

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION
FY 1981

CENTRAL AMERICA REGIONAL

**DEPARTMENT
OF
STATE**

MAY, 1979



REGIONAL OFFICE FOR CENTRAL AMERICAN PROGRAMS
(ROCAP)

FY 1981
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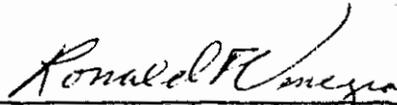
INTRODUCTION

The FY 1981 ROCAP ABS contains our requirements for continuing regional programs in Central America which:

- address common problems and provide regional solutions,
- work through competent regional institutions committed to work with national entities,
- reflect high priority development issues,
- utilize national delivery systems,
- combine with other regional and national efforts in a cost-effective and feasible approach, and
- do not duplicate or bypass national institutions or efforts.

The program continues to emphasize, within the assigned budget limits, projects in rural development and newer global concerns. In addition, ROCAP is proposing several new initiatives which exceed the budget guidelines, but which reflect the policy guidance received in CDSS reviews and other fora. This includes a proposal to foster the exchange of specialized CA technical expertise among Central American countries through the creation of a "Fund for Horizontal Cooperation", and a major effort to promote and expand small and medium industrial exports outside the CACM.

ROCAP is closely following the current developments within the region and is working with the individual Central American USAIDs in assessing the changing CA development environment. As circumstances dictate, ROCAP will wish to review and revise the programs proposed in this document with a view towards examining emerging priority requirements.



Ronald F. Venezia
Acting Director

ROCAP

1981 ANNUAL BUDGET SUBMISSION

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TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

	FY 1979 Est.	FY 1980 Est.	FY 1981 REQUEST		PLANNING PERIOD			Decision Unit	ROCAP
			Minimum	Current	AAPL	1982	1983		
Agriculture, Rural Dev. & Nutrition									
Grants	1895 ^{1/}	3023	2260	2315	2700	2715	2718	1800	1600
Loans		5000					(12000) ^{2/}	(3000) ^{2/}	(3000) ^{2/}
Education									
Grants	430	515	(240) ^{3/}	(240) ^{3/}	(240) ^{3/}	(240) ^{3/}	(240) ^{3/}	(240) ^{3/}	(240) ^{3/}
Selected Dev. Activities									
Grants	5	115	110	215	300	285	282	1200	1400
Loans					(15000) ^{2/}		(12000) ^{2/}	(3000) ^{2/}	(3000) ^{2/}
TOTAL DA	2330 ^{1/}	8653	2370	2530	3000	3000	3000	3000	3000
			(240) ^{3/}	(240) ^{3/}	(15000) ^{3/}	(240) ^{3/}	(12000) ^{2/}	(240) ^{3/}	(3000) ^{3/}
					(240) ^{3/}		(240) ^{3/}	(240) ^{3/}	(240) ^{3/}

^{1/} Includes new requirement, exceeds current OYB by \$100

^{2/} Non-add, exceeds AAPL

^{3/} Project 0093, non-add, exceeds Minimum and future planning limits.

Housing Guaranties (non-add)

25,000

25,000

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
 FY 1979 - FY 1981
 (Thousands \$)

APPROPRIATION ACCOUNT/PROJECT NO./TITLE	I/G	DECISION UNIT						
		FY 1979	FY 1980	Minimum	ROCAP			
					FY 1981 Current	AAPL		
Agriculture, Rural Development and Nutrition								
0048 Agricultural Research & Information System	G	500	758	210	210	210	210	210
0065 Nutrition Programs	G	280	200	-	-	-	-	-
0077 Regional Seed Production	G	-	100	75	75	75	75	75
	L	-	5,000	-	-	-	-	-
0083 Small Farm Production Systems	G	940	1,665	1,665	1,665	1,665	1,665	1,665
0084 Light Capital Technology Network	G	-	-	-	-	-	100	100
0088 Nutrition Information and Technology Transfer	G	-	-	100	150	150	350	350
0089 Woodfuel Alternatives	G	100 ^{1/}	200 ^{2/}	200	200	200	250	250
0000 Program Development and Support	G	75	100	10	15	15	100	100
Education								
0040 SIECA Institutional Assistance	G	175	-	-	-	-	-	-
0066 Transfer of Technology	G	250	510	-	-	-	-	-
0093 Fund for Horizontal Cooperation	G	-	240	(240) ^{3/}	(240) ^{3/}	(240) ^{3/}	(240) ^{3/}	(240) ^{3/}
0000 Program Development and Support	G	5	5	-	-	-	-	-
Selected Development Activities								
0090 Environmental Management	G	-	100	100	100	100	100	100
0091 Regional Export Promotion	G	-	-	-	100	100	100	100
	L	-	-	-	-	-	(15,000) ^{4/}	(15,000) ^{4/}
0000 Program Development and Support	G	5	15	10	15	15	50	50
TOTAL ALL DA APPROPRIATION ACCOUNTS		2,330	8,653	2,370	2,530	2,530	3,000 ^{4/}	(15,000) ^{4/}

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
 FY 1979 - FY 1981
 (Thousands \$)

APPROPRIATION ACCOUNT/PROJECT NO./TITLE	L/G	FY 1979	FY 1980	Minimum	DECISION UNIT	
					FY 1981 Current	AAPL
Housing Guaranties						
0087 CABEI Central American Secondary Mortgage Market Development 596-HG-005		-	25,000	-	-	-
0092 CABEI Social Fund for Urban Upgrading 596-HG-006		-	-	-	-	25,000

1/ New requirement, exceeds FY 1979 OYB
 2/ \$300 if FY 79 funds not available
 3/ Non-add. See decision package narrative.
 4/ Non-add. Exceeds AAPL

EXPLANATORY ANNEX TO TABLE III

Decision Unit ROCAP

<u>Project No.</u>	<u>Change (+ or -)</u> <u>(\$000)</u>	<u>Explanation of Change in FY 1980 Funding Level</u>
Agriculture, Rural Development and Nutrition		
0065	+ 200	Deferred from FY 1979 due to pipeline.
0077	+5100	Not shown in 1980 C.P.
0083	+ 665	Increase per PP approved subsequent to CP submission
0089	- 300	Replaces 0086 in 1980 C.P.; initial project design calls for lower cost during initial investigation phase of project; however, this figure may need to be increased.
Education		
0093	+ 240	Not shown in 1980 C.P.
Selected Development Activities		
0090	+ 100	Not shown in 1980 C.P.

TABLE IV PROJECT BUDGET DATA

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE (FY)		DATE OF NEXT PLANNED NON-ROUTINE EVAL.	CUM. PIPELINE AS OF 9/30/78	FY 1979			FY 1980			FY 1981 MAPL OBLIG.	FY 1982 & BEYOND	FUTURE YEAR OBLIGATIONS	
			INITIAL	FINAL			OBLIG.	EXPEND.	CUM. PIPELINE	OBLIG.	EXPEND.	CUM. PIPELINE				
																ESTIMATED U.S. DOLLAR COST (\$000)
0000.3	Agriculture, Rural Development & Nutrition	G	Continuing			77	75	127	100	105	25	100	20	100	100	Cont.
0048	Program Development and Support	G	1975	1981	6/81	471	500	821	758	738	150	210	170	210	6/81	-
0065	Agricultural Research and Information System	G	1976	1980*		548	280	452	200	535	376	-	41	-	-	-
0077	Nutrition Programs	G	1980	1983	9/81	-	-	-	100	50	-	75	50	75	10/81	500
0083	Regional Seed Production	L	1979	1983	6/81	-	940	780	1665	1673	160	1665	152	1665	10/81	300
0084	Small Farm Production Systems	G	1981	1984	3/82	-	-	-	-	-	-	100	-	100	1/82	1468
0088	Light Capital Technology Network	G	1981	1985	6/82	-	-	-	-	-	-	350	-	350	10/81	700
0089	Nutrition Information and Technology Transfer	G	1979	1982		-	100 ^{1/}	25	200 ^{2/}	225	75	250	50	250	12/81	1100
0090.5	Woodfuel Alternatives	G	Continuing			2	5	5	5	5	2	-	2	-	-	-
0040	Education	G	1972	1979		226	175	301	-	100	100	-	-	-	-	-
0066	Program Development & Support	G	1976	1980		183	250	275	510	412	158	-	256	-	-	-
0093	SIECA Institutional Assistance	G	1980	1984	12/82	-	-	-	240	100	-	(240) ^{3/}	140	(240) ^{3/}	12/81	480
0093	Transfer of Technology	G				-	-	-	-	-	-	-	-	-	-	-
0093	Fund for Horizontal Cooperation	G				-	-	-	-	-	-	-	-	-	-	-

