August 30, 1989, deemed amounts included in the May 15, 1987 Grant Agreement to be included within the overall life of project funding level, even though such amounts were not encompassed in the life of project funding shown on the Project data sheet for the August 18, 1988 Project Paper. This brought the overall life of project funding level to \$12,100,000.

2. Additional Financing. Pursuant to Section 496 of the Foreign Assistance Act of 1961, as amended, and Title II of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1992 (Sub-Saharan Africa, Development Assistance) as incorporated into the FY 1992 Continuing Resolution, I hereby authorize an additional Seven Hundred Thousand United States Dollars (\$700,000) in Development Fund for Africa (DFA) grant financing, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, in planned obligations to finance the foreign exchange and local currency costs of the Project. The revised total life of project funding level is now Twelve Million Eight Hundred Thousand United States Dollars (\$12,800,000).

3. Other Terms: The original authorization as previously and hereby amended, remains in full force and effect.

Signature:   
Roger Simmons  
Mission Director (Acting)

Date: 7/1/92

Drafted: MSmith, revised CBrown:6/25/92

Clearances: RLA:CBrown, draft 6/25/92

PROG:EMartella/CSteele EM

PRJ:~~S~~Barbiero CB

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RLA:CBrown CB

PROJECT PAPER AMENDMENT  
STRUCTURAL ADJUSTMENT ASSISTANCE PROGRAM - TECHNICAL ASSISTANCE  
PROJECT, NO. 615-0240

I. BACKGROUND

The Structural Adjustment Assistance Program - Technical Assistance Project (SAAPTAP) was originally authorized on August 18, 1988, with an original Life of Project (LOP) funding level of \$3 million. This amount was obligated through an amendment to an existing "Grant Agreement for Technical Assistance" executed on May 17, 1987, which obligated \$3.2 million in funds previously authorized as part of the overall Structural Adjustment Assistance Program which was initially authorized in June 1986. A separate Project Paper and Authorization were not prepared in connection with the May 1987 Grant Agreement. Subsequently, in August 1989, the Project Authorization was amended to increase LOP funding by \$5,900,000 and to reflect the earlier amount of \$3,200,000 from the May 1987 Grant Agreement. This brought overall LOP funding to \$12,100,000.

The goals and objectives of the Project remain unchanged. The Project purpose is to provide technical assistance, training and commodities to support the analysis for and implementation of the GOK's structural adjustment program.

II. STATUS OF IMPLEMENTATION

In order to achieve the Project purpose, SAAPTAP includes six substantive components intended to provide technical assistance for institutional strengthening, policy analysis and planning.

Sectoral Policy Analysis and Planning

Through a host country contract, the Project has provided technical assistance to the Ministry of Finance (MOF) with the analysis of policy options. Studies have been completed in the areas of debt reporting, parastatal price control reforms and depositors' insurance. No further studies are anticipated at this time.

Microcomputerization of the Budget Process

Through a host country contract with the MOF, the Project has financed technical assistance, training and commodities to support the GOK's computerization of its budget. With the technical assistance and training provided through this component activity, line ministries are now preparing their own computerized budgets. As a result, budget requirements are more accurate, expenditure controls are more effective and revenue is monitored more accurately. Better budget

information creates a self-sustaining demand for still better information. It enables government to take informed management decisions and makes those decisions more transparent. The management systems now being developed will help to ensure the sustainability of the improved budgeting process beyond USAID's direct involvement.

Specifically, in relationship to the established EOPS, operational maintenance capacity has been established; dependence upon expatriate personnel for systems design has been reduced, but not eliminated; and the essential scheme of service required to retain trained personnel, though not yet approved, appears to be gaining support.

#### Capital Markets Development

The Project has financed host country contracts for long and short-term technical assistance, training, commodities and, in the initial stages, recurrent costs. With this assistance, the Capital Markets Authority (CMA) has prepared and the GOK has implemented legislation which establishes regulatory provisions to guide and control securities trading in Kenya. Within one and one half years of the CMA's establishment and with Project financing for the renovation of facilities and procurement of specialized equipment, the Nairobi Stock Exchange (NSE) has moved into a trading hall. Since then, turnover on the NSE has increased over 100%.

