

15A 2069

PD-ABK-412 2

MAILING ADDRESS (POUCH MAIL)
DEPARTMENT OF STATE - TUNIS
WASHINGTON, D.C. 20521-0000
TELEPHONE 216-1-784-300

INTERNATIONAL MAILING ADDRESS
AMERICAN EMBASSY
144, AVENUE DE LA LIBERTE,
1002 TUNIS - BELVEDERE, TUNISIA

DATE : AUGUST 27, 1995
TO : VIVIKKA MOLLREM, NE/DP TELEFAX NO: (202) 663-2643
FROM : PETER KOLAR, USAID/TUNIS *K* TELEFAX NO: 216-1-782-404
SUBJECT: FY 1995 ABS

REFERENCE : _____

OFFICIAL PERSONAL APPROVED *PK*

TOTAL PAGES SENT, INCLUDING COVER PAGE 15

FAX MESSAGE

ATTACHED IS THE FY 95 ABS. SINCE OUR E-MAIL SYSTEM IS BROKEN DOWN,
I WOULD APPRECIATE YOUR DISTRIBUTION OF THE APPROPRIATE PORTIONS TO
THE VARIOUS RECIPIENTS. ENCLOSED ARE:

1. MISSION DIRECTOR'S NARRATIVE STATEMENT
2. FY 1994 PROGRAM BY STRATEGIC OBJECTIVE TABLE
3. TABLE IV
4. FY 1994 OPERATING EXPENSE REQUIREMENTS
5. FY 1995 OPERATING EXPENSE REQUIREMENTS.

*no results
during*

1
PD-ABK-412

USAID/TUNISIA
FY 1995 ADG

MISSION DIRECTOR'S NARRATIVE STATEMENT

Introduction

The current Budget Submission assumes that there will be no further program funds available for the Tunisia program, beginning in FY 1995 and beyond. FY 1994 will be the final year in which program funding in the amount of \$2.4 million DA is expected.

Simultaneously with the termination of program funding, both the USDH and FSN staffs will be reduced. It is currently anticipated that by October 1, 1994 only one USDH will remain at post, with that person expected to depart by the end of FY 1995. The FSN staff will also be reduced from the on-board strength of 31 employees on October 1, 1993. Reductions in FSN staff will be undertaken in line with the functions required to carry out the remaining assistance program.

In spite of the phase-down mode of the program, some progress toward the Mission's strategic objective (SO) can still be achieved as well as an impact realized on some of the four policy areas.

Tunisia's Economy

The current A.I.D. program in Tunisia concentrates on a single strategic objective which was agreed upon in February 1993: "Increased private sector participation in economic growth of Tunisia." This SO is also in accord with one of A.I.D.'s four policy areas. Moreover, the SO is in line with the basic goals which have been set for Tunisia's Seventh (1987-1991) and Eighth (1992-1996) 5-Year Development Plans, both of which are targetted on increasing the role of the private sector in the economy.

Tunisia's economic progress under both plans as well as the underlying Structural Adjustment Program (SAP) initiated in 1986, has been impressive. Current Tunisian statistics indicate that the Real Gross Domestic Product (GDP), predicted in the Eighth Plan to reach a 6.5 percent growth rate in 1992, actually reached an 8.1 percent rate. The budget deficit was reduced from 5.8 percent in 1991 to 2.9 percent in 1992. Most sectors of the economy showed solid growth in 1992, led by agriculture, petroleum, manufacturing and agro-industrial products. The tourism sector in particular has become Tunisia's single most important source of foreign exchange, almost reaching the one billion dollar mark in 1992 and expected to exceed it in 1993.

Even at much reduced budgetary levels, at least some progress toward reaching the SO as well as the three primary program outcomes can be achieved. These are: 1) Improved competitiveness of Tunisian firms; 2) responsive policy and institutional

environment for private provision of public services; and, 3) a broadened and deepened financial market

The Reduced Assistance Program

The Mission's core program in support of the SO consists of two projects, both initiated in FY 1992: Private Enterprise Promotion - PEP (664-0346) and Management Training for the Private Sector - MTPS (664-0355).

The PEP project was originally designed as a five-year, \$10 million project to assist with the GOT's efforts of privatization of state-owned enterprises, improve the financial markets environment and help improve financial services required by an open and competitive economy. The MTPS project was designed as a five-year, \$18.5 million project to improve private sector management practices and technical knowledge through training both in the U.S. and in Tunisia.