TABLE IV PROJECT BUDGET DATA

ESTIMATED U.S. DOLLAR COST (\$000)												DECISION UNIT				
NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE (FY)		DATE OF NEXT PLANNED NON-ROUTINE EVAL.	CUM. PIPELINE AS OF 9/30/78	FY 1979		FY 1980		FY 1981 AAPL OBLG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS			
			INITIAL	FINAL			OBLG.	EXPEND.	OBLG.	EXPEND.			CUM. PIPELINE	CUM. PIPELINE	FY 1982	FY 1983 & BEYOND
0000.6	Selected Development Activities					30	5	32	3	15	12	6	50	9/81	50	Cont.
0090	Program Development & Support	G	1980	1983		-	-	-	-	100	75	25	100	12/81	300	400
0091	Environmental Management	G	1981	1985		-	-	-	-	-	-	-	100	12/81	300	900
	Regional Export Promotion	L	1981			-	-	-	-	-	-	-	(15000) ^{2/}	-	-	-

1/ New requirement. Exceeds FY 79 OYB.
 2/ \$300 if FY 79 funds not available.
 3/ Non-add, exceeds AAPL.

NEW FY 1979 PROJECT NARRATIVE

596-0089 Woodfuel Alternatives

Proposed funding ^{1/} :	(FN)	FY 1979	\$100,000
		FY 1980	200,000
		FY 1981	250,000
		FY 1982	350,000
		LOP	900,000

Purpose: To introduce and promote cost-saving applications of appropriate renewable non-conventional energy systems or technologies for low-income rural and urban households, communities and small industries.

Description: The traditional use of woodfuel in Central America has been rising at an annual rate of about 5.7% since 1966. Woodfuel is the major energy source for small industries, and heating and cooking by low-income groups. (Eighty percent of the households in Central America use wood or charcoal for cooking). Cutting wood for firewood and for commercial purposes, as well as clearing and burning for agricultural use, forest fires, and diseases are causing rapid depletion of the forest resources. Wood is also getting harder to obtain, resulting in increasing cost to those who depend upon it as the essential cooking and heating fuel. Although Central American governments are attempting to control deforestation, there are no coordinated national or regional programs addressing the need for increasing the availability of energy for the urban and rural poor who are dependent on wood or charcoal.

This ROCAP project will introduce and promote appropriate technologies which increase woodfuel efficiency and the availability of energy for low-income rural and urban households and small industries. The project will be designed to: 1) collect and evaluate existing local and foreign appropriate technologies for improved woodfuel efficiency, alternative non-conventional energy sources, and development of woodfuel (including biomass) lots and farms; 2) identify the most appropriate and promising systems or technologies, and test

^{1/} Final analysis during PID design may significantly alter the budget contained in this ABS.

and apply them in demonstration or pilot projects; 3) promote and transfer the use of successful cost-saving systems or technologies by providing assistance to small industries for local production of required hardware, conduct community awareness programs, and train and assist cooperating groups or agencies (host-government agricultural/forestry extension agencies, PVO's, Peace Corps, etc.) to provide direct on-site assistance to the user-poor; and 4) formulate plans with appropriate national and regional institutions to establish post-project credit systems and programs to expand use of alternative energy technologies and wood lot development.

ROCAP proposes to assist two Central American regional organizations for this project. They will work in cooperation with selected national, international, and private agencies. One of the two, the Central American Research Institute for Industry (ICAITI), will conduct research related to renewable energy and improved efficiencies; the other, the Tropical Agriculture Research and Training Institute (CATIE), will conduct investigations related to wood and biomass fuel lot and farm development techniques. Both institutions have personnel and recognized experience in these and related fields; this project builds upon this experience.

The major issues to be addressed during project development include 1) the probable degree of social acceptability of new technology by end-users, 2) the range of consumer energy cost-savings to be expected, 3) the degree of host country government and other organizational cooperation to be expected, and 4) the likely impact of the project in reducing depletion of wood resources available for energy.

A PID is planned for June 1979 submission in order that the project may commence during the current fiscal year.

NEW FY 1980 PROJECT NARRATIVE

596-0077 Regional Seed Production

		<u>Grant</u>	<u>Loan</u>
Proposed funding:	(FN) FY 1980	\$100,000	\$5,000,000
	FY 1981	75,000	-
	LOP	975,000	5,000,000

Purpose: To increase the supply, distribution and utilization of seed of high yielding varieties, primarily of basic food crops grown by small producers, in Central America and Panama.

Description: Less than fifteen percent of the basic food crops grown annually in Central America are using seed of varieties selected for high yield, ecological adaptability, pest tolerance, high technology use responsiveness, and quality regionwide. Most of the region's basic food crops are produced on small farms on which increasing levels of technology are being applied, yet the full effect of these increased farmer investments are not being attained since seed of superior varieties are not generally available. Vegetables and other seed types are almost 100 percent imported restricting producer diversification and small farm incomes.

National governments and twenty-two private seed growers now produce the region's available stocks. Lack of both compatible legislation in the region and a severe shortage of trained public sector personnel to work with private producers restricts both farmer confidence in existing supplies and regional seed trade. Stocks are limited since private producers concentrate greatest attention to traditional crop requirements.

This project will provide regional technical assistance, help generate compatible seed laws and train public and private sector technicians in seed inspection, certification, production and marketing. National researchers and international centers developing and testing new varieties

will be linked to producers and to the CIAT/MSU technical capability for training and drawing upon experience in other countries in the hemisphere. Credit for private sector production, processing and marketing of improved seed will be provided under the loan to expand the seed available to small producers.

The primary problem areas identified to date require a regionwide policy for seed production, the stimulation of public and private sector cooperation, trade, development of linkages between producers and users, and training and credit for production.

These issues will be addressed at the technical level in July 1979 as a basis for a regional Ministerial level policy development meeting scheduled for late July 1979, to be sponsored by IICA. Upon securing the Ministerial level policy decisions program requirements, role of the public and private sector, trade mechanisms, etc., ROCAP assisted by LAC consultants, CIAT and IICA will present a PID To AID/W in September, subsequent to consultations with CAP USAIDs.

As presently conceived technical assistance will be provided through the IICA/U. of Costa Rica Seed Center with backstopping from the LAC/CIAT hemispheric assistance program. Credit for seed production, processing and marketing will go to the private sector through the Latin American Agribusiness Development (LAAD) council, a highly respected private development agency in Central America.