#### Commodity Import Program (CIP) Monitoring

USAID/Kenya implements the CIP Monitoring component through a direct contract with a local audit firm. The contractor: (i) confirms deposit of the local currency equivalent into the Central Bank CIP Special Account by CIP allocatees, (ii) monitors the arrival of the imported goods, and (iii) prepares end-use audits. The contractor also works closely with the local banks to ascertain the balance of disbursed and unliquidated funds.

#### Tax Modernization

This component provides technical assistance to the MOF in the analysis, assessment and reform of its tax system. This Project support is provided through a grant to UNDP which in turn has retained technical services. As a result of this assistance, the GOK is already realizing increased efficiency and effectiveness in its tax administration. Taxpayer Identification Numbers are scheduled for introduction in January 1993. A self-assessment system for income tax estimation will be implemented in the course of the year. By the end of the year, the income tax department will be fully computerized.

#### Studies and Evaluation

This component is designed to strengthen the Ministry of Planning and National Development's capacity for planning, monitoring and evaluating the status of agricultural and rural development and the impact of development programs in these areas. In response to a GOK request for assistance in the design, implementation and analysis of an urban household budget survey, and subsequent revision of the Consumer Price Index (CPI), the Project has financed a PASA with the U.S. Department of Labor which is providing short-term technical assistance to the Central Bureau of Statistics (CBS). The initial step taken was to organize a USAID/GOK workshop on issues related to Kenya's past experience with household budget surveys and the CPI. A pilot test for the survey questionnaire is scheduled for completion in July. The entire household budget survey will be launched in October. A revised CPI is anticipated late in 1993.

### III. RATIONALE FOR AMENDMENT

Policy analysis and reform continue as targets of opportunity within USAID/Kenya's Country Program Strategic Plan and remain high on the GOK's agenda. Although major problems remain, the GOK has made significant progress in the adjustment of its economy. New opportunities to enhance and secure these reforms now exist because of the Project's investment, but further assistance is required. Solid progress toward the EOPS has been achieved with the resources authorized. However, if sustainability of the achievements is to be secured, further action must be taken to ensure attainment of the remaining EOPS. Consequently, the GOK has requested USAID continue and extend its support for the component activities identified below.

The political reform process underway in Kenya today has increased the demand more information and greater transparency. The allocation of GOK budget resources and the state of development, as measured by Central Bureau of Statistics (CBS) analyses and reports, directly inform political debate and economic decision-making.

### IV. ACTIVITIES UNDER AMENDED PROJECT

SAAPTAP has six substantive components (plus funds for audit and USAID evaluation) designed to provide technical assistance for institutional strengthening, policy analysis and planning. The purpose of this Project Paper Amendment is to expand activities with additional A.I.D. funding and to realign and adjust efforts and resources among these components.

Microcomputerization of the Budget Process

This component has assisted the MOF in the computerization of its budget process. As a result of decentralizing the budgeting process, by training line Ministry personnel in the use of the budget systems software, the GOK has improved budget preparation, expenditure control and revenue monitoring. In order to ensure both a continuing demand for and maximize use of the information now at its disposal, the GOK has requested USAID/Kenya and the Project will finance technical assistance in development of a procedures manual to govern the budgeting process and direct the training of new staff in its use. These changes are expected to increase the transparency of decision-making and improve analysis of performance as it relates to, among others, privatization decisions.

With the additional resources provided through this project amendment, the MOF will be able to establish Computer System Support Units in the Budgetary Supply Department and the Directorate of Accounting Services. In addition, new and existing staff members (in MOF and line ministries) will be adequately trained in systems development methods to further enhance budget programs. A budget systems management manual will be available to guide MOF and line ministry personnel in using the systems to prepare the annual budget, monitor revenue and control expenditures.