In light of the reduced funding levels, the life of project funding for the PEP project will be reduced to \$5.3 million. Funding will be composed of \$1.5 million ESF already obligated in FY 1992; \$1.8 million in Deob/Reob authority available in FY 1993; and \$2 million in DA funding expected in FY 1994. The life of project funding for the MTPS project is reduced to \$3.5 million, already obligated. Activities under both projects are expected to terminate by the end of FY 1996.

Under the PEP project the Mission will be able to proceed, albeit at a reduced level, with the centerpiece of its private sector efforts, privatization and financial markets reform, both key elements of the SAP as well. Activities under the much reduced MTPS project will be in essence restricted to funding the remaining costs of completion of degree programs commenced years ago—under another project (Technology Transfer, 664-0315), some funding for the International Executive Service Corps (IESC) until the end of CY 1994, as well as some business-oriented professional training in the U.S. as well as business seminars in Tunisia.

In addition to the above two core projects, a third ongoing activity is the Development Studies Project - DSP (664-0353), which has funded studies in support of the SAP as well as the two development plans. Initiated in FY 1990 as a five-year \$4.8 million project, only \$1.8 million has been obligated. No new funding is contemplated for this project prior to its PACD of January 31, 1995, except for \$500,000 under the FY 1993 Deob/Reob authority.

In support of the environment and democracy policy areas, the Mission, in collaboration with the Regional Housing and Urban Development Office (RHUDO/NENA), initiated in August 1993 the Private Participation in Environmental Services project - PPES (664-0356). This five-year project, totalling \$3.6 million in grant funds, is designed to support economic growth and social

-3-

stability through improved environmental and shelter conditions, particularly in low-income urban neighborhoods. The participation of the private sector in this program is encouraged through Housing Guaranty (HG) budgetary support, totalling \$50 million over five years for GOT programs to improve environmental infrastructure in low income communities, and by creating policies and incentives for increased private sector participation in the effort. In FY 1993, \$1.6 million DA was provided, with \$400,000 DA expected in FY 1994. The balance of \$1.6 million will be provided from the DSP project, the NE regional DIS and environmental projects, and from local currencies.

Finally, the Mission and RHUDO/NENA are implementing the Local Government Support project (298-0377.64), funded under the NE regional DIS project and fully in line with the democracy policy area. USAID/Tunisia also has primary monitoring responsibility for the Pollution Prevention Demonstration component of the PRIDE project (398-0365), which calls for the establishment in Tunis of a Pollution Preventive Office. The Office will coordinate pollution prevention audits and assessments and their follow-up activities for interested firms in Tunisia.

Operating Expense Narrative

In accordance with instructions received by the NE Bureau in August 1993, we are assuming a single OE level for each of the two years, FY 1994 and FY 1995. We have carefully reviewed the operating expense requirements for both fiscal years and we consider the resulting budgets the absolute minimum for both years. With regard to personnel requirements, we have analyzed the minimum staffing needs in terms of professional functions essential to bring currently active projects to a satisfactory conclusion. We have also considered administrative and budgetary control requirements of USAID/Tunisia and in particular, the continuing requirements in those fields by RHUDO/NENA.

FY 1994 - 51,565,200

The FY 1994 OE budget provides for the orderly phase-out and, in the case of USDH employees, transfer of staff to reach one USDH employee and 19 (nineteen) FSN employees by September 30, 1994. The severance pay for the FSN staff in FY 1994 amounts to \$179,100. Also included are firm estimates for (a) renovations required of an A.I.D. owned house in Tunis which will be used as an office building late in FY 1994 and accommodate the remaining USAID staff as well as the RHUDO/NENA staff; (b) restoration costs of the current USAID building prior to returning it to its owner; (c) removal of computer networks from the current office building and installation of these networks in the new building; and (d) moving costs from the present to the new office building. Current estimates for the contractually necessary renovation costs amount to \$208,700. All other items contained in the FY 1994 OE budget are essential for necessary allowances, travel required for project implementation and monitoring, as well as the necessary

-4-

administrative and financial support for RHUDO/NENA.

FY 1995 - \$771,400

The FY 1995 OE budget provides for departure of the last USDH employee associated with the bilateral program by September 30, 1995. Furthermore, the budget provides for the reduction of the FSN staff to the absolute minimum level required to carry out and monitor projects still in implementation during FYs 1995 and 1996. Continuing support to RHUDO is included as well. Any further reduction in FSN staff which may be imposed on the Mission will result in a corresponding increase in severance pay costs.

