

USAID/Nicaragua Mission Director's Narrative

The fragility of the nascent Nicaraguan democracy and the continued high level of political polarization in the country have been demonstrated only too clearly by recent kidnappings and the eruption of violent conflict in the north near the Honduran border. These events point to the urgent need to strengthen the democratic process, improve the national dialogue and build a broader consensus across party lines, and increase confidence in Nicaragua's democratic institutions. At the same time, the root of much of the frustration that has spilled over into political unrest in Nicaragua is a lack of progress in improving the economic situation for the majority of Nicaraguans. Vigorous economic growth must occur to improve the standard of living for most Nicaraguans. Economic improvement is also an important foundation for political stabilization that will allow democracy to establish firm roots.

These two goals - democracy and growth - have been the overwhelming priorities for the U.S. assistance effort to Nicaragua since the re-opening of the Mission in the summer of 1990 and they are the priorities reflected in this Annual Budget Submission for FY-94 and FY-95. The Mission's significant work in health, population, basic education, and the environment addresses important needs in Nicaraguan society and complements efforts to promote growth and democracy.

Because the USAID/Nicaragua program is only three years old, the portfolio does not have major projects that can easily be closed out to reduce the range of project initiatives. None of the ongoing projects scheduled to receive funding over the ABS period are more than two years old. For a number of major initiatives, implementation is just getting underway. In some key areas, important elements of the overall strategy for U.S. assistance to Nicaragua are scheduled to begin during the ABS period. The Mission has tried to formulate a budget submission that maintains the strategic focus outlined below and makes sense given the stage of implementation for most projects in a young portfolio. The effect of various budget scenarios on the areas of AID focus and on Mission strategic objectives is as follows:

Democracy

The USAID/Nicaragua program has shifted increasing emphasis toward a program of democratic initiatives in response to events in Nicaragua and concerns in the U.S. Congress and Executive branch. These activities are focused on the strategic objective of "Greater consensus on democratic values" and involve broad civic education efforts and strengthening of key institutions to improve public confidence in their functions. The underlying premise is that in a situation of extreme political polarization and lack of experience with democracy, basic values and attitudes need to be addressed to serve as the foundation of progress toward sustainable democracy.

Under any of the proposed budget scenarios the Mission would maintain significant funding levels for its core democratic initiatives because of their essential contribution to the Mission's objectives:

(insert Lotus 1-2-3 Table "ABS-BUDG.WK3" here as page 2)

- **The Strengthening Democratic Institutions** project supports broad civic education efforts that directly contribute to better understanding of democratic processes and institutions, and provides assistance to human rights groups, key governmental institutions, labor, media, and other important groups that are critical to the functioning of a democratic society. An amendment to the project in late FY-93 or early FY-94 will add an administration of justice component that includes support for revision of key elements of the legal framework, improved administrative procedures, establishment of a public defender's office, and training for judges and other key personnel in the legal system. The new component will also fund a pilot project to promote mediation programs that will help address a fundamental value area in Nicaraguan society. In FY-95, the project will be amended to provide additional support for ongoing activities whose funding would run out at the time of the initial PACD.
- **The Electoral Support** project will assist Nicaraguans in laying the groundwork for free and fair national elections in 1996 - a major milestone in the democratic development of the country. Successful elections in 1996 will more firmly establish the important value of institutional mechanisms for decisionmaking and provide legitimacy to the government that takes power as a result of those elections. The project would provide technical assistance in reviewing the legal framework for elections, planning and logistical support for the electoral process, and support for the work of international observers overseeing the election process. Civic education activities and support for voter registration may also be provided.
- **The Municipal Decentralization and Development** project will provide assistance in improving the regulatory framework for municipalities and help local governments develop the skills and experience with democratic processes to use resources effectively. A matching fund will provide them with resources to practice those skills and employ those processes to address local infrastructure needs and create employment. For the majority of Nicaraguans, their most direct contact with democratic decision-making will be at the local level. Local government provides the opportunity to put into practice the principles of democratic government in a comprehensible environment where Nicaraguan citizens can participate directly. In a country where national politics are highly polarized and divisive, municipalities can be the incubator for new leadership with first-hand experience in the give and take of democratic decisionmaking.
- **The Financial Management Reform** project will contribute significantly to increasing the accountability and transparency of government by establishing an integrated financial management system within the central government, establishing norms for audit and procurement, and strengthening the office of the Comptroller General. The project could contribute substantially to increased confidence in important governmental institutions which has been at low levels in recent months. Obligation of this project has been held up pending nomination and election of a new Comptroller General which will be essential in order to establish improved norms for government accountability.

- **Support for CIAV** (the International Commission of Verification and Support of the OAS) helps finance their important work in monitoring human rights and mediating conflict in rural areas. The Mission intends to provide ESF funds and local currency in FY-94 to finance their expanded program in Nicaragua.

To ensure quality management of these labor-intensive and politically sensitive initiatives, the Mission is in the process of restructuring its direct-hire staff within the current FTE ceiling to free up a direct-hire position to manage the democracy portfolio. In proposing alternative operating expense budgets the Mission has endeavored to keep its FTE ceiling at the current level, while realigning staff to absorb the new requirements for management and oversight of these important new initiatives.

Sustainable Economic Growth

Since 1990, the vast majority of economic assistance to Nicaragua has been focused on two growth objectives, "Increased foreign and domestic investment," and "Increased competitiveness, diversification, and participation in the economy" based on a recognition that improvements in family income and investments in social programs and democracy are not sustainable without economic growth. The Mission's approach to promoting economic growth has been to focus on establishing an appropriate macro-economic policy framework for private sector reactivation and establishment of a competitive market economy through policy-based balance of payments support. The policy dialogue has addressed the critical constraints to investment in Nicaragua by focusing on liberalization of the economy and the fundamental issue of resolving property issues and providing compensation. Direct support to privatization efforts, establishment of a private financial system, trade liberalization, and export/investment promotion has complemented this policy focus. However, the uncertainties involved in the level and availability of U.S. balance of payments assistance due to Congressional holds and other political issues have made it very difficult for Nicaraguan policy makers to continue and deepen the economic policy reform program. Though Nicaragua has seen considerable success in stabilizing the economy with significant balance of payments assistance from the U.S. and other donors, private sector reactivation has not yet occurred.

A key aspect of the budget scenarios presented here is the continued use of ESF resources for policy-based balance of payments support addressing critical economic and political constraints to increased investment. At the planning levels provided, USAID/Nicaragua would use nearly all ESF resources to support its ongoing policy dialogue. Policy dialogue directly related to the agricultural sector is supported by the PL-480 Title III program which also provides local currency resources for important rural employment generation activities, local PVO projects, and additional resources for private agricultural associations. The ongoing macro-economic policy dialogue would be complemented by the following projects:

- **The Economic Policy Analysis and Implementation** project provides both long and short-term assistance to the Economic Cabinet to assist in policy analysis and formulation and ensures follow-through on policy decisions by assisting in implementation. This technical assistance contributes to the development and

implementation of appropriate macro-economic policies in Nicaragua. The development of a policy framework supportive of investment and a competitive market economy with broad participation is the fundamental basis for progress toward the Mission's strategic objectives in the growth area.

- The **Private Sector Support** project supports activities which help stimulate a private sector reactivation in response to an improved policy environment. It provides technical assistance to the Superintendency of Banks to improve its prudential supervision of the banking sector and other financial markets needed for a positive investment environment. Project activities help strengthen representative private sector associations and support investment and export promotion. The project also assists the government in its efforts to privatize state-owned entities which contributes to greater competitiveness and economic efficiency.