Capital Market Development:

The Project has assisted with the development of the legal framework which underpins Kenya's capital markets and the establishment of the Capital Market Authority (CMA) as a regulatory body. With this amendment, the NSE will be assisted with the preparation and release of educational/promotional materials to stimulate greater use of the NSE by entrepreneurs and the GOK (for divestment). By educating potential investors and divestors on the role of capital markets, specifically the NSE, the GOK expects to stimulate demand for new investment instruments at a level at least equivalent to the anticipated expansion of stock offerings occasioned by the privatization of parastatals and the increase in private capitalizations.

With the technical assistance and advertising support included in this Project amendment, all six currently licensed brokerage firms will have been training in broker sales courses, a press kit will have been prepared for the NSE to distribute to the media, a public information hand-out on the NSE will be available and a modest advertising program will have been completed.

Studies and Evaluation

Under this amendment, the Project will finance the procurement of data collection/processing equipment, training and continuing consultancy support to the Central Bureau of Statistics. The GOK has requested this continuing support in order to fully institutionalize the innovations introduced. No new EOPS are added.

Tax Modernization

Additional technical assistance will be jointly financed with UNDP through an A.I.D. Handbook (HB) 13 grant to the UNDP to continue the work initiated in the first phase. No new EOPS are added.

V. REVISED FINANCIAL PLAN

A. Summary

This Project Paper Amendment will increase A.I.D.'s planned LOP funding by \$700,000, to be incrementally obligated, from \$12,100,000 to \$12,800,000. The GOK contribution is estimated to increase by the equivalent to \$233,000 from \$4,033,000 to \$4,266,000.

B. A.I.D. Contribution

1. Sectoral Policy Analysis and Planning - The \$3,000 balance in this component will be reallocated to the Microcomputerization component.

2. Microcomputerization of Budget Process - This amendment of \$439,000 would finance, the extension of technical assistance personnel under a host country contract to continue on-the-job training of MOF and line ministry personnel responsible for the preparation of the budget and development of a manual to guide future training and budget preparation.

3. Capital Market Development - This Project amendment of \$75,000 will finance short-term technical assistance and advertising through a host country contract/grant for the development and presentation of educational/promotional materials which will inform the public on how to invest in/use stock offerings.

4. Tax Modernization - The \$50,000 increase in the project funding for this component will finance a portion of the UNDP technical assistance contract providing assistance to the Income Tax Department.

**Financial Summary (Illustrative)**

(\$000's)

	Last A.I.D. Budget	Proposed Additions A.I.D.	Revised A.I.D. Budget	Current GOK Budget	Proposed GOK Additions	Revised GOK Budget
1. Sectoral Policy Analysis & Planning	3,900	(3)	3,897	600	-	600
2. Microcomputerization of Budget Process	6,076	442	6,518	3,433	233	3,666
3. Capital Market Development	700	75	775	-	-	-
4. CIP Monitoring	100	-	100	-	-	-
5. Tax Modernization	1,000	50	1,050	-	-	-
6. Studies & Evaluation	274	96	370	-	-	-
7. Audit & USAID Evaluation	50	40	90	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	12,100	700	12,800	4,033	233	4,266

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**PROCUREMENT SOURCE/ORIGIN, IMPLEMENTATION/FINANCING PLAN (\$000)**

<b>COMPONENTS</b>	<b>000</b>	<b>935</b>	<b>Kenya</b>	<b>Totals</b>	<b>Method of Implementation</b>	<b>Method of Financing</b>
1. Microcomputerization of the Budget Process	320	10	109	439	HCC	Direct Pay
2. Capital Markets Dev't	20		55	75	HCC	Direct pay
3. Tax Modernization		50		50	Grant Agreement	Direct Pay
4. Studies and Evaluation	96			96	PASA IQC/PSC	Direct Pay
5. Audit and USAID Evaluation	30		10	40		Direct Pay
<b>TOTALS</b>	<b>466</b>	<b>60</b>	<b>174</b>	<b>700</b>		

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5. Studies and Evaluations - USAID will amend the existing PASA with the U.S. Department of Labor to provide an additional \$185,000 (\$89,000 unearmarked in the component budget, and \$96,000 in new project funds) to finance the procurement of limited computer hardware, software, support services and training to ensure CBS completion of the design, implementation and analysis of the Household Budget Survey and the revision of the CPI.