FY 1994 PROGRAM BY STRATEGIC OBJECTIVE (\$000)

Strategic Objective	Policy Area	FY 1994 Level
1. Increased Private Sector Participation in Economic Growth		
	Economic Growth	2,000
	Environment	195
	Democracy	194
Total		2,389*

*Includes \$389,000 for Private Provision of Environmental Services Project.

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

PROJECT NUMBER	FUND SDC	NPA IND	OBLIG DATE		DELIG THRU FY 1991	--FY 1992 EST.--		-----FY 1993 PLANNED-----			--FY 1994 PROP.--		FY 1995	
			BIT/FINAL	AUTH		PLAN	OBLIG ACTIONS	EXPEND ITURES	OBLIG ACTIONS	EXPEND ITURES	Y% END MORTGAGE	OBLIG ACTIONS	EXPEND ITURES	OBLIG PROP
644-0304			AGRICULTURAL TECHNOLOGY TRANSFER											
	ES G		78 87	2,945	2,945	2,945	138							
644-0315			TECHNOLOGY TRANSFER											
	FN G		81 91											
	SD G		81 91	1,478	1,478	1,478	2							
	ES G		81 91	43,522	43,522	43,522	2,771	150						
	PROJECT TOTAL:			45,000	45,000	45,000	2,773	150	0	150	0	0	0	0
644-0328			PRIVATE SECTOR DEV AND TECH TRANSFER											
	FN G		82 90	300	300	300	22							
	ES G		82 90	5,800	6,800	6,800	931	646						
	PROJECT TOTAL:			7,100	7,100	7,100	953	646	0	646	0	0	0	0
644-0350			SMALL PROJECT ASSISTANCE/PC											
	FN G		84 90	40	40	40	9	3						
	SD G		84 90	146	146	146	39	1						
	PROJECT TOTAL:			186	186	186	48	4	0	4	0	0	0	0
644-0351			FAMILY PLANNING AND POPULATION DEV.											
	FN G		85 89	2,500	2,500	2,500								
	HE G		85 89	285	285	285								
	ES G		85 89	5,532	5,500	5,500	75							
	PROJECT TOTAL:			8,317	8,285	8,285	75		0	0	0	0	0	0
644-0324			COMPUTER TECHNOLOGY											
	ES G		85 85	3,500	3,500	3,500								
644-0327			RURAL POTABLE WATER											
	ES G		86 86	6,500	5,500	6,500		227						
644-0353			AG POLICY IMPLEMENTATION											
	FN G		87 90	261	261	261	44	51						
	ES G		87 90	4,979	4,977	4,977	377	175						
	PROJECT TOTAL:			5,240	5,238	5,238	421	226	0	226	0	0	0	0
644-0356			PRIVATE ENTERPRISE PROMOTION PROJECT											
	SD G		72 97	2,000						2,000	2,000	267		
	ES G		72 97	10,000	1,500		1,500	12		12	2,000	1,488		
	PROJECT TOTAL:			10,000	3,500	0	1,500	12	0	12	2,000	1,755	0	0
644-0358			DEVELOPMENT STUDIES PROJECT											
	ES G		80 94	4,800	1,810	1,569	241	131		150		600		
644-0354			AG/BUSINESS PROMOTION GRANT											
	ES G		75 93											

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

PROJECT NUMBER	FUND SRC	MFA INC	OBLIG DATE		OBLIG THRU FY 1991	--FY 1992 EST.--		-----FY 1993 PLANNED-----			--FY 1994 PROP.--		FY 1995 OBL G PMP	
			INIT/FINAL	AUT1		PLAN	OBLIG ACTIONS	EXPEND ITURES	OBLIG ACTIONS	EXPEND ITURES	YR END MORTGAGE	OBLIG ACTIONS		EXPEND ITURES
664-0355			MANAGEMENT TRNG FOR THE PRIVATE SECTOR											
	SD G		92 97	8,501	2,000			2,000					1,002	
	ES G		92 97	10,004	1,500		1,500		1,137				363	
	PROJECT TOTAL:			18,504	3,500	0	1,500	0	2,000	1,137	0	0	1,365	0
664-0356			PRIVATE SECTOR PARTIC. IN ENV. SERVICES											
	SD G	PN	93 94	2,000	2,011			1,611		400	400	400		
	REPORT TOTAL:			114,004	29,575	80,323	3,241	4,539	3,611	2,552	2,400	2,400	4,120	0
APPROPRIATION SUMMARY														
							0	75	0	54	0	0	0	0
							0	0	0	0	0	0	0	0
							0	0	0	0	0	0	0	0
							0	41	3,611	1	2,400	2,400	1,669	0
							3,241	4,423	0	2,497	0	0	2,451	0
	REPORT TOTAL:						3,241	4,539	3,611	2,552	2,400	2,400	4,120	0