NEW FY 1980 PROJECT NARRATIVE

596-0087 Central American Secondary Mortgage
Market Development - 596-HG-005

Proposed funding: (HIG) \$25 million housing guaranty

Purpose: To provide for the strengthening and extension of CABEI's secondary mortgage operation for the promotion and financing of housing affordable by the urban poor in Central America.

Description: The project description contained in the FY 1980 ROCAP ABS is accurate except that the HIG is proposed on a two for one matching basis; i.e. CABEI will contribute \$50 million, the HIG \$25 million.

A PID is scheduled for June submission.

NEW FY 1980 PROJECT NARRATIVE

596-0090 Environmental Management

Proposed funding: (SDA)	FY 1980	\$100,000
	FY 1981	100,000
	FY 1982	300,000
	LOP	900,000

Purpose: To improve institutional capacity within Central America to protect the environment by development of coordinated environmental management activities, policies, programs, and legislation.

Description: Central American environmental problems are receiving increasing attention by public and private officials, particularly the irrational use of natural resources (primarily forests) and destruction (real and potential) of natural ecologic balances, resulting in increasingly contaminated water resources and, of particular concern, pesticide over and misuse. Central American forested areas are being reduced at a one to three percent annual rate with such ecological consequences as altered hydrological cycles, increased erosion, and increased flooding possibility. Furthermore, recent analysis reveals Central America to be among the world's heaviest users of pesticides which contribute to deleterious effects on the population, foods, and ecosystems. The principal constraints to an ordered approach towards these problems is the lack of institutional authority, capacity, and financial resources of the republics, and in some cases data on the degree of severity and areas most affected. Government agencies generally have ill-defined, overlapping environment regulatory functions, with resulting diffusion of responsibility. In addition, enforcement of existing environmental laws is almost impossible due to the lack of resources and/or specific standards.

Based upon a joint ICAITI, ROCAP, GTZ Central American review, the proposed response is to develop a joint ROCAP/West German project with the Central American Research Institute for Industry (ICAITI) providing assistance to

Central American government agencies responsible for environmental control in the areas of institutional development, manpower training and technical assistance for environmental protection plans and programs. AID's concern will be to promote coordinated action by the Central American republics to avoid competition disadvantages vis-a-vis neighboring countries within the CACM. The Federal Republic of Germany (represented by its assistance agency, GTZ) is interested in providing technical assistance relating to urban, water, wastewater and solid waste pollution control, including development of related policies, standards, and legislation. ROCAP's participation would concentrate on assistance in policy and program development, and sponsorship of seminars and workshops. The direct beneficiaries from the project will be government agencies whose planning capability will be strengthened. In the long run, through improved environmental management practices, the populace at large will be the indirect beneficiary.

The major issues to be addressed during project development are 1) relationship of the project to proposed related bilateral USAID assistance, particularly in El Salvador, and 2) determination of definite support and interest by the Central American governments in environmental management.

A PID for this activity is planned for submission later in the present fiscal year.

NEW FY 1980 PROJECT NARRATIVE

596-0093 Fund for Horizontal Cooperation

Proposed funding:	(EH)	FY 1980	\$ 240,000
		FY 1981	240,000
		LOP	1,200,000

Purpose: To further regional cooperation and interdependence through a coordinated program of Central American technical interchange and training.

Description: Central America's five republics, in their quest for economic and social development, face many impediments, not the least of them being severe shortages of skilled manpower. USAID CDSS analyses confirm this constraint. Among the solutions that the republics have evolved has been the creation and reliance upon a number of regional centers of excellence where scarce financial resources have been pooled to support skilled personnel and facilities upon which the republics can call in support of their development goals. Some of these institutions like ICAITI and SIECA directly depend upon the five republics for policy direction and financing; others like CATIE, IICA, and INCAP, technically dependencies of institutions having broader geographic responsibilities, devote the bulk of their attentions to Central America and sometimes Panama. The Central American republics continue, however, to face shortages of experienced personnel to solve development bottlenecks. In many cases these problems have been faced and resolved by a sister Central American republics and the transfer of expertise requires only relatively brief periods of assistance.

This project is based upon the premise - which will be tested during project design - that there exists sufficient similarity in development problems being faced by the five republics to have created a pool of experienced, specialized expertise which, being Central American public sector employees themselves, offer a unique and relatively inexpensive indigenous resource. Managed by a Board of Directors composed of key regional institutions, e.g. IICA in agriculture, INCAP in nutrition, ICAITI in energy and rural development technology, ICAP in manpower training, CABEI in infrastructure

planning and INCAE in public administration, and supported by AID resources, this activity will develop the connections by which the republics will be able to identify policy or program problem areas amenable to "hands-on" resolution by neighboring Central American experts. Fields of endeavor will initially focus in areas supportive of AID programs, i.e. rural development, human resources, health and nutrition, technology, energy, etc., although in order to maximize opportunities, development areas outside of AID's present province, e.g. infrastructure planning, higher education, will not necessarily be excluded.

The Board of Directors initial task will be to conduct a series of surveys designed to identify substantive areas in which the individual republics have relevant experience to share. The activity will then sponsor a series of seminars - first regional, and later national, to help institutionalize the exchange program by increasing recognition by concerned government officials of those areas in which neighboring Central American republics have relevant experience to offer. The actual personnel exchange will function through either the concerned regional institution, the Board, or under a series of agreements whereby the parent country continues to pay salary and benefits and the fund travel and per diem.

Estimated costs for five years would include the annual exchange of 100 officials (20 per country) for one month each at \$120,000, seminars and staff at \$100,000 p.a. plus contingency costs at \$20,000 p.a. or \$240,000 annually. Issues to be examined during project design include:

- interest within Central America for the program,
- existence of an identifiable technical pool upon which to base the program,
- capability of the concerned regional institutions to manage the Fund,
- Fund replenishment,
- legal impediments.

Pending further informal review, ROCAP proposes to submit a PID for this activity in early CY 1980.

NEW FY 1981 PROJECT NARRATIVE

596-0088 Nutrition Information and
Technology Transfer

Proposed funding: (FN) FY 1981: \$ 350,000
LOP : \$1,800,000

Purpose: To provide Central American and Panamanian nutrition planners with pertinent information and technical assistance in design and evaluation of nutrition interventions of all types from and through the Nutrition Institute for Central America and Panama (INCAP).

Description: This project is based upon over twenty years of INCAP experience as the region's nutrition research institution and upon the more recent expansion of its activities towards application of this experience and technical capacity in response to nutrition analysis, planning, programming and evaluation requirements of the Central American republics and Panama. These efforts, supported principally by grants from the Kellogg Foundation and since 1976 by ROCAP, have helped the six republics recognize and better define their nutrition deficiencies, develop national programs and goals, and organize appropriate administrative, budgeting and technical institutional arrangements to manage a logical and coordinated approach to alleviate nutrition deficiencies. This proposed project, to commence in early FY 1981 (November 1980), will build upon the relationships developed between INCAP and national counterparts in past years, and will directly follow upon the terminating ROCAP regional nutrition project.

INCAP, both as a regional resource and as an internationally known research institution, is in a unique position to serve as a conveyor of information, including technology gained from its own research, from efforts undertaken in other parts of the world, as well as those efforts going on in the region. This information transfer will focus on providing countries with design, management, budgetary, and technical information on known, effective, and low cost interventions. This information sharing should reduce the need for individual countries

to conduct a series of pilot programs on their own, and will result in greater efficiencies in the efforts to improve the nutritional status of the target nutritionally deficient populations at risk.^{1/} The target group to be addressed is therefore twofold, i.e. the nutrition planning and implementing groups in each country, and through them the malnourished populations.