6. Audit and USAID Evaluation - The \$40,000 increase in this line item will finance an external evaluation.

C. GOK Contribution

The GOK contribution to this Amendment is estimated to increase by the equivalent of \$233,000 to a total IOP contribution of \$4,266,000. This increased contribution has been calculated on an in-kind basis and reflects the attribution of significant staff and material resources both within and the MOF's Management Information Systems Department and the various line ministries. Other GOK contributions, though undoubtedly accruing, are not included in this accounting.

VI. PROJECT MANAGEMENT AND IMPLEMENTATION

A. Management Arrangements - USAID and GOK

1. USAID/Kenya: SAAPTAP Project management is broken into its various components which are in turn managed by the office most closely associated with the component activity (Projects, Private Enterprise and Program). These management and monitoring responsibilities are coordinated at the semi-annual Project Implementation Reviews (PIRs) and during the preparation of the Mission's annual Assessment of Program Impact report which is compiled and submitted in October every year.

2. Government of Kenya: The GOK entities responsible for the co-management of these Project resources vary similarly, according to the component. All of the relevant GOK ministries/departments have proven their capacity to manage these resources during prior stages of this project.

B. Methods of Implementation

The host country contract for the Microcomputerization component was re-bid in mid-1990. The solicitation specified a level of effort nearly double that for which the MOF subsequently contracted with Thunder and

Associates, Inc. Clause 7., Estimated Completion Date of Contract, specifically allows for the extension of the contract period and an expansion of the level of effort subject to:

- satisfactory performance during the initial terms,
- the availability of funds for this purpose and
- the mutual agreement of the GOK and the Contractor.

The GOK and USAID are in agreement that Thunder's performance under the contract is far more than merely satisfactory. USAID now has the funds to grant to the GOK for the purpose of extending the technical services specified in the original solicitation. Also, the GOK has requested and Thunder has agreed to the proposed extension of the technical assistance contract.

For the CMD component, the funds will be used for the procurement of services and material support required to broadly educate the public, especially investors and those in a position to consider public offerings, on the benefits available through NSE offerings.

The MOF's Management Information Systems Department manages the host country contract which provides support for the computerization of the budget process. The Central Bureau of Statistics manages the PASA personnel and resources provided through the Studies and Evaluation component. The Capital Markets Development Authority directs or coordinates our support for the development of capital markets. This additional support is expected to be provided through a direct contract. The UNDP project on Tax Modernization provides assistance to the MOF Income Tax Department on the management and reform of income tax policy and procedures through the Project's financed contribution to a UNDP program.

C. Illustrative Implementation Schedule

<u>TASK ELEMENTS</u>	<u>TIMING</u>	<u>INITIATOR</u>
PP Amendment Approved	June 92	USAID
Project Authorization Amended	June 92	USAID
Pro-Ag Amendment Signed	July 92	MOF/USAID
MOF T.A. Contract Prepared	Aug 92	MOF
MOF Authorizing Grant to UNDP for Tax Modernization Amended	Aug 92	USAID/MOF
MOF T.A. Contract Amdt. Approved	Sept 92	USAID
PASA with U.S. Dept. of Labor Amended	Sept 92	USAID/DOL
Grant Made to UNDP for Tax Mod.	Sept 92	USAID
MOF T.A. Contract Signed	Oct. 92	MOF
T.A. for NSE Education/Promotion Secured	Oct. 92	USAID/NSE
Final Evaluation	Aug. 93	USAID/MOF

D. Evaluation/Audit Plan

An external evaluation of SAAPTAP is planned for the fourth quarter of FY 1993. Funds are budgeted for this purpose.

The funds required for a non-federal audit are budgeted and will be used as required. Presently, RIG/A is also conducting an audit of Project-financed commodities.