At reduced levels, the above projects could not be continued at required levels and in a worst case scenario the Mission would have to consider curtailing one or both of these projects. Resources would be focused on the following projects which have a more direct impact on a broader range of low-income groups. The following activities would continue to be funded at various budget levels:

- The **Private Agriculture Services** project supports efforts by private agricultural associations to improve services to their members including technology transfer, improved access to agricultural inputs, and marketing services. An FY-94 amendment will broaden this assistance to include recently privatized coffee, livestock, and former cotton commissions which have significant capability to reach out to smaller producers. Mission efforts to improve agricultural productivity and rural income will be an important contribution to addressing conditions that have given rise to renewed armed activity in some rural areas.
- The **PVO Cofinancing** project includes employment generation as one of its three areas of emphasis. PVO sub-projects in micro-enterprise and community-based employment help stimulate economic activity and expand economic participation at grassroots levels.

Environment

The Mission's centerpiece project in support of its strategic objective of "Increased use of environmentally sound productive and extractive practices" is the Natural Resources Management project. This project, which supports protection of major tropical forest areas, improved pest management, and strengthened institutional capability for resource management, is almost fully obligated. Additional resource management and environmental activities are funded under the PVO Cofinancing project. The Mission estimates that approximately half of FY-94 and FY-95 obligations under this project would be attributable to environmental or natural resource sub-projects. Within various budget scenarios the Mission would attempt to maintain funding for the PVO Cofinancing project to assure continued support for environmental and natural resource management activities.

Population and Health

The Mission has focused its resources in the health sector on the objective of "Improved maternal and child health" which encompasses a strong family planning effort. The Mission's continuing projects in this sector are central to Nicaraguan efforts to control population growth and reduce infant and child mortality.

- The \$22 million **Decentralized Health Services** project was signed this year and focuses on child survival interventions and public sector family planning services in selected regions of the country. It also supports the process of decentralizing health care programs and improving health care financing. USAID/Nicaragua interventions will be focused in regions encompassing almost 45% of the population which face some of the most severe primary health problems in the country.
- The **Family Planning Expansion and Regionalization** project supports private sector family planning activities through the local IPPF affiliate, Profamilia, and has allowed it to open regional and satellite family planning clinics. A proposed FY-94 amendment will support Profamilia's efforts to mount a major social marketing effort and expand community-based distribution efforts into underserved rural areas.
- The **PVO Cofinancing** project also funds sub-projects that support child survival interventions, appropriate water and sanitation investments, and other maternal and child health activities.
- The **PL-480 Title III** program helps improve food security and encourages greater emphasis on primary health care and improved health financing and management through associated conditionality.

Given the importance of these projects to overall objectives in the population and health sectors, the need to meet Congressional earmarks, and the implementation needs of these key projects, the Mission will continue to fund these projects, albeit at reduced levels, in any budget scenario.

Education

Though not directly identified as one of the four areas of AID policy emphasis, the Mission's education initiatives are critical to progress in all of the above areas. The Mission's \$30 million **Basic Education** project is an initiative that supports the democracy objective by contributing to an educated citizenry, supports growth objectives by improving human capital, and promotes health and population improvements through the long-term effects of education in increasing use of health and family planning practices. The project's focus on teacher training, curriculum reform, and administrative improvements directly contribute to the Mission's strategic objective of "Improved quality and efficiency of basic education".

USAID/Nicaragua considers the Basic Education project to be a priority activity and would fund it under any budget scenario.

The Development Training project also supports the other strategic objectives through financing of short and long-term training opportunities in key areas that support the Mission's objectives. At significantly reduced budget levels, the Mission would have to consider reducing the scope of the project.

Summary of Mission Program Budget Priorities

Given the newness of the USAID/Nicaragua project portfolio and the fact that most Mission initiatives in support of its strategic objectives are at an early stage, the options for dealing with reduced budgets are limited. In a worst case scenario, some key ongoing projects would have to be curtailed or substantially restructured at lower levels. Programming of ESF and PL-480 Title III Food Assistance for policy-based assistance at the planning levels indicated in the ABS guidance is a central element of the Mission's program budget submission. It is important to note that at significantly reduced ESF levels, the Mission's ability to address its major growth objectives would be seriously constrained and the Mission would likely program its DA resources differently in various budget scenarios.

This budget submission generally protects those projects that are central to the Mission's strategic focus—the core democratic initiatives, Private Agriculture Services, the Basic Education project, and other projects in earmarked areas—while relying primarily on ESF resources and PL-480 for support of economic growth objectives. At reduced DA budget levels, if the Mission is required to contribute to Agency earmarks, the Private Sector Support and Economic Policy Analysis and Implementation projects could not be sustained. Under that scenario the Mission's activities in support of its economic growth strategic objectives would be almost totally dependent on the availability of ESF resources and the Title III program. Since Bureau guidance shows stable ESF levels for policy-based balance of payments assistance in the various scenarios and a consistent level for Title III, the following detailed discussion of the effect of reduced DA budget resources focuses on the project portfolio:

Best Case for FY-94 (FY-94 Congressional Presentation Level) - At the FY-94 CP level the Mission could essentially carry out its program and make the shifts in emphasis toward democratic initiatives and broader direct impact of the Mission program that were outlined in the FY 94-FY 95 Action Plan. It would allow obligation levels for projects to meet the standards of prudent management but would generally not provide sufficient pipeline to weather significant budget cuts or Congressional holds. Funding the Decentralized Health and Basic Education projects at the earmarked level allocated by the Bureau, however, would increase the pipeline for those projects.

Worst Case for FY-94 (75% of the FY-94 Congressional Presentation Level) - With a 25% cut from the base level, the Mission could not meet the earmark levels provided by the Bureau for Basic Education and Child Survival and incremental obligations for Economic Policy & Implementation and Private Sector Support projects would be delayed so the Mission could provide continuing support for

priority democratic initiatives. Implementation of the Development Training project would be scaled back and some other planned obligations would be incrementally reduced. This would create a need for early obligations for these projects in FY-95 if they are to continue as planned.

Base Level for FY-95 (50% of the FY-94 Congressional Presentation Level) - At the proposed base level for FY-95 the Mission would be forced to suspend obligations for key private sector projects. The priority for obligating funds would be those projects that contribute directly to the strategic priorities of support for democracy and broader impact (through the Private Agricultural Services and PVO Cofinancing projects). The only other projects that would receive continued funding at this reduced level would be those that use earmarked funds for Child Survival, Population, Basic Education, and Environment activities. Development Training, Economic Policy Analysis and Implementation, and Private Sector Support projects would likely be curtailed if such budget reductions were permanent and the Mission was still required to help meet earmark levels. In such a scenario, the Mission's ability to support its two strategic objectives in the growth area would be almost totally dependent on the level of ESF and PL-480 Title III resources.

Additional Resources for FY-95 (75% of the FY-94 Congressional Presentation Level) - With additional resources, the Mission would obligate new funds to the Private Sector Support or Economic Policy Analysis and Implementation projects. A higher OYB would also make possible larger obligations for some of the priority democratic initiatives and earmarked projects than would be feasible at the base level. Funds would not be available to continue implementation of the Development Training project as planned.

Best Case Scenario for FY-95 (FY-95 Funding at FY-94 CP Level) - With FY-95 funding at the level of the FY-94 Congressional presentation, the Mission would be able to continue its program in support its strategic objectives, provide sufficient funding to continue all ongoing projects in the portfolio, and finance all planned new starts.

Staffing and the Operating Expense Budget

Given the early stage of implementation in the Mission's program, the need to move forward in areas of the Mission's strategic focus, the unique difficulties USAID/Nicaragua faces in finding qualified local staff, and continuous Inspector General oversight of the Nicaragua program, priority in operating expenses must go to line staff responsible for implementation. Reduced budget levels would not necessarily translate into potential FTE reductions for U.S. direct-hire staff over the ABS timeframe as the Mission's staffing needs related to the project portfolio are more a function of past obligations and the implementation requirements of ongoing projects than of new obligations.