In order to increase its ability to provide outreach services, INCAP has recently implemented a strategy focusing on four major program areas: Food Sciences, Family Health, Nutrition Education, and National Nutrition Planning. These program areas cut across traditional INCAP staff divisions and use multi-sectoral work groups to support specific initiatives. This project will support the outreach efforts of these multi-sectoral work groups as well as continuing support for the Applied Nutrition Division in nutrition planning.

Activities to be supported by this project will help disseminate knowledge of feasible nutrition interventions in the region and help develop regional human resources to manage and evaluate nutrition interventions. Activities proposed or information disseminated will be provided to the countries based on experience that INCAP or others have had with interventions that offer reasonable promise of success in different areas. INCAP will attempt to identify those key determinants or necessary conditions through which interventions successful in one location can be applied to resolve similar deficiencies in other areas within the region with reasonable chances of success. Priorities will be selected based on effectiveness, need and cost.

INCAP will expand and strengthen its capabilities under this project to perform the following activities:

- I. Technical Assistance for governmental and other groups in the selection and design of interventions.

^{1/} INCAP's participation with SIECA-ECID in a related study, proposed for DSB financing, on the food consumption effects of alternate agricultural sector policies, to be carried out in Honduras, exemplifies the breadth of INCAP's role in Central America.

II. Information Dissemination

A. Provide training to key mid-level national personnel in the necessary skills.

B. Sponsor and stimulate seminars and workshops within and between countries and groups on topics and programs of mutual interest.

C. Provide written articles, recommendations, references, pamphlets and prototypes of education materials to interested groups for replication in the several countries. This to include materials suitable for mass media programs.

III. Strengthen working relationships between agricultural and nutrition researchers to better integrate production and nutrition considerations within interventions and to examine determinants of intervention transferability.

IV. Evaluation. Provide guidance in the selection of intermediate measures of effectiveness of interventions. INCAP recognizes the difficulty in measuring nutritional impact of the majority of possible interventions. However, it will undertake to design methodologies or measurements that are practical for the institutional and data capabilities of the area. These methodologies will be applicable to short as well as long term measures and will serve as sources of information on effectiveness of interventions.

Issues that will be addressed during project development include: 1) the viability of national planning units and their capacity to implement projects; 2) funding availability for interventions by countries; and 3) development of a working relationship between CATIE (Regional Agricultural research body) and other such agricultural institutions and INCAP to strengthen linkages between food production and nutrition interventions and plans.

NEW FY 1981 PROJECT NARRATIVE

596-0092 Central American Social Fund for
Urban Upgrading - 596-HG-006

Proposed funding: (HIG) \$25 million housing guaranty

Purpose: To support CABEI's Social Fund to establish an urban upgrading program for Central America.

Description: CABEI's Social Fund to date has only been funded from retained earnings; consequently only one (\$3 million) loan for Guatemalan housing reconstruction (mixed with HG-004 funds) has been financed. This new HIG would enable the Bank to finance a \$50 million program of shelter and related urban services in the region. Projects which have been initiated on a pilot basis under bilateral housing guaranties and World Bank loans including urban upgrading, i.e. home improvement, water and sewer connections, street and drainage improvement, provision of community services, and sites and services programs will be eligible for financing under the program.

Under this program the Social Fund will assist municipal governments, water and sewer authorities, housing banks and institutions, and government and municipal development institutions in the provision of urban improvements to low income neighborhoods, i.e. families usually below the 30th percentile income level. Since some improvements, e.g. roads or water lines, may have beneficiaries above this level, use of HIG funds will be limited to that proportion of the improvement in which at least 90% of the families have incomes below the median level. The target of the program, as stated above, however, is significantly lower than the median.

The fund will be capitalized with a mixture of HIG and CABEI funds. CABEI will be approached on the possibility of establishing a 1:1 ratio of counterpart funds. CABEI's excellent credit-worthiness has given it access to established money markets. This ability to marshal capital to meet the social needs of the region is a major objective of the proposed HIG, as it enables AID to provide significantly greater resources for the target group.

ROCAP will consider the merits of a \$5 million DL replacing an equivalent amount of the HIG in order to lower the effective interest rate to borrowers. Regulations and procedures for program eligibility will be developed and tested for the various types of participating institutions, each of which has its own form of guarantee and system of borrowing, relending and cost recovery.

During PID development ROCAP will examine CABEI's housing and Social Fund programs and policies and review probable regional financial demand and interest for this program. The PID will be submitted in January 1980.

NEW FY 1981 PROJECT NARRATIVE

596-0091 Regional Export Promotion

		<u>Grant</u>	<u>Loan</u>
Proposed Funding:	(SD) FY 1981	\$ 100,000	\$15,000,000
	LOP	\$1,300,000	\$15,000,000

Purpose: To expand C.A. exports of small and medium industries.

Description: During the 1960's, the bulk of CACM integration efforts initially concentrated upon the then popular mode of import substitution of "industrial" consumer goods. In general, manufactured consumer goods were protected from external imports and provided relatively free movement inside the Central American Common Market (CACM). Barriers remained against internal trade in many agricultural products and significant export taxes were levied on most traditional agricultural exports to the world market.

Unfortunately, the new industrial products, for which tariff protection has never been reduced, have not achieved export status in quantity. Among the reasons are non-competitive production or pricing conditions, uncertainties of foreign markets, and low export prices as compared with protected and therefore higher internal market prices.

This import substitution policy is now reaching the limits of its usefulness to the region as a dynamic economic model for the future. The growth rates for intraregional trade and exports to the rest of the world show a switch between the first and second decade of the CACM. (Source ECLA).

<u>Average Annual Compound Growth Rates</u>	<u>1960-68</u>	<u>1968-76</u>
Intra-regional trade	29.5%	10.9%
Exports to the rest of the world	6.8%	17.4%

The increased growth in external trade has reduced the percentage of internal trade as part of the total from 23.1% in

1970 gradually to 16.3% in 1977.

In the case of Guatemala, the composition of industrial exports in the three years ending in 1977 has been about 15% (\$27 million) to external markets and 85% (\$155 million) to CACM markets. However, the value of external non-industrial exports averaged in the same period has been 94% (\$629.6 million) while the non-industrial internal exports have been only 6% (\$40 million). (Source: Bank of Guatemala).

Thus, import substitution policies of industrialization have provided little entry into the world market. Non-industrial (and largely traditional) external exports have dominated trade absolutely and in rate of growth in the past decade.

The Common External Tariff (CXT) and Fiscal Incentives are the primary means utilized by the CACM to influence internal and external trade policy. (They are currently under review and modification is planned for 1980). As noted, import substitution and some measure of central economic planning have been characteristic. Domestic producers thus supply the unified internal market obtaining benefits of scale under infant industry protection. However, the continued utilization of protection (no reduction has occurred in any industrial product since inception) indicates the absence of comparative advantage by definition.

As a basis for industrialization, import substitution has been a repeated failure internationally. It was represented in the UNCTAD I in 1964 under the Prebisch "terms of trade" basis and was further incorporated into the CACM outlook. Although theory moved practice beyond the import substitution level elsewhere, primarily in the Kennedy and Tokyo rounds, the CACM which arrived late, stayed even later seeking diminishing returns and suffering policy stagnation long after the growth effects of import substitution slowed in the early 1970's.

Following trends elsewhere, the CACM countries in the early 1970's looked briefly to export promotion but found little success in promoting the industrial import substitution products. This, in spite of the fact that recent studies done by the World Bank and ROCAP show that differentials between internal prices and prices abroad are not unduly great.