FY 1995 ABS - TABLE IV FOOTNOTE

1. The table submitted in this presentation is an update of the FY 1994 ABS Table IV submission using new budget levels for FY 93, FY 94 and FY 95. Even though it is an FY 1995 ABS Table, it shows a 1994 heading that cannot be changed by the system.

2. It is important to note that the table shows Fiscal Year "OYB" levels exclusive of "DEOB/REOB" funds anticipated during the current Fiscal Year 1993. Therefore, the table does not reflect FY 1993 Reobs for a total of \$2,282,000 and expected to be allocated to the following 2 projects:

- a. Private Enterprise Promotion Project 664-0345 for \$1,782,000.
- b. Development Studies Project 664-0353 for \$500,000.

To avoid a negative pipeline and related confusion, expenditure data for those reobs are not shown under the respective projects in Table IV.

-9-

**USAID/TUNISIA
OFFICE OF THE CONTROLLER
COUNTRY CODE; 664**

FY 95 ANNUAL BUDGET SUBMISSION

FY 94 OE BUDGET

Expense Category	Function Code	FY 1994 Base (100%)
<u>U.S. Direct Hire</u>	U100	
Other Salary	U105	
Education Allowance	U106	16.0
COLA	U108	
Other Benefits	U110	
Post Assgnt Travel	U111	
Post Assgnt Freight	U112	
Home Leave Travel	U113	16.0
Home Leave Freight	U114	47.6
Education Travel	U115	
R & R Travel	U116	8.8
Other Travel	U117	2.5
SUBTOTAL:		90.9
<u>F.N. Direct Hire</u>	U200	
F.N. Basic Pay	U201	144.0
Overtime/Rel. Pay	U202	2.0
All other Code 11-F.N.	U203	51.3
All other Code 12-F.N.	U204	30.3
Accrued Severance	U206	133.3
SUBTOTAL:		360.9
<u>Contract Personnel</u>	U300	
U.S. PSC Sal/Bnft	U302	35.2
All other U.S. Sal/Bnft	U303	
F.N. PSC Sal/Bnft	U304	209.7
All other FN PSC costs	U305	46.0
Manpower Contracts	U306	
Accrued Severance	U307	45.8
SUBTOTAL:		336.7

-10-

<u>Housing</u>	U400	
Residential Rent	U401	61.6
Residential Utilities	U402	17.8
Maint & Rep.	U403	10.0
IQA	U404	
Security Guards	U407	15.0
ORE	U408	1.7
REP. Allowance	U409	0.6

SUBTOTAL:		106.4
------------------	--	--------------

<u>Office Operations</u>	U500	
Office Rent	U501	146.7
Office Utilities	U502	27.4
Buildg. Maint & Renv.	U503	198.7
Eqpt Maint & Rep.	U508	16.1
Communications	U509	36.2
Security Guards	U510	54.8
Printing	U511	1.5
Site Visit - Mission	U513	15.7
Site Visit - AID/W Pers	U514	7.9
Info Meetings	U515	
Training	U516	37.3
Conference Attendance	U517	21.3
Other Oper. Travel	U518	4.5
Supplies	U519	21.1
FAAS	U520	159.1
Cont. Consult. Servcs	U521	
Cont Mgnt/Prof Servcs	U522	
Spec. Studies/Analysis	U523	
ADP HW Lease/Maint	U525	16.0
ADP SW Lease/Maint	U526	9.0
Transp. Freight USOC	U598	
All Other Cont. Servcs	U599	5.0

SUBTOTAL:		780.0
------------------	--	--------------

-11-

<u>NYT Procurement</u>	U600	
Vehicles	U601	
Res. Furniture	U602	
Res. Equipment	U603	
Office Furniture	U604	
Office Equipment	U605	
Other Equipment	U606	
ADP HW Purchases	U607	30.8
ADP SW Purchases	U608	9.0
Transp/Freight U600	U609	0.9
SUBTOTAL:		49.4

TOTAL OF BUDGET:		1724.3
LESS PASS	U520	159.1
GRAND TOTAL OF BUDGET		1565.2

REMARK: Mission does not repeat does not have Trust Funds.