In addition, given AID/State and Congressional requirements, the Mission has a significant management burden related to the programming and oversight of local currency generated by

the Title III program and financial oversight of local currency generated by the balance of payments program. Beyond these ongoing staff requirements, the above narrative emphasizes that the Mission would move forward with planned new starts of democratic initiatives based on strategic priorities even at reduced budget levels. Therefore, the Mission's operating expense budget presentations at various scenarios reflect an effort to keep U.S. direct-hire FTEs at current levels and absorb any cuts in the OE budget through reductions in contract and local-hire personnel and procurement.

As noted in previous ABS submissions, the Nicaragua Mission has been, and continues to be, heavily dependent on its U.S. direct-hire and U.S. personal services contractors because of the difficulty in finding and keeping qualified Nicaraguans for both professional and non-professional positions. The increased burden on direct-hire staff of training new employees and carrying out tasks that might be delegated to FSNs in other Missions makes it more difficult to cut FTEs although the Mission is making a significant effort to move from USPSCs to FSNs.

To respond to a worst-case scenario for FY-94, the Mission would look first to cut procurement and find savings in other non-staff line items. The numbers presented in the tables signify draconian cuts in both expendable and non-expendable property, planned efforts to dramatically cut communication costs, and sharp reductions in training and travel. All of these cuts would have a negative impact on the Mission's ability to carry out its program. At this level, however, it also would be necessary to cut important contract staff positions to keep in place the line personnel responsible for project implementation. A planned "local IDI" program to help address long-term staffing needs would be drastically reduced, postponing full implementation to FY-95. These staff cuts would increase the Mission's vulnerability at a time when the program is one of the most heavily scrutinized in the world. To meet both the base and target levels, the Mission has also canceled completely its planned upgrade of the Mission accounting and control system to a UNIX-based system from the current WANG proprietary system as recommended by IRM.

Budget Ceilings for FY-94 and FY-95:

A. Calculation of FY 1993 OE adjusted levels (Target):

FY-93 actual OE levels	\$ 4,329.0
Building rent adjustment	<u>233.0</u>
Total adjusted for FY-94	<u>\$ 4,562.0</u>

FY-93 actual OE level	\$ 4,329.0
Building rent adjustment	<u>251.0</u>
Total adjusted for FY-95	<u>\$ 4,580.0</u>

Rent adjustments were calculated using the difference between the \$45,000 rent payment (unscheduled) in FY 1993 and actual requirements for FY 1994 (\$278,000) and FY 1995 (\$296,000).

B. Base levels:

80% of FY-94	<u>\$ 3,650.0</u>
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80% of FY-95	<u>\$ 3,664.0</u>
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Per LAC instructions of August 20, 1993, FY 1994-1995 OE "Base" maximum levels were established at 80% of the FY 1993 adjusted levels indicated in section A above. The 20% reduction is a reflection of the difference between the FY 1993 FTE levels of 26.2 and the 21 estimate provided by the LAC Bureau for meeting its OE reduced target levels.

C. Difference between "Target" (100% of FY-93 adjusted levels) and the "Base":

FY 1994	<u>\$ 912.0</u>
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FY 1995	<u>\$ 916.0</u>
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In short, the Mission would attempt to meet target OE levels through cuts in support staff positions, major reductions in expendable and non-expendable property, and reductions in communication costs, training, and travel in order to keep U.S. direct-hire line personnel required for adequate implementation of the Mission's program.

A complicating factor in analyzing operating expense budget scenarios is the uncertainty regarding approval to purchase the building the Mission currently occupies. Purchase of the building yet this fiscal year or in early FY-94 would reduce the severity of cuts required to get to base levels. At this time, USAID/Nicaragua again requests approval for the use of up to \$2.5 million of local currency Trust Funds for the acquisition of the Office Building it presently occupies under a 9 year and 11 month lease. Total rental cost over the life of the lease will be approximately \$3.0 million, of which \$278,000 and \$296,000 will need to be paid in FYs 1994 and 1995 respectively. Based on the severity of the OE cuts the USAID and the Agency as a whole is facing, there is no better time than now for granting approval of this action. Further delays in approving this long term dollar saving initiative will only result in additional dollar costs to the US Government for rent and to the Mission in increased vulnerabilities due to the personnel and other support cost cuts it is being forced to consider during this budget exercise.

Total FY 1994-1995 OE Budget estimates in US dollar 000's:

COST CATEGORY	FY-93	BASE		TARGET	
		FY-94	FY-95	FY-94	FY-95
US DIRECT HIRE COSTS	335.0	353.0	259.0	379.0	259.0
FSM DIRECT HIRE COSTS	29.0	55.0	45.0	55.0	45.0
US/TCN/FSM PSC COSTS	1,488.0	1,417.0	1,379.0	1,779.0	1,611.0
HOUSING OPERATIONS	934.0	805.0	789.0	861.0	852.0
OFFICE OPERATIONS	1,005.0	903.0	904.0	1,096.0	1,091.0
NON-EXPENDABLE PROPERTY	538.0	117.0	288.0	332.0	722.0
TOTAL	4,329.0	3,650.0	3,664.0	4,562.0	4,580.0

Above figures do not include \$2.5 million for procurement of the USAID's Office building nor estimated FAAS charges of \$34,000 each year for FY 1993 through FY 1995.

An explanation of the effects of various OE levels follows.

Target Level for FY-94 - At this level, the Mission could basically carry out its program by taking such actions as canceling some procurement items. Staffing would generally be stable and the overall program at various program budget levels would be adequately supported.

Base Level for FY-94 - To meet the base level, the Mission would have to go beyond the above measures and make drastic cuts in expendable (42.5%) and non-expendable (78%) procurement, cut at least three key USPSC support staff positions (a 53% reduction from

FY-93 levels), reduce the planned local IDI program by 80% and delay its further implementation, cut planned local training for FSN staff (48%), and curtail operational travel (over 30%). With these actions, direct hire staffing levels critical to program implementation could be maintained. The most serious consequence to the Mission would be the increased vulnerability created by the loss of certain key support staff positions that undertake important oversight functions. The loss of funds for local training would also mean the Mission could not continue efforts to address a weakness identified in recent Internal Control Assessments. The major reductions in procurement would also hurt the level of overall support that could be provided to Mission staff and the overall program.

Target Level for FY-95 - Expiration of current contracts and other planned changes would allow the Mission to meet this level without major programmatic implications.

Base Level for FY-95 - Most of the actions required to make a 20% reduction in FY-94 would also be required to meet that level in FY-95 with similar consequences for the Mission.

Conclusion

USAID/Nicaragua has made a large up-front investment in a program of assistance that is still in its initial stages. Major reductions in budget resources would seriously constrain the Mission's ability to carry out that program and would require several recently initiated projects to be downsized or terminated. Given the high priority placed on the objective of a democratic and prosperous Nicaragua, the Mission believes it is important to follow through on the development program recently put in place and provide the budget resources necessary to implement that program.