Price alone, however, does not determine the ability of a producer to enter the export market. Marginal costs for new output might well exceed average costs. Promotional, transport, working capital, and direct marketing costs are important elements in enabling a local producer to meet world competition. Yet we believe the apparent differences are not so large as to exclude consideration, if not now, then in the near future, for expanded exports of non-traditional goods, including manufactures.

Now, with the CXT and fiscal incentives under review, a change is possible. Among the countries the composition of that change is likely to be dominated by the interest groups receiving protection under the present system. Although a challenge is obviously brewing in the "dis-advantaged" countries, bilateral trade-offs have dominated negotiations in the past. Nevertheless, we expect that the review process will include policy options in the following areas:

1. Import substitution must be revised so as to identify and reduce excess returns to protection by favored industries.
2. Presently recognized comparative advantage sectors and others determined in the future need to be allowed optimum conditions towards expansion particularly in credit and infrastructure support.
3. These C.A. sectors - identifiably mostly agriculture and agribusiness for the next 2-5 years - should not carry an unusual proportion of tax burden.
4. On the other hand, the C.A. sectors should not be allowed undue incentives. In the case of agriculture, protection within the market countries should be reduced, and country "self-sufficiency" programs should be phased down.
5. Identification of new areas of advantage should be encouraged by firm government policies to promote investment security. Included are reasonable monetary and fiscal policy, and an improved credit policy that tends towards elimination of differentiated and funded interest rates.

We believe future CACM potential will be stunted unless there is serious address of these issues.

In the case of Central America, which has an equally poor base in natural resources, labor or capital for pretensions of self-sufficiency, there is a fundamental importance of trade to internal development. World trade is controlled through time by price relationships reflected in comparative advantage conditions. There are inevitable costs to its repression in the form of protection against imports or subsidization of exports (which we hope will not become a new experimental pattern for Central America).

For the medium term, emphasis will likely be on agro-industry. A coincidence of benefits from agro-industry development derives from the availability of suitable labor, relatively low capital costs, the extensive increases of labor and land productivity resulting from horticultural, intensive crops, and developmental assistance availability to reach the rural poor. Left to their own devices, the vested interest groups are unlikely to reflect these concerns in the CXT and fiscal incentives program coming out of SIECA.

We believe the opportunity may exist for an activist role by ROCAP, with assistance from other donors (including the World Bank which is already reviewing the matter), to develop a regional program to reorient the economic rationale behind the CACM towards one which stresses comparative advantage and competitive trade patterns within the world market.

This should include an input into the on-going policy discussions for revision of the CXT and fiscal incentives. While sensitive, we believe a program which seeks to promote CACM exports of non-traditional goods, including manufactures, to all world markets, with emphasis on the U.S. market, should provide sufficient incentive to the Central American policy makers to allow development agencies, including AID, IBRD, and IDB, to participate as interested observers. The design of such a program is still unclear. We envision, however, that the private sector in Central America must play a central role. Accordingly, means will need to be found to strengthen that role and link it to its counterpart in the world market. This will likely involve the participation of the Central American Bank for Economic Integration (CABEI) and will require a significant reorientation of its lending

policies and priorities (including personnel) towards that sector. A current ROCAP loan to CABEI (016) is beginning to have that effect. The proposed loan and grant program is the next step in that process. We may also wish to utilize the considerable experience of the Latin American Agribusiness Development Corporation (LAAD) in this area, as well as consideration of a new regional private financiera.

4. Decision Package Narrative

A. Minimum Package

Within the \$2.3 million maximum set by ROCAP's FY 80 CP, the Minimum Package proposes only one new start, and that (Nutrition) in many ways is the second stage of the regional Nutrition Programs project (0065) with INCAP. More than half the Minimum supports two approved, ongoing projects. At this writing, and based upon experience with both CATIE and IICA, budgeted amounts for these two activities (0048 and 0083) appear necessary and realistic to attain project goals in the six participating countries. While future events may reflect pipeline sufficient to enable reprogramming, present projections do not provide sufficient confidence to do so now. The Minimum package also continues support to one new FY 1979 activity, Woodfuel Alternatives (0089), and new FY 1980 activities in Seed Production (0077), Environmental Management (0090) and the Fund for Horizontal Cooperation (0093). With the exception of the last activity, all fall within ROCAP's priority Rural Development or Newer Global Concerns program categories. Resources for the Fund for Horizontal Cooperation, proposed to begin in FY 1980, are included in the Minimum because of the importance this activity may have to Central American development, and as a "non-add" item because its presently estimated resource requirements cannot be accommodated within Minimum package budget limits.

Selection of projects for inclusion within the Minimum package is based upon the judgement that their character makes reprogramming difficult and counterproductive. For example, the two major ongoing regional agricultural activities, Agricultural Research and Information System (0048) with IICA, and Small Farm Production Systems (0083) with CATIE, involve financing by AID and the cooperating institutions for core teams of experts, and support for their close collaboration with national agencies in the six participating countries. Participating national counterpart agencies "use" project services and link them with target populations. With minor variations, many of our regional activities follow this model of a central source of expertise with outreach to national counterparts. This core expertise may take years to assemble, and in many ways,

creates centers of excellence within the region. Therefore, by their nature, for regional activities included within the Minimum, deferred or reduced funding, instead of having a temporary delaying effect on attainment of project goals, could well result in serious loss of momentum and confidence, and inefficient utilization of expensive and scarce skilled manpower. Consequently, ROCAP does not exclude funds for any ongoing activity from the Minimum Package.

Also included within the Minimum package are three AID/W funded activities which ROCAP will help manage. One involves the stationing of a LAC bureau funded Pest Management Specialist at ROCAP, who, through links with a number of Central American regional institutions, will provide CA USAIDs and ROCAP with specialized skills towards development of regional and national pest management and more generalized environmental protection activities. He will be a major resource for project development, skills in this field for all Central American AID missions.^{1/} The two remaining activities, both with SIECA's Central American Economic Integration Studies Unit (ECID), support 1) an approved cooperative research program into development of Rural Progress Indicators jointly with the Government of El Salvador, and 2) a proposed research effort with the Government of Honduras and INCAP on nutritional impact of alternative agricultural development policies. The implementation mode of these three AID financed activities involves substantial project design, management and controller responsibilities for ROCAP.

B. Current Decision Package

The Current package, which adds \$160,000 to the Minimum, introduces the grant element of a major FY 1981 initiative in Export Promotion (see AAPL) to ROCAP's activities, and increases funds for the Nutrition activity and two PD&S accounts.

C. Decision Package AAPL

ROCAP's AAPL has been set at \$3 million, \$470,000 more than the Current package and about \$650,000 above the Minimum package. Additional funds in the AAPL are apportioned

^{1/} A non-project funded regional energy advisor, furnished under a EOW PASA, will also provide regional services in a similar manner.

to increase first year support for the new Nutrition activity, and to increase funding of the grant element of the Export Promotion activity and of the Woodfuel Alternative activity. One new initiative in technology transfer, the Light Capital Technology Network, is introduced. Additional funds for PD&S, permitting support for project design and evaluation, and a new HIG, are also included.

ROCAP also has included a "non-add" \$15 million Regional Export Promotion loan as part of the AAPL. Export promotion was the subject of extensive discussion during the Central American CDSS reviews and ROCAP has been urged to support initiatives in this direction in the CDSS decision message. Ongoing analysis at this time reveals encouraging support within the area for a large-scale approach designed to combine U.S. marketers, Central American processors and producers, in a network using the experience and expertise of a variety of U.S. and Central American public and private sector institutions. Considerable analysis remains, and if found to be sufficiently promising, the activity might be proposed for FY 1980 financing. At this point, inclusion of this loan is intended to alert AID to this possibility - and to its exceeding the AAPL.