OSDA FTEs	4
FNDA FTEs (U200)	13
USPSC FTEs (U300)	1
TCWPSC FTEs (U300)	0
FNPSO FTEs (U300)	17
OTHER CONTRACTS FTEs (U300)	0

**USAID/TUNISIA
OFFICE OF THE CONTROLLER
COUNTRY CODE: 664**

FY 95 ANNUAL BUDGET SUBMISSION

FY 95 OF BUDGET

Expense Category	Function Code	FY 1995 Base (75%)
<u>U.S. Direct Hire</u>	U100	
Other Salary	U105	
Education Allowance	U106	
COLA	U108	
Other Benefits	U110	
Post Assgnt Travel	U111	
Post Assgnt Freight	U112	
Home Leave Travel	U113	8.8
Home Leave Freight	U114	16.8
Education Travel	U115	
R & R Travel	U116	
Other Travel	U117	
SUBTOTAL:		25.6
<u>F.N. Direct Hire</u>	U200	
F.N. Basic Pay	U201	111.0
Overtime/Hol. Pay	U202	2.4
All Other Code 11-F.N.	U203	35.3
All Other Code 12-F.N.	U204	22.6
Accrued Severance	U206	24.0
SUBTOTAL:		195.3
<u>Contract Personnel</u>	U300	
U.S. PSC Sal/Bnft	U302	44.5
All other U.S. Sal/Bnft	U303	
F.N. PSC Sal/Bnft	U304	190.5
All other FN PSC costs	U305	37.9
Manpower Contracts	U306	
Accrued Severance	U307	
SUBTOTAL:		272.9

-13-

<u>Housing</u>	U400	
Residential Rent	U401	12.0
Residential Utilities	U402	6.6
Maint & Rep.	U403	4.5
LQA	U404	
Security Guards	U407	2.5
ORE	U408	
REP. Allowance	U409	
SUBTOTAL:		25.6

<u>Office Operations</u>	U500	
Office Rent	U501	
Office Utilities	U502	8.0
Buildg. Maint & Renv.	U503	2.0
Magt Maint & Rep.	U508	16.1
Communications	U509	36.2
Security Guards	U510	54.5
Printing	U511	1.5
Site Visit - Mission	U513	14.4
Site Visit - AID/W Pers	U514	
Info Meetings	U515	
Training	U516	9.0
Conference Attendance	U517	5.2
Other Oper. Travel	U518	4.5
Supplies	U519	21.1
FAAS	U520	39.5
Cont. Consult. Servcs	U521	
Cont Magt/Prof Servcs	U522	
Spec. Studies/Analysis	U523	
ADP HW Lease/Maint	U525	10.0
ADP SW Lease/Maint	U526	9.0
Tranp. Freight U500	U598	
All Other Cont. Servcs	U599	5.0
SUBTOTAL:		244.3

<u>NXP Procurement</u>	U600	
Vehicles	U601	
Res. Furniture	U602	
Res. Equipment	U603	
Office Furniture	U604	
Office Equipment	U605	
Other Equipment	U606	
ADP HW Purchases	U607	32.0
ADP SW Purchases	U608	5.0
Transp/Freight U600	U698	9.5
SUBTOTAL:		47.5
TOTAL OF BUDGET:		811.2
LESS FAAS	U520	39.8
GRAND TOTAL OF BUDGET		771.4

REMARK: Mission does not repeat does not have Trust Funds.

USDH FTEs	1
FNDH FTEs (U200)	7
USPSC FTEs (U300)	1
TCNPSC FTEs (U300)	0
FNPSC FTEs (U300)	11
OTHER CONTRACTS FTEs (U300)	0

USAID / TUNISIA FY 1995 ABS [ANNUAL
BUDGET STATEMENT] : MISSION DIRECTOR'S
TUNISIA
ANNUAL BUDGET SUBMISSION (ABS)

PD-ABK-412
1 OF 1 (24X)
1993