ATTACHMENT 1
FY 1994 PROGRAM BY STRATEGIC OBJECTIVE (millions)

Strategic Objective	Policy Area	FY-94 CP Level	
		100%	75%
1. Greater consensus on democratic values			
	Democracy	14.50	13.25
2. Increased foreign and domestic investment			
	Growth	13.45	12.00
3. Increased competitiveness, diversification, participation			
	Growth	28.03	25.33
4. Environmentally sound production/extraction			
	Environment	2.58	2.58
5. Improved quality & efficiency of basic education			
	Democracy	3.25	2.25
	Growth	3.25	2.25
6. Improved maternal & child health			
	Pop/Health	14.78	13.18
	Other	1.09	0.86
TOTAL		80.94	71.71

ATTACHMENT 2
FY 1995 PROGRAM BY STRATEGIC OBJECTIVE

Strategic Objective	Policy Area	BASE: 100% of FY 1995 CP Level					
		50% of BASE		75% of BASE		100% of BASE	
		Ongoing	New	Ongoing	New	Ongoing	New
1. Greater consensus on democratic values							
	Democracy	5.00	3.00	6.00	4.00	8.50	4.00
2. Increased foreign and domestic investment							
	Growth		13.50	1.25	13.50	2.00	13.50
3. Increased competitiveness, diversification, participation							
	Growth	10.75	13.50	13.25	13.50	16.00	13.50
4. Environmentally sound production/extraction							
	Environment	1.25		2.00		3.50	
5. Improved quality & efficiency of basic education							
	Democracy	1.50		2.00		2.75	
	Growth	1.50		2.00		2.75	
6. Improved maternal & child health							
	Pop/Health	12.00		13.50		13.50	
	Other		0.47		0.71		0.94
TOTAL		32.00	30.47	40.00	31.71	49.00	31.94

Concept Papers
for
New Projects
and
Amendments

Family Planning Expansion and Regionalization

Amendment Increasing LOP Funding from \$5 to \$10 million

Project # 524-0312 Initial Obligation: 6/14/91 Initial PACD: 3/31/96 New PACD: 8/31/99

Project Purpose: The purpose of the amended project will continue to be to expand and strengthen the delivery of family planning services in Nicaragua. Nicaragua has one of the highest population growth rates in the hemisphere and its total fertility rate is 4.6, one of the region's highest. A recently completed survey shows major differences in contraceptive use between rural and urban women and women of differing educational levels that point to an unmet need for family planning services that the amended project will address. The amended project anticipates increasing couple years of protection (CYPs) dispensed to users from 55,000 to 80,000 per year and reducing the percentage of women at risk from an unplanned pregnancy for 17% to 14%, a significant change given that the target population is the most resistant to change. The project will result in improved morbidity and mortality indicators, a reduce infant mortality rate, and improved quality of life for women and children.

Project Description: The project supports the improvement and expansion of family planning services provided by Profamilia, the local private voluntary organization that is the International Planned Parenthood Federation affiliate in Nicaragua. The project supports:

- Expansion of community-based contraceptive distribution posts, clinical contraceptive and gynecological services, and voluntary surgical contraceptive services. Under the current project, Profamilia has opened clinics outside of Managua and is offering clinical and outreach reproductive services in Boaco, Matagalpa, Juigalpa, and Chinandega and the surrounding area. The amendment will expand clinic services and community-based distribution in underserved rural areas.
- Establishment of family planning education programs to emphasize the benefits of family planning and birth spacing, including maternal and child health education, family planning education, adolescent sex education, and publication of informational materials. The amendment will fund a major social marketing campaign targeted to rural areas and women with limited education.
- Training of community volunteer distributors, physicians and nurses from the Ministry of Health, social workers, and community leaders;
- Evaluation and research programs that will lead to improved family planning service delivery.

Profamilia has proven its capability to successfully implement more project activities than originally envisioned and the amendment will allow it to address critical needs in social marketing and community-based distribution that have been identified by evaluation and research conducted under the project. Outputs under the amended project include an increase in community-based distribution posts from 400 to 600; an increase in full-service family planning clinics from four to ten; development a network of over 800 pharmacies and other points of sale for contraceptives; approximately 400 family planning workers trained in contraceptive technology; a sustainable media campaign to promote family planning and the use of contraceptives; and an increase in access to family planning services for the over 160,000 women who are at risk of an unplanned pregnancy.

Relationship to Strategic Objectives and Agency Policy: The amended project promotes the Mission strategic objective of improved maternal and child health through the increased use of primary/preventative health practices. It also directly supports AID's overall emphasis on population and health activities and its efforts to forge a partnership with private voluntary organizations.

PVO Co-Financing

Amendment Increasing LOP Funding from \$15 to \$21 million

Project # 534-0313 Initial Obligation: 7/30/91 Initial PACD: 6/30/96 New PACD: 8/31/99

Project Purpose: The purpose of the amended project continues to be the expansion of the availability of primary health care, family planning services, and employment opportunities for lower income families, and to promote sustainable natural resource management. The project focuses on social, economic, and environmental needs that private voluntary organizations (PVOs) are uniquely qualified to address such as: 1) promotion of child survival interventions to address the leading causes of death and illness among both children and adults in Nicaragua, 2) creation of new jobs through micro-enterprise development or community-improvement programs that provide employment opportunities for low-income groups in Nicaragua, and 3) promotion of appropriate resource management techniques to help reduce deforestation, depletion of soil and water resources, and misuse of pesticides. Indicators to measure project performance include reduced incidence of diarrheal and upper respiratory diseases, increased immunization coverage, person-months of employment created, and increased use of improved resource management techniques.

Project Description: The project funds unsolicited proposals by registered U.S. PVOs for work in maternal and child health, employment generation, and resource management. To receive grants from the project, USAID requires that a U.S. PVO fulfill criteria such as a counterpart contribution of 25% of the total cost of proposed sub-project activities, precise financial and implementation plans, a developmental rather than welfare-orientation for planned activities, people-level impact, and some degree of follow-up activity after the completion of USAID assistance. In order to assure the selection of top-notch PVOs for co-financing, additional criteria are applied: competence or expertise in the proposed area of activity, involvement of possible beneficiaries and local organizations in design and implementation, and involvement of local PVOs in program implementation. U.S. PVOs will receive grant funds to carry out their programs and to sub-grant funds to provide training and assistance directly to local PVOs. A contracted Project Management Unit provides assistance to PVOs in preparing proposals and implementing sub-projects. Due to the availability of high quality PVO proposals and the success of the project to date, the amendment seeks to expand the number of PVO sub-projects.

Current projections of project outputs, based on ongoing and pending sub-projects, include increased immunization, family planning services, prenatal care, diarrhea control and care of respiratory infections for 50,000 women of child-bearing age and 150,000 children under the age of five years, training of health workers in preventative medicine and family planning, planting of one million trees in nurseries, training of over 6000 small farmers in improved land use, creation of several thousand short-term jobs, and improved access by low-income people to financial resources. Local PVO staff will also receive training in project management.

Relationship to Strategic Objectives and Agency Policy: The project supports three different Mission strategic objectives that correspond to three distinct areas of overall AID emphasis. Health related PVO sub-projects support the strategic objective of "improved maternal and child health" and the Agency emphasis on population and health. Employment generation activities support one of the mission's strategic objective related to the Agency emphasis on broad-based growth by focusing on the participation aspect of "increased competitiveness, diversification, and participation in the economy". Resource management activities support the Agency's environmental emphasis and the Mission objective to increase use of environmentally sound productive and extractive practices". The project also promotes A.I.D.'s development partnership with Private Voluntary Organizations (PVO) to initiate development activities to benefit the rural and urban poor.

Electoral Support Project

New Project for FY-94

Project # 524-0346 Initial Obligation: \$2 million Total LOP Funding: \$4 million PACD: FY-97

Project Purpose: The purpose of the project is to help the Government of Nicaragua prepare for the national elections that are scheduled to take place in 1996. One of the major factors that helped to ensure a peaceful transfer of power after the 1990 presidential elections in Nicaragua was that the electoral process was unimpeachably transparent, eliminating almost all possibility of electoral fraud and conferring legitimacy on the new government. Given the fragile nature of Nicaraguan democracy and the political polarization still present in the country that has created political stalemate and spilled over into violence, it is of critical importance that the elections of 1996 take place as scheduled and represent a transparent process that accurately reflects the will of the Nicaraguan people. The successful implementation of national elections as scheduled in 1996 that are considered free and fair by international observers will be the primary indicator of project success.