D. Workforce

Table V shows no workforce increase between the three decision packages. Indeed the Current Package and AAPL add only two new projects to the Minimum workload, i.e. Export Promotion and the LCT Network. ROCAP's current USDH level of 11 consists of a "core" staff of five plus officers assigned to ROCAP whose responsibilities are either shared by ROCAP and USAID/Guatemala (2.7 man years, i.e. Controller, B&A Officer, and .7 man years of the Financial Analyst), extend to all USAIDs in Central America (.9 man years shared by the Financial Analyst .3 and the Regional Supply and Management Advisor .6), are in part used as a project manager by ROCAP (.4 of the RSMO) or manage the HIG program for ROCAP and Central America (2). The "core" staff include the Director, Capital Development Officer (who acts as Assistant Director), Program Officer, Rural Development Officer and Engineer. Upon termination of his assignment in FY 1980, the Engineer's position will be converted to an assistant RDO position in San Jose. As noted, in addition to these five, an estimated .4 man years of the Regional Supply and Management Officer's time is devoted to project management responsibilities.

ROCAP recognizes that this manpower level is low in relation to the workload implied in the AAPL. By memorandum of May 23, 1979 to Mr. Abelardo L. Valdez, AA/LAC, ROCAP Director Harry Ackerman outlined increased ROCAP staffing requirements to carry out a regional program in excess of AAPL and not fully reflected in this ABS. These requirements, which are subject to an increase in our present ceiling and MODE include:

(1) Regional Environment and Technical Officer.

This position will provide technical and managerial assistance to the CA/USAID's and regional and national institutions, in the field of energy, environment, national resources and light technology.

(2) Regional Nutrition/Population Officer.

This position will assist ROCAP in the development of new regional initiatives in nutrition and population, working closely with CA/USAID's, in CAP and major CA private and public sector institutions.

(3) Regional Economic Affairs Officer.

This position will advise ROCAP, CA/USAID's embassies and the Department regarding economic matters of the Common Market and will report quickly on major regional events.

(4) Assistant Program Officer.

This position will assist in preparation of increased program documentation and evaluation.

(5) Increases in FNDH Ceiling.

Conversion of 2 current FN contract employees to FNDH. These positions are the Assistant Capital Resource Development Officer and Budget and Management Specialist.

(6) USDH Secretary.

Reinstatement of a full time USDH Secretary.

TABLE V - FY 1981 PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	TERM/ NEW/ CONT.	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORK FORCE (Number of Positions)						
					INCR	CUM	INCR	CUM	INCR	FNDH	CUM		
												INCR	CUM
	<u>DECISION PACKAGE MINIMUM</u>												
	Fully-Funded Projects with Pipeline												
	596-0065 Nutrition Programs	T	G	FN	(41)	(41)							
	596-0066 Transfer of Technology	T	G	EH	(206)	(247)							
	596-0069 CABEI - Regional Rural Agribusiness	T	L	FN	(6000)	(6247)							
	596-0077 Regional Seed Production Loan	T	L	FN	(1000)	(7247)							
	596-0075 CABEI - Guatemala Urban Shelter Improvement (HG-004)	T		HG	(5000)	(12247)							
	596-0087 CABEI - Central American Secondary Mortgage Market Development (HG-005)	T		HG	(16000)	(28247)							
	Subtotal (Non-Add)				(28247)								
	<u>New and Continuing Projects</u>												
1	**596-0083 Small Farm Production Systems	0	G	FN	1665	1665							
2	**596-0048 Agriculture Research & Information System	0	G	FN	210	1875							
3	596-0077 Regional Seed Production	0	G	FN	75	1950							
4	596-0089 Woodfuel Alternatives	0	G	SD	200	2150							
5	**598-0602 Environmental Management (Regional Pest Management Specialist)	0	G	FN	(151)	2150							
6	596-0090 Environmental Management	0	G	SD	100	2250							
7	596-0088 Nutrition Information and Technology Transfer	N	G	FN	100	2350							
8	596-0093 Fund for Horizontal Cooperation	0	G	EH	(240)	2350							
9	596-0000.3 Program Development & Support	0	G	FN	10	2360							
10	596-0000.6 Program Development & Support	0	G	SD	10	2370							
11	**931-0236.05 Expanded Program - Progress Indicators (Rural Progress Indicators)	0	G	FN	(200)	2370							
12	931-1274 Consumption Effects of Agricultural Policies (Effects of Agricultural Development Policies on Food Consumption)	0	G	FN	(200)	2370							
13	Basic Workforce						11	11		21	21		21
	Total Minimum Package and Related Workforce					2370		11		21	21		21

TABLE V - FY 1981 PROPOSED PROGRAM RANKING

RANK	DESCRIPTION	TERM/ NEW/ CONT.	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Positions)	
					INCR	CUM	USDH	FNDH
					INCR	CUM	INCR	CUM
<u>DECISION PACKAGE CURRENT</u>								
14	596-0091 Regional Export Promotion	N	G	SD	100	2470	11	21
15	596-0088 Nutrition Information and Technology Transfer	N	G	FN	50	2520	11	21
16	596-0000.3 Program Development & Support	O	G	FN	5	2525	11	21
17	596-0000.6 Program Development & Support	O	G	SD	5	2530	11	21
	Total Current Package and Related Workforce				160			
<u>DECISION PACKAGE AAPL</u>								
18	596-0088 Nutrition Information and Technology Transfer	N	G	FN	200	2730	11	21
19	596-0091 Regional Export Promotion	N	L	SD	(15000)	2730	11	21
20	596-0089 Woodfuel Alternatives	N	G	SD	50	2780	11	21
21	596-0084 Light Capital Technology Network	N	G	FN	100	2880	11	21
22	596-0000.3 Program Development & Support	O	G	FN	85	2965	11	21
23	596-0000.6 Program Development & Support	O	G	SD	35	3000	11	21
24	HIG - Regional Low Income Guaranty				(25000)	3000	11	21
	Total AAPL Package and Related Workforce				470			
<p>1/ Part of LA Regional Project managed by ROCAP. LAC Bureau funds to be obligated by ROCAP. Shown to support basic workforce. Funds non-add.</p> <p>2/ Non-add. Exceeds Minimum. See Decision Package Narrative.</p> <p>3/ Part of DSB Project jointly managed by ROCAP and DSB. DSB funds to be obligated by ROCAP. Shown to support basic workforce. Funds non-add.</p> <p>4/ Proposed part of DSB project to be jointly managed by ROCAP and DSB. DSB funds to be obligated by ROCAP. Shown to support basic workforce. Funds non-add.</p> <p>5/ Proposed loan exceeds AAPL. Funds non-add.</p>								

PROJECT SUMMARY

TABLE VI

NUMBER OF PROJECTS

	FY 77	FY 78	FY 79	FY 80	FY 81	
					MINIMUM	CURRENT
Implementation at Beginning of Year	17	15	13	12	13	13
Moving from Design to Implementation During Year	1	1	4	5	1	4
Design for Future Year Implementation	5	11	11	6	7	9
▲ SUBTOTAL	23	27	28	23	20	26
Number of Non-Project Activities	-	-	-	-	-	-
▲ TOTAL	23	27	28	23	20	26