Project Description: The project will strengthen the GON's ability to organize and conduct elections in an open and impartial manner, and help private and public sector organizations undertake civic education activities and work to encourage civic participation in the elections. In order to accomplish these objectives, the project will provide:

- Technical assistance to review electoral laws/regulations, political rights law, and the legal framework governing political parties. Should improvements be required to assure transparency in the electoral process, assistance will be provided to help make needed changes;
- Technical assistance in the planning and logistical support of the electoral process which includes ballot design and distribution, voter identification/registration systems, multiple voter security checks, ballot transfer security, vote counting and verification, station reporting and international observer teams; and
- Support to civic education activities related to voter education.

Project outputs will include: (1) a complete list of commodities necessary for the election; (2) detailed organizational and implementation plan for the campaign and election; (3) a plan for donor coordination during the election; (4) a plan for international observers; and (5) activities for citizen education and participation through private and government organizations.

Relationship to Strategic Objectives and Agency Policy: In helping to institutionalize the election process as a means of choosing leaders and transferring power and working to instill confidence in that process, the project will contribute directly to the Mission strategic objective of "greater consensus on democratic values". Promoting free, fair, and transparent elections in Nicaragua contributes to the overall agency goal of promoting democracy around the world.

Municipal Decentralization and Development

New Project for FY-94

Project # 524-0341 Initial Obligation: \$2.5 million Total LOP Funding: 7 million PACD: FY-99

Project Purpose: The purpose of this project is to increase the economic and political empowerment of local governments. Local government provides the opportunity to put into practice the principles of democratic government in a comprehensible environment where Nicaraguan citizens can participate directly. In a country where national politics are highly polarized and divisive, municipalities can be the incubator for new leadership with first-hand experience in the give and take of democratic decision making. Indicators of project impact include measures of increased mobilization and retention of municipal revenues and improvement of local capacity to manage resources, and greater citizen participation in municipal affairs and projects.

Project Description: The municipalities' taxing authority rests on an insecure legal base that requires the municipal budget and tax plan to be approved by the Executive, who also has the authority to appropriate municipal taxes for the national treasury. Municipal development is hampered by laws and controls which restrict autonomy and hinder the municipality from exercising authority over the generation of local income, as well as over such local services as water, sanitation, electrification, and education. As a result, municipalities lack revenues to implement many important community projects, as well as the administration, planning, and participatory management skills to implement them. The proposed project will respond to these needs by addressing the following areas:

- ***Reforms in the Legal Framework*** - Technical assistance will support reform of those provisions of municipal administration and tax laws which unduly restrict the autonomy of municipalities in formulating budgets and mobilizing revenues and of the municipal electoral law which stipulates the indirect election of mayors, weakening their authority and municipal stability.
- ***Extension of Decentralized Services*** - Technical assistance will help 1) standardize model pilot decentralization activities in water and education services now being tested in pilot municipalities and support expansion of such decentralization to other municipalities; and 2) study the feasibility of extending decentralization to other services such as electrification and sewage and sanitation.
- ***Municipal Administration and Management Skills*** - Training will be provided to enhance the capacity of mayors, council members and/or municipal administrative staffs to help them increase their capacity to identify revenue producing services, collect and manage local taxes, plan and prioritize investments, and promote citizen participation.
- ***Municipal Matching Investment Fund*** - A capital fund available for investment in municipal infrastructure if criteria designed to encourage procedures and practices favorable to sustainable democratic municipal development are met will provide resources that will encourage democratic decision making and accountable implementation of community projects.

Relationship to Strategic Objectives and Agency Policy: In building a firmer legal basis for municipalities to mobilize and retain revenues and improving their capacity to manage resources, the project will further the wider promulgation and understanding of democratic values and a greater confidence in democratic institutions, outcomes which will promote the Mission's strategic objective of "greater consensus on democratic values." The project also supports the Agency emphasis on democracy by fostering greater confidence in municipal institutions and promoting democratic decision making and accountability at local levels.

Private Agriculture Services

FY-94 Amendment Increasing LOP Funding from \$7 to \$10 million

Project # /24-0315

Initial Obligation: 9/30/91

Initial PACD: 8/31/96

New PACD: 8/31/99

Project Purpose: The purpose of the amended project is to strengthen private sector agricultural organizations to increase private sector participation in the economy. The agricultural sector stagnated and was steadily decapitalized during the decade of the 1980s and now finds itself far behind neighboring countries in productivity and establishment of market linkages. As land that was abandoned due to civil strife is put back into production and producers apply up-to-date technology, the agriculture and agribusiness sector offer the greatest potential in Nicaragua for productivity and productivity increases. The Pacific Coast Region, however, is undergoing an economic crisis with the almost complete collapse of cotton planting in 1992. The project will help the region, which has excellent agricultural potential, find substitutes for cotton. Indicators for the amendment will be increased participation in private membership associations, increased productivity of key crops, and increased exportation of both traditional and non-traditional products.

Project Description: The project responds to the potential in the agriculture sector for rapid growth by stimulating agricultural development through promoting technology improvement, agribusiness development, increasing agricultural inputs, and promoting market linkages. The amended project will broaden the current project's support of agricultural associations through the umbrella private sector association of agriculture and livestock producers, UPANIC, to encompass the newly privatized National Coffee, Cotton, and Livestock Commissions. The project's continued focus on expanding access to production and processing technologies by and through the private sector will be enhanced by the capability of these new institutions to reach smaller farmers at lower economic levels.

The privatized Coffee and Livestock Commissions will have primary responsibility for technology generation and transfer for their respective commodities and, as such, will complement the efforts of UPANIC. The Cotton Commission is being privatized into a development foundation called FUNDEAGRO which will seek to develop alternatives to cotton production for the economically important Pacific Coast Region. The project will create strengthened associations capable of including and training more small farmers and undertaking technology transfer for improved productivity by:

- Financing small farmer organization and training programs in several coffee associations which are intended to provide a mechanism for the inclusion of small farmers in the National Renovation Program. The Amendment will increase the coverage of these association-based programs by providing a source of technical information, orientation, and training;
- Creating a source of modern livestock and dairy technology within the Livestock Commission and will make available training and technical assistance for the association-level technicians;
- Supporting the research and extension infrastructure which is presently under-utilized in the Pacific Coast cotton-growing region to identify economically viable alternatives for the Region.

Relationship to Agency Policy and Mission Strategic Objectives: In improving the quality and coverage of agriculture services through private associations, the project is fully consistent with the Agency's focus on economic growth through the expansion of private enterprise. The project directly supports the Mission objective of "Increased competitiveness, diversification and participation" and is the amendment's focus on reaching small farmers represents a major initiative to broaden the direct impact of Mission programs and increase the participation of low income groups in the economy.

Economic Recovery and Development II

New Program for FY-94

Project # 524-0342 Total LOP Funding: \$24 million PACD: FY-95

Program Purpose: The purpose of the project is establish the economic conditions and policy framework necessary for increased investment, diversified export production and sustained economic development. Policy conditionality under the program will continue past year's support for maintaining macroeconomic stability through controlling aggregate money and credit growth. The provision of substantial BOP assistance is also instrumental in reducing shortages of foreign exchange which are essential for productive imports in this country. Historically, a continuation of economic stability, to which ERD II contributes, of five years of more, is needed to create a more durable change in the private investment climate.

Program Description: Disbursement of BOP assistance would be conditioned on policy reforms agreed to by USAID and the GON. Dollar disbursements would be used to pay for eligible debt servicing and arrears payments and imports for the private sector. The Mission will endeavor to minimize the management requirements associated with local currency generations from import financing.

ERD-II will build on the measure of stability already achieved to increase emphasis on the flexibility and privatization of financial markets, including greater market-orientation in exchange rates, interest rates, and financial instruments. Economic stabilization will be further cemented by supporting fiscal policy reforms, including continued rationalization of tax and expenditure policies, and focusing on ameliorating the constraints to private investment. The program will require demonstrated progress in resolving property issues which have been a major obstacle in efforts to create a positive investment climate. ERD-II also will be conditioned on continuation of cooperation between the GON and the IMF, which is expected to continue through 1995 under an Enhanced Structural Adjustment Facility. Actual disbursement of the ESF will be conditioned on meeting policy conditions.

The Central Bank will provide regular reports on the use of dollars. Indicators for measuring progress include maintaining low levels of inflation, reductions in the fiscal deficit, increases in investment contracts, expansion of private financial institutions, elimination of import and export controls, and rationalization of the exchange rate.

Relationship to Agency Policy and Mission Strategic Objectives: The project is the Mission's primary instrument that responds directly to the Agency's focus on supporting policy reforms to achieve economic growth. Further, ERD II supports the three Mission strategic objectives of increased investment; increased competitiveness, diversification, and participation in the economy.

Economic Recovery and Development III

New Program for FY-95

Project # 524-0343 Total LOP Funding: \$27 million PACD: FY-96

Program Purpose: The purpose of the project is to continue to establish the economic conditions and policy framework necessary for increased investment, diversified export and sustained economic development. USAID's Program Strategy review of February 1993 confirmed the importance of support for the balance of payments (BOP) through the period covered by the strategy. Continuation of this support is vital, as a sustained period of stability—five years or more—is required to create a durable change in the climate for private investment. It is hoped that the stabilization first achieved in 1991 will be durably established by the end of 1995.

Program Description: ERD-III will be the third annual instalment of the ERD program. It will be coordinated with technical assistance to the GON provided by the Economic Policy Analysis and Implementation (EPAI) project (524-0339). The Private Sector Support and Private Agricultural Services projects also work to stimulate a private sector response to the policy reforms encouraged by the Mission's BOP assistance.

Disbursement of BOP assistance would be conditioned on policy reforms agreed to by USAID and the GON. Dollar disbursements would be used to pay for eligible debt servicing and arrears payments and imports for the private sector. The Mission will endeavor to minimize the management requirements associated with local currency generations from import financing.

Policy conditionality in ERD-III will continue past years' support for maintaining macroeconomic financial stability through controlling aggregate money and credit growth, and focus on ameliorating the constraints to private sector investment. The fiscal policy reforms initiated under ERD-I and ERD-II will also be continued, including continued rationalization of tax and expenditure policies. Finally, disbursement will be related to continuation of cooperation between the GON and the IMF, which is expected to continue through 1995 under an Enhanced Structural Adjustment Facility.

The Central Bank will provide regular reports on the use of both the dollars and local currency. Indicators to track program progress and success include maintaining low levels of inflation, reductions in the fiscal deficit, increases in investment contracts, expansion of private financial institutions, elimination of import and export controls, and rationalization of the exchange rate.

Relationship to Agency Policy and Mission Strategic Objectives: BOP assistance is the central instrument in A.I.D.'s economic policy dialogue in Nicaragua, and is directly related to the Agency emphasis on economic growth through policy reform. Further, ERD III will continue to support the Mission's objectives of increasing investment and competitiveness, diversification, and participation in the economy.

Strengthening Democratic Institutions

FY-95 Amendment Increasing LOP Funding from \$18 to \$27 million

Project # 524-0316 Initial Negotiation: 6/17/91 PACD: 8/31/99

Project Purpose: The purpose of the amended project is to strengthen democratic institutions and the values and attitudes that nurture them. The project addresses the fundamental weaknesses of Nicaraguan public and private institutions that are critical to a functioning democracy and works directly through civic education activities to promote democratic values. Indicators of project impact include increased acceptance of democratic values and increased confidence in democratic institutions as measured in independent surveys, decreased levels of human rights abuses, increased relevance of the National Assembly in decision making, reduction in politically motivated labor disruption, improved accountability of the justice system, and use of alternate dispute resolution mechanisms.

Amendment Description: The amendment continues and expands activities that began prior to the addition of the Administration of Justice component including on-going activities in civic education and assistance to intermediate institutions of pluralism as well as to key government institutions. Activities in rural areas will be emphasized as well as activities designed to further involve socially and economically disadvantaged sectors of Nicaraguan society in democratic processes. The amendment will provide funding for:

- institutions of pluralism, such as political parties, democratic labor unions, the free media, and human rights groups;
- key governmental institutions at the local or national level such as the National Assembly, Supreme Court, and the Attorney General;
- informal civic education through grassroots organizations in the rural areas, cooperatives, women's groups, youth organizations, and formal civic education through the Ministry of Education; and
- evaluating the feasibility of automating and systematizing the property registry and implement these activities in priority areas of the country.
- developing alternative dispute resolution mechanisms at the community level, within intermediary institutions such as political parties and unions, and within the government.
- mechanisms other than formal democratic institutions to resolve polarizing conflicts through studies, seminars, consultancies to key private and governmental groups, and observational visits.
- improving civil/military relations and strengthening civilian control of the military.

Relationship to Strategic Objectives and Agency Policy: Project activities to improve understanding of democratic principles and processes and strengthen democratic institutions directly support the Mission objective of "greater consensus on democratic values" and AID's Democracy Initiative.

NICARAGUA ABS '94
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FY-94 OPERATING EXPENSE

Expense Category	Function Code	FY 1994 BASE			FY 1994 TARGET		
		Dollars	Trust Funds	Total	Dollars	Trust Funds	Total
(NICARAGUA)							
	U100						
Other salary	U105	0	0	0	0	0	0
Educ. Allow's	U106	119,600	0	119,600	127,600	0	127,600
COLA	U108	36,373	0	36,373	36,577	0	36,577
Other Benefits	U110	60,337	0	60,337	65,037	0	65,037
Post Assign Trv	U111	8,400	0	8,400	9,800	0	9,800
Post Assign Frt	U112	72,000	0	72,000	84,000	0	84,000
Home Lv Trv	U113	15,120	0	15,120	15,120	0	15,120
Home Lv Frt	U114	9,460	0	9,460	9,460	0	9,460
Educ Trv	U115	1,150	0	1,150	1,150	0	1,150
R & R Trv	U116	20,721	0	20,721	20,721	0	20,721
Other Trv	U117	9,640	0	9,640	9,640	0	9,640
	U200						
F.N. Basic Pay	U201	48,992	0	48,992	48,992	0	48,992
Overtime/Holiday Pay	U202	1,789	0	1,789	1,789	0	1,789
All other Code 11-F.N.	U203	1,500	0	1,500	1,500	0	1,500
All other Code 12-F.N.	U204	2,501	0	2,501	2,501	0	2,501
Benefits - Former F.N.	U205	0	0	0	0	0	0
Accrued Severance	U206	0	0	0	0	0	0
	U300						
U.S. PSC Sal/Benefits	U302	172,284	0	172,284	308,192	0	308,192
All other US PSC Costs	U303	9,577	0	9,577	70,378	0	70,378
FN PSC Sal/Benefits	U304	1,067,113	0	1,067,113	1,181,036	0	1,181,036