NUMBER OF PROJECTS MOVING FROM DESIGN TO IMPLEMENTATION BY PROJECT SIZE

	FY 77	FY 78	FY 79	FY 80	FY 81	
					MINIMUM	CURRENT
AID'S CONTRIBUTION TO LIFE OF PROJECT COST						
Less than \$1 Million	-	-	1	1	-	1
\$1 To \$5 Million	-	-	2	2	1	1
\$5 To \$15 Million	-	-	1	1	-	-
\$15 To \$25 Million	1	1	-	-	-	2
More Than \$25 Million	-	-	-	1	-	-

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ROCAP

OPERATING EXPENSE FUNDED PERSONNEL IN POSITIONS

TABLE VII

FUNCTIONS	FY 77				FY 78				FY 79				FY 80			
	USDH	FNDH	US CONT.	FN CONT.	USDH	FNDH	US CONT.	FN CONT.	USDH	FNDH	US CONT.	FN CONT.	USDH	FNDH	US CONT.	FN CONT.
Executive Direction	3	1			2	1			2	1			2	1		
Program Planning	4	2			2	1			1	2			1	2		
Project Design	4	2			1	1										
Project Implementation	6	6	1	3	2	5		4	3	3		4	3			4
Financial Management	5	14	2	2	3	14		2	3	13		1	3			1
Mission Support				3				2				2				
Non-Mission Specific	4	1			4	1							3	1		
TOTAL	26	27	3	8	14	23	2	8	11	21	2	5	11	21	5	5
PLUS: PASA's (O.E. & Program)	4				4				5				5			
LESS: JAO Details	0				0				0				0			
MODE Requested	30	30			18	18			17	17			16	16		

FUNCTIONS	FY 81 AAPL				FY 81 MINIMUM				FY 81 CURRENT			
	USDH	FNDH	US CONT.	FN CONT.	USDH	FNDH	US CONT.	FN CONT.	USDH	FNDH	US CONT.	FN CONT.
Executive Direction (C)	2	1			2	1			2	1		
Program Planning	1	2			1	2			1	2		
Project Design	1				1				1			
Project Implementation (A)	3	3		4	3	3		4	3	3		4
Financial Management	3	13		1	3	13		1	3	13		1
Mission Support												
Non-Mission Specific	1	1			1	1			1	1		
TOTAL (D)	11	21		5	11	21		5	11	21		5
PLUS: PASA's (O.E. & Program)	5				5				5			
LESS: JAO Details	0				0				0			
MODE Requested	16				16				16			

AID 1510-4 (8-79) (A) Project Implementation includes two USDH and three FN CONT HIG's Personnel located in Tegucigalpa, Honduras; (B) 4 PASA Personnel located in Costa Rica and 1 position located in Guatemala FYs 79/80; (C) A part-time Secretary in the Ex-Direction is not included; (D) Includes one USDH in Costa Rica.

OPERATING EXPENSE SUMMARY

TABLE VIII

COST SUMMARIES	FY 77		FY 78		FY 79		FY 80					
	(\$000's)	RELATED WORKYRS.	UNIT COST									
US Direct Hire	1,026.4	25.1	40.9	615.4	14.9	41.3	434.9	9.3	46.8	423.8	9.7	43.7
FN Direct Hire	341.2	27.0	12.6	288.5	23.0	12.5	346.6	23.0	15.1	301.0	21.0	14.3
US Contract Personnel	61.0	2.9	21.0	15.9	1.0	15.9	33.0	0.3	110.0	65.1	1.0	65.1
FN Contract Personnel	103.6	18.0	5.8	80.2	16.3	4.9	31.9	3.9	8.2	37.3	2.0	18.7
Housing	223.7	25.1	8.9	121.6	14.9	8.2	80.9	9.0	8.9	110.6	9.0	12.3
Office Operations	380.3	XXXX	XXX	230.0	XXXX	XXX	208.2	XXXX	XXX	260.7	XXXX	XXX
TOTAL REQUEST	2,136.2			1,351.6			1,135.5			1,198.5		
Amount of Trust Fund Included in Total Requested												

COST SUMMARIES	FY 81 AAPL		FY 81 MINIMUM		FY 81 CURRENT		
	(\$000's)	RELATED WORKYRS.	UNIT COST	RELATED WORKYRS.	UNIT COST	RELATED WORKYRS.	UNIT COST
US Direct Hire	448.2	9.7	46.2	9.7	46.2	9.7	46.2
FN Direct Hire	305.6	21.0	14.5	21.0	14.5	21.0	14.5
US Contract Personnel	70.9	1.0	70.9	1.0	70.9	1.0	70.9
FN Contract Personnel	39.2	2.0	19.6	2.0	19.6	2.0	19.6
Housing	125.3	9.0	13.9	9.0	13.9	9.0	13.9
Office Operations	289.2	XXXX	XXX	XXXX	289.2	XXXX	XXX
TOTAL REQUEST	1,278.4			1,278.4			1,278.4
Amount of Trust Fund Included in Total Requested							

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 1979 - 1981
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	DECISION UNIT																		
	FY 1979						FY 1980						FY 1981						
	Minimum		Current		AAPL		Minimum		Current		AAPL		Minimum		Current		AAPL		
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	
<u>EXECUTIVE DIRECTION</u>																			
<u>Director's Office</u>																			
Director	1			1															
Assistant Director	1			1															
All Other (Non-Professional)	(1)	1		(1)	1														
Subtotal Executive Direction	2	1		2	1														
<u>PROGRAM PLANNING</u>																			
<u>Program Office</u>																			
Program Officer	1			1															
All Other (Non-Professional)		1			1														
<u>Economic Analysis Office</u>																			
Regional Economist		1			1														
Subtotal Program Planning	1	2		1	2														
<u>PROJECT DESIGN AND IMPLEMENTATION</u>																			
<u>Rural Development Office</u>																			
Regional Rural Development Officer	1			1															
Asst. Rural Development Officer (San Jose)				1															
All Other (Non-Professional)		1			1														
<u>Capital Development Office</u>																			
Assistant Capital Resource Development Officer (Foreign National Contract)																			
All Other (Non-Professional)		1			1														
1/ Part-time resident hire (FSSR) Secretary (non-add)																			

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 1979 - 1981
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS											
	FY 1979			FY 1980			FY 1981			Current		
	Minimum			Minimum			Minimum			AAPL		
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
<u>Engineering & Technology Division</u>												
Regional Engineer	1	1		1			1					
Engineer		1		1			1					
All Other (Non-Professional)												
<u>Regional Housing & Institutional Development Office (Tegucigalpa)</u>												
Regional Housing Officer	1		1				1					
Assistant Regional Housing Officer	1		1				1					
Subtotal Project Design and Implementation	4	4	4	4			4				4	
<u>REGIONAL SERVICES</u>												
<u>Regional Supply & Management</u>												
Regional Supply & Management Officer	1		1				1					
Subtotal Regional Services	1		1				1					
<u>FINANCIAL MANAGEMENT</u>												
<u>Controller's Office (combined services with USAID/G)</u>												
Controller	1		1				1					
B&A Officer	1		1				1					
Financial Analysts	1		1				1					
Chief Accountant		2	1				2				2	
Deputy Chief Accountant		1	1				1				1	
All Other (Non-Professional)		1	1				1				1	
Subtotal Financial Management	3	13	3	13	3		3	13	3		13	

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 1979 - 1981
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	DECISION UNIT																		
	FY 1979						FY 1980						FY 1981						
	Minimum		Current		AAPL		Minimum		Current		AAPL		Minimum		Current		AAPL		
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	
<u>MISSION SUPPORT</u>																			
Executive Office (combined services with USAID/G)																			
Telephone Operator/Receptionist																			
Subtotal Executive Office																			
Cumulative Total	11	21	11	21	11	21	11	21	11	21	11	21	11	21	11	21	11	21	

TABLE IX - SUPPORTING NARRATIVE
ON POSITION REQUIREMENTS

1. ROCAP proposes to maintain present staffing levels through the period of this ABS, i.e. 11 USDH and 21 FNDH plus one part-time local hire U.S. secretary (FSSR) to the Director. As Table VI, Project Summary, indicates, the number of activities ROCAP is implementing remains substantially constant through FY 1981. The number of activities under design for future implementation, changing from eleven in FY 1979 to nine under the AAPL, is also almost constant. For these and reasons discussed in the Table V Narrative, ROCAP has chosen to place its entire workforce under the Minimum.