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FY-94 OPERATING EXPENSE

Expense Category	Function Code	FY 1994 BASE			FY 1994 TARGET		
		Dollars	Trust Funds	Total	Dollars	Trust Funds	Total
(NICARAGUA)							
All other FN FSC Costs	U304	28,700	0	28,700	79,230	0	79,230
Manpower Contracts	U306	0	140,052	140,052	0	140,052	140,052
Accrued Severance	U307	0	0	0	0	0	0
	U400						
Res. Rent	U401	503,980	0	503,980	519,580	0	519,580
Res. Utilities	U402	0	125,132	125,132	0	151,132	151,132
M & R	U403	0	13,782	13,782	0	13,782	13,782
LQA	U404	0	0	0	0	0	0
Security Guards	U407	0	160,184	160,184	0	174,185	174,185
ORE	U408	0	0	0	0	0	0
REP	U409	2,000	0	2,000	2,000	0	2,000
	U500						
Office Rent	U501	278,126	0	278,126	278,126	0	278,126
Office Utilities	U502	0	50,346	50,346	0	50,346	50,346
Bldg. M & R	U503	11,464	10,000	21,464	11,464	10,000	21,464
Equip. M & R	U508	4,437	2,716	7,153	4,437	2,716	7,153
Communications	U509	90,812	0	90,812	63,306	75,506	138,812
Security Guards	U510	0	97,788	97,788	0	97,788	97,788
Printing	U511	0	0	0	0	0	0
Site Visit-Mission	U513	16,095	0	16,095	16,095	0	16,095
Site Visit AID/W	U514	19,617	0	19,617	19,617	0	19,617
Info Meetings	U515	7,700	0	7,700	7,700	0	7,700
Training	U516	36,280	0	36,280	36,280	0	36,280
Conference Attendance	U517	24,112	0	24,112	24,112	0	24,112

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FY-94 OPERATING EXPENSE

Expense Category	Function Code	FY 1994 BASE			FY 1994 TARGET		
		Dollars	Trust Funds	Total	Dollars	Trust Funds	Total
(NICARAGUA)							
Other Ops Travel	U518	7,980	0	7,980	7,980	0	7,980
Supplies	U519	139,753	0	139,753	192,028	0	192,028
FAAS	U520	34,000	0	34,000	34,000	0	34,000
Cont Consult Svcs.	U521	0	0	0	15,000	0	15,000
Cont Mgt/Prof Svcs.	U522	10,000	0	10,000	10,000	0	10,000
Spec Studies/Analysys	U523	0	0	0	0	0	0
ADP H/W Leases/Maint	U525	25,000	0	25,000	25,000	0	25,000
ADP S/W Leases/Maint	U526	0	0	0	0	0	0
Trans/Freight U500	U598	10,416	0	10,416	29,904	0	29,904
All Other Cont. Svcs	U599	59,963	0	59,963	118,965	0	118,965
	U600						
Vehicles	U601	0	0	0	88,760	0	88,760
Res. Furniture	U602	6,535	0	6,535	14,029	0	14,029
Res. Equipment	U603	646	0	646	1,388	0	1,388
Office Furniture	U604	12,877	0	12,877	30,052	0	30,052
Office Equipment	U605	27,365	0	27,365	63,861	0	63,861
Other Equipment	U606	38,948	0	38,948	64,933	0	64,933
ADP H/W Purchases	U607	10,000	0	10,000	35,000	0	35,000
ADP S/W Purchases	U608	10,000	0	10,000	43,000	0	43,000
Trans/Freight U600	U698	10,637	0	10,637	51,153	0	51,153
Total OE Expense Budget							
Less FAAS	U520	34,000	0	34,000	34,000	0	34,000
Total OE Expense Budget							
636(c)	U599		2,500,000	2,500,000	0	2,500,000	2,500,000
Grand Total OE Expense Budget							

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FY-94 OPERATING EXPENSE

Expense Category	Function Code	FY 1994 BASE			FY 1994 TARGET		
		<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>
(NICARAGUA)							
USDH FTEs				25.62			25.62
FNDH FTEs (U200)				4.00			4.00
US PSC FTEs (U300)				5.56			8.56
TCN PSC FTEs (U300)				2.00			3.00
FN PSC FTEs (U300)				100.41			107.00
OTHER CONTRACTS FTEs (U300)				14.00			14.00

FY-95 OPERATING EXPENSE

Expense Category	Function Code	FY 1995 BASE			FY 1995 TARGET		
		Dollars	Trust Funds	Total	Dollars	Trust Funds	Total
(NICARAGUA)							
	U100						
Other salary	U105	0	0	0	0	0	0
Educ. Allow's	U106	103,800	0	103,800	103,800	0	103,800
COLA	U108	35,311	0	35,311	35,311	0	35,311
Other Benefits	U110	32,229	0	32,229	32,229	0	32,229
Post Assign Trv	U111	2,800	0	2,800	2,800	0	2,800
Post Assign Frt	U112	24,000	0	24,000	24,000	0	24,000
Home Lv Trv	U113	15,500	0	15,500	15,500	0	15,500
Home Lv Frt	U114	10,530	0	10,530	10,530	0	10,530
Educ Trv	U115	700	0	700	700	0	700
R & R Trv	U116	27,183	0	27,183	27,183	0	27,183
Other Trv	U117	6,600	0	6,600	6,600	0	6,600
	U200						
F.N. Basic Pay	U201	38,651	0	38,651	38,651	0	38,651
Overtime/Holiday Pay	U202	1,789	0	1,789	1,789	0	1,789
All other Code 11-F.N.	U203	1,500	0	1,500	1,500	0	1,500
All other Code 12-F.N.	U204	3,001	0	3,001	3,001	0	3,001
Benefits - Former F.N.	U205	0	0	0	0	0	0
Accrued Severance	U206	0	0	0	0	0	0
	U300						
U.S. PSC Sal/Benefits	U302	129,420	0	129,420	231,685	0	231,685
All other US PSC Costs	U303	6,683	0	6,683	23,481	0	23,481
FN PSC Sal/Benefits	U304	1,085,344	0	1,085,344	1,180,038	0	1,180,038
All other FN PSC Costs	U304	23,815	0	23,815	42,222	0	42,222
Manpower Contracts	U306	0	134,216	134,216	0	134,216	134,216
Accrued Severance	U307	0	0	0	0	0	0

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FY-95 OPERATING EXPENSE

Expense Category	Function Code	FY 1995 BASE			FY 1995 TARGET		
			Trust			Trust	
		Dollars	Funds	Total	Dollars	Funds	Total
(NICARAGUA)							
	U400						
Res. Rent	U401	507,980	0	507,980	524,780	0	524,780
Res. Utilities	U402	0	114,935	114,935	0	144,835	144,835
M & R	U403	0	13,208	13,208	0	13,208	13,208
LQA	U404	0	0	0	0	0	0
Security Guards	U407	0	150,827	150,827	0	166,927	166,927
ORE	U408	0	0	0	0	0	0
REP	U409	2,000	0	2,000	2,000	0	2,000
	U500						
Office Rent	U501	295,577	0	295,577	295,577	0	295,577
Office Utilities	U502	0	48,248	48,248	0	48,248	48,248
Bldg. M & R	U503	13,919	0	13,919	6,919	7,000	13,919
Equip. M & R	U508	1,353	0	1,353	753	600	1,353
Communications	U509	50,500	44,852	95,352	57,222	75,502	132,724
Security Guards	U510	0	93,714	93,714	0	93,714	93,714
Printing	U511	0	0	0	0	0	0
Site Visit-Mission	U513	12,650	0	12,650	12,650	0	12,650
Site Visit AID/W	U514	8,000	0	8,000	8,000	0	8,000
Info Meetings	U515	6,200	0	6,200	6,200	0	6,200
Training	U516	25,700	0	25,700	25,700	0	25,700
Conference Attendance	U517	12,200	0	12,200	12,200	0	12,200
Other Ops Travel	U518	4,730	0	4,730	4,730	0	4,730
Supplies	U519	186,604	0	186,604	253,480	0	253,480
FAAS	U520	34,000	0	34,000	34,000	0	34,000
Cont Consult Svcs.	U521	0	0	0	15,000	0	15,000
Cont Mgt/Prof Svcs.	U522	10,000	0	10,000	10,000	0	10,000
Spec Studies/Analays	U523	0	0	0	0	0	0
ADP H/W Leases/Maint	U525	30,000	0	30,000	30,000	0	30,000
ADP S/W Leases/Maint	U526	0	0	0	0	0	0