2. The composition of ROCAP USDH is subject to change in FY 1980, however. The USDH engineer, upon his departure, will be replaced by a new Assistant Rural Development Officer in San Jose for which MODE clearance is approved. This position will assist the Guatemala-based senior Regional Rural Development Officer in management of ongoing and design of new projects involving CATIE and IICA.

3. Table VI reflects the assignment of the USDH Capital Resources Officer as Assistant Director, in which position he spends the majority of his time. The remainder is spent monitoring the ROCAP loan portfolio and in the design of future loan projects with the Assistant Capital Resource Development Officer, encumbered by a Foreign National contractor.

4. Joint Services: ROCAP and USAID/G share Controller and Executive Office personnel. The entire Controller staff is charged to ROCAP, and except for one receptionist in the "ROCAP building", Executive Office personnel are charged to USAID/G roles.

5. Regional Services: ROCAP continues to house the USDH Regional Supply & Management Officer, who assists the five Central American bilateral USAIDs and ROCAP, in matters related to procurement, excess property and project design and implementation. The Regional Legal Advisor, previously

assigned to ROCAP, was transferred to USAID/Honduras during FY 1979. The Financial Analyst positions (US and FN) also provide services in project design for the five bilateral USAIDs, as well as for ROCAP.

6. The linkage between program composition and workforce is further discussed in the Decision Package (Table V) Narrative. See page 29 regarding an increased ROCAP work force to implement a regional program in excess of AAPL and not fully reflected in this ABS.

FY 1981 ANNUAL BUDGET SUBMISSION
 PROJECT BUDGETS AND PERCENTAGES OF OBLIGATIONS
 TO MEET SPECIAL CONCERNS
 (BUDGETS IN THOUSANDS OF DOLLARS)

TABLE X

DECISION UNIT: 596 REG OFFICE CEN AMER & PANAMA-RUCAP

PROJECT NUMBER AND TITLE: 5960040 SIECA INSTITUTIONAL ASSISTANCE APPROPRIATION: EDUCATION AND HUMAN RESOURCES

A. BUDGET IN CP: FY 1979 - \$ 175 BUDGET IN ABS: FY 1979 - \$ _____
 FY 1980 - \$ 0 FY 1980 - \$ _____
 FY 1981 - \$ _____

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
942	PESA	100%	_____%	1%	_____%	_____%
ADD	---	---	---	---	---	---
ADD	---	---	---	---	---	---

PROJECT NUMBER AND TITLE: 5960048 AGRICULTURAL RESEARCH AND INFO SYSTEM APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1979 - \$ 500 BUDGET IN ABS: FY 1979 - \$ _____
 FY 1980 - \$ 758 FY 1980 - \$ _____
 FY 1981 - \$ 210

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
941	ATNL	20%	20%	20%	20%	20%
ADD	---	---	---	---	---	---
ADD	---	---	---	---	---	---

FY 1981 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND PERCENTAGES OF OBLIGATIONS
TO MEET SPECIAL CONCERNS
(BUDGETS IN THOUSANDS OF DOLLARS)

PROJECT NUMBER AND TITLE: 5960065 REGIONAL NUTRITION PROGRAMS APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1979 - \$ 480 BUDGET IN ABS: FY 1979 - \$ 280
 FY 1980 - \$ 0 FY 1980 - \$ 200
 FY 1981 - \$ _____

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
940	RESA	50%	10%	0%	10%	____%
939	RESD	50%	30%	0%	30%	____%
ADD						____%
ADD						____%

PROJECT NUMBER AND TITLE: 5960066 TRANSFER OF TECHNOLOGY APPROPRIATION: EDUCATION AND HUMAN RESOURCES

A. BUDGET IN CP: FY 1979 - \$ 250 BUDGET IN ABS: FY 1979 - \$ _____
 FY 1980 - \$ 0 FY 1980 - \$ 510
 FY 1981 - \$ _____

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
938	ATNL	20%	10%	0%	10%	____%
937	RESD	64%	10%	0%	10%	____%
ADD	RESA		20%		20%	____%
ADD						____%

FY 1981 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND PERCENTAGES OF OBLIGATIONS
TO MEET SPECIAL CONCERNS
(BUDGETS IN THOUSANDS OF DOLLARS)

PROJECT NUMBER AND TITLE: 596U083 SMALL FARM PRODUCTION SYSTEMS APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1979 - \$ 475 BUDGET IN ABS: FY 1979 - \$ 940
 FY 1980 - \$ 1000 FY 1980 - \$ 1665
 FY 1981 - \$ 1665

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
934	LTRG	1%	10%	1%	10%	10%
936	PESA	4%	10%	4%	10%	10%
935	RESP	34%	15%	34%	15%	15%
ADD	AINL		70%		10%	10%
ADD						

PROJECT NUMBER AND TITLE: 5960086 NON-CONVENTIONAL ENERGY STUDIES GRANT APPROPRIATION: SELECTED DEVELOPMENT ACTIVITIES

A. BUDGET IN CP: FY 1979 - \$ 0 BUDGET IN ABS: FY 1979 - \$ 0 See Additional Project 0089
 FY 1980 - \$ 500 FY 1980 - \$ 0
 FY 1981 - \$ 0

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
933	ENER	0%	0%	100%	0%	0%
ADD						
ADD						

TABLE X SPECIAL CONCERNS - ADDITIONAL PROJECTS

DECISION UNIT: ROCAP

PROJECT NUMBER AND TITLE: 596-0084 Light Capital Technology Network APPROPRIATION: FN

CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981
<u>ATNL</u>	<u> </u> %	<u>100</u> %	<u> </u> %	<u> </u>	<u> </u> %	<u> </u> %	<u> </u> %

PROJECT NUMBER AND TITLE: 596-0088 Nutrition Information & Technology Transfer APPROPRIATION: FN

CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981
<u>RESA</u>	<u> </u> %	<u>80</u> %	<u>20</u> %	<u> </u>	<u> </u> %	<u> </u> %	<u> </u> %

PROJECT NUMBER AND TITLE: 596-0089 Woodfuel Alternatives APPROPRIATION: FN

CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981
<u>ENER</u>	<u>80</u> %	<u>80</u> %	<u>80</u> %	<u>RESD</u>	<u>10</u> %	<u>10</u> %	<u>10</u> %

PROJECT NUMBER AND TITLE: 596-0090 Environmental Management APPROPRIATION: SDP

CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981
<u>ENVR</u>	<u> </u> %	<u>100</u> %	<u>100</u> %	<u>RESA</u>	<u> </u> %	<u>20</u> %	<u>20</u> %

PROJECT NUMBER AND TITLE: _____ APPROPRIATION: _____

CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	PERCENTAGE OF BUDGET 1980	PERCENTAGE OF BUDGET 1981
<u> </u>	<u> </u> %	<u> </u> %	<u> </u> %	<u> </u>	<u> </u> %	<u> </u> %	<u> </u> %