Expense Category	Function Code	FY 1995 BASE			FY 1995 TARGET		
		Dollars	Trust Funds	Total	Dollars	Trust Funds	Total
(NICARAGUA)							
Trans/Freight U500	U598	17,312	0	17,312	22,428	0	22,428
All Other Cont. Svcs	U599	42,479	0	42,479	104,930	0	104,930
	U600						
Vehicles	U601	93,198	0	93,198	160,206	0	160,206
Res. Furniture	U602	27,679	0	27,679	41,329	0	41,329
Res. Equipment	U603	2,738	0	2,738	4,088	0	4,088
Office Furniture	U604	18,321	0	18,321	55,786	0	55,786
Office Equipment	U605	38,933	0	38,933	118,544	0	118,544
Other Equipment	U606	40,895	0	40,895	64,933	0	64,933
ADP H/W Purchases	U607	20,000	0	20,000	115,000	0	115,000
ADP S/W Purchases	U608	20,000	0	20,000	68,080	0	68,080
Trans/Freight U600	U698	26,176	0	26,176	94,195	0	94,195
Total OE Expense Budget							
Less FAAS	U520	34,000	0	34,000	34,000	0	34,000
Total OE Expense Budget							
636(c)	U599	0	0	0	0	0	0
Grand Total OE Expense Budget							
				25.02	25.02		
USDH FTEs				4.00	4.00		
FMNH FTEs (U200)				4.50	6.00		
US PSC FTEs (U300)				1.00	3.00		
TCM PSC FTEs (U300)				106.33	108.00		
FM PSC FTEs (U300)				14.00	14.00		
OTHER CONTRACTS FTEs (U300)							

USAID/NICARAGUA FY 93-95 OPERATING YEAR BUDGET

02-Sep-93

Mission Budget Scenarios for the Annual Budget Submission

01:20 PM

Project/Program	LOP	Policy Area	FY-93 Obligation	Original Mortgage	94 CP Level	Mortgage	75% of 94 CP	Mortgage	FY-95 (94 CP)	Mortgage based on FY-95 funding at CP	75% of FY-95	Mortgage based on FY-95	50% of FY-95	Mortgage based on FY-95
DEVELOPMENT ASSISTANCE					36.94		27.71		36.94		27.71		18.47	
ALLOCATION/PLANNING LEVEL														
PLANNED OBLIGATIONS					61.35	36.94	27.71	57.30	36.94	27.30	27.71	35.30	18.47	44.30
524-0316	Strengthen Demo. Inst.	18/27	Democracy	5.00	3.00	3.00	0.00	3.00	0.00	4.00	5.00	4.00	5.00	6.00
524-0330	Pub Sec Financial Mgmt	4.00	Democracy			2.00	2.00	2.00	2.00		2.00		2.00	
524-0341	Municipal Decentralization & Dev.	7.00	Democracy			2.50	4.50	2.00	5.00	3.00	1.50	2.00	2.50	3.50
524-0346	Electoral Support	4.00	Democracy			2.00	2.00	2.00	2.00		2.00		2.00	
524-0318	Dev Training & Support	20.00	Dem/Growth	6.00	12.00	4.00	8.00	2.50	9.50	3.00	5.00		8.00	8.00
524-0339	Econ Policy Analysis & Implement.	8.00	Growth	3.10	4.90	1.40	3.50		4.90	2.00	1.50	1.50	2.00	3.50
524-0317	Private Sector Support	5.5/12.5	Growth	5.70	3.50		2.00		3.50	2.00	0.00	1.00	1.00	2.00
524-0315	Private Ag. Services	7/10	Growth	5.50		1.50	1.50	1.00	2.00	1.50	0.00	1.50	0.00	0.50
524-0314	Natural Resource Mgmt	9.00	Environment		1.00		1.00		1.00					
524-0313	PVO Co-Financing	15/21	Growth/Env	5.55	5.17	5.17	0.00	5.17	0.00	5.00	1.00	4.00	2.00	3.50
524-0327	Decentralized Health	22.00	Pop/Health	7.92	14.08	4.28	9.80	3.18	10.90	3.00	6.80	3.00	6.80	7.30
524-0312	Pro-Familia Fam Planning	5/10	Pop/Health	2.00	5/10	2.00	3.00	1.50	3.50	2.00	1.00	2.00	1.00	2.00
524-0329	Basic Education	30.00	Dem/Growth	8.50	17.50	6.50	11.00	4.50	13.00	5.50	5.50	4.00	7.00	8.00
524-0000	Program Devel & Support		Other	1.00		0.87		0.74		0.92		0.71		0.47
	University Textbooks	0.60	Other	0.20	0.20	0.20	0.00	0.10						
	Peace Corps Small Project Assist.		Other	0.01		0.02		0.02		0.02				
ESF														
Planning Levels					27.00		27.00		27.00		27.00		27.00	
524-0333	Econ Recovery & Dev. I	40.00	Growth	40.00										
524-0342	Econ Recov. & Dev. II	27.00	Growth		24.00		24.00							
524-0349	Expanded CIAV Program	7.20	Democracy	5.00	2.20		2.20							
	AIFLD Home Improvement	0.80	Democracy		0.80		0.80							
524-0343	Econ Recov. & Dev. III	27.00	Growth						27.00		27.00		27.00	
PL-480 Title III Food Assistance	51.00	Growth/Health	15.70		17.00		17.00		17.00		17.00		17.00	
TOTAL OYB					80.94		71.71		80.94		71.71		62.47	

Strategic

Policy

FY-94 CP Level

Strategic

Policy

FY-95 Base Level (FY-CP)

Objective	Area	100%	75%
1. Greater consensus on democratic values			
	Democracy	14.50	13.25
2. Increased foreign and domestic investment			
	Growth	13.45	12.00
3. Increased competitiveness, diversification, participation			
	Growth	28.03	25.33
4. Environmentally sound production/extraction			
	Environment	2.58	2.58
5. Improved quality & efficiency of basic education			
	Democracy	3.25	2.25
	Growth	3.25	2.25
6. Improved maternal & child health			
	Pop/Health	14.78	13.18
Other		1.09	0.86
TOTAL		80.94	71.71

Objective	Area	50%	75%	100%
1. Greater consensus on democratic values				
	Democracy	8.00	10.00	12.50
2. Increased foreign and domestic investment				
	Growth	13.50	14.75	15.50
3. Increased competitiveness, diversification, participation				
	Growth	24.25	26.75	29.50
4. Environmentally sound production/extraction				
	Environment	1.25	2.00	3.50
5. Improved quality & efficiency of basic education				
	Democracy	1.50	2.00	2.75
	Growth	1.50	2.00	2.75
6. Improved maternal & child health				
	Pop/Health	12.00	13.50	13.50
Other		0.47	0.71	0.94
TOTAL		62.47	71.71	80.94

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USAID / NICARAGUA MISSION DIRECTOR'S

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NARRATIVE I: ANNUAL BUDGET SUBMISSION,

1 OF 1 (24X)

NICARAGUA

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ANNUAL BUDGET SUBMISSION (ABS)