

UNCLASSIFIED

Annual Budget Submission

FY 1989

COSTA RICA

JUNE 1987



Agency for International Development
Washington, D.C. 20523

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COSTA RICA

FY 1989

ANNUAL BUDGET SUBMISSION

Table of Contents

- I. Table I - Long Range Plan by Appropriation Account
- II. Table IV - Project Budget Data, with Attachment 5, Micro and Small Enterprise Activities and PVOs and NGOs Data
- III. Table V - Proposed Program Ranking
- IV. Local Currency Use Plan
Table VI - Expenditures of Local Currency Generations
- V. Operating Expense Narrative
Table VIII - Operating Expenses
- VI. Table VIIIIC - Obligations for Acquisition, Operation and Use of Information Technology Systems
- VII. Table XI - P.L. 480 Title I/III Requirements
- VIII. Narrative Privatization Plan

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$'000)

	FY 1986	FY 1987	----FY 1988----		FY 1989	-----PLANNING PERIOD-----			
	ACTUAL	ESTIMATE	CP	ESTIMATE	AAPL	1990	1991	1992	1993
AGRICULTURE RURAL DEVELOP. & NUTRITION									
TOTAL	2,056	8,445	5,575	4,987	8,306	4,489	6,000	6,500	7,000
GRANTS	1,806	2,239	1,925	1,425	475	2,088	1,500	1,500	1,500
LOANS	250	6,206	3,650	3,562	7,831	2,401	4,500	5,000	5,500
POPULATION									
TOTAL	25	230	175	763	1,504	1,368	60	60	80
GRANTS	25	230	175	763	1,504	1,368	60	60	80
LOANS	0	0	0	0	0	0	0	0	0
HEALTH									
TOTAL	98	406	50	300	50	50	60	60	70
GRANTS	98	406	50	300	50	50	60	60	70
LOANS	0	0	0	0	0	0	0	0	0
EDUCATION & HUMAN RESOURCES									
TOTAL	578	2,032	1,100	1,100	1,050	50	50	50	60
GRANTS	578	2,032	1,100	1,100	1,050	50	50	50	60
LOANS	0	0	0	0	0	0	0	0	0
SELECTED DEVELOPMENT ACTIVITIES									
TOTAL	8,068	5,539	6,000	6,000	2,090	6,763	7,236	6,897	6,520
GRANTS	2,068	2,950	2,800	2,800	1,729	1,123	1,436	1,397	1,400
LOANS	6,000	2,589	3,200	3,200	361	5,640	5,800	5,500	5,120
TOTAL DA ACCOUNT									
TOTAL	10,825	16,652*	12,900	13,150	13,000	12,720	13,406	13,567	13,730
GRANTS	4,575	7,857	6,050	6,388	4,808	4,679	3,106	3,067	3,110
LOANS	6,250	8,795	6,850	6,762	8,192	8,041	10,300	10,500	10,620
ECONOMIC SUPPORT FUNDS									
TOTAL	120,582	87,716	90,000	90,250	83,500	79,287	80,437	81,402	82,379
GRANTS	120,582	87,716	90,000	90,250	83,500	79,287	80,437	81,402	82,379
LOANS	0	0	0	0	0	0	0	0	0
DA AND ESF									
TOTAL	131,407	104,368	102,900	103,400	96,500	92,007	93,843	94,969	96,109
GRANTS	125,157	95,573	96,050	96,638	88,308	83,966	83,543	84,469	85,489
LOANS	6,250	8,795	6,850	6,762	8,192	8,041	10,300	10,500	10,620
PL 480	16,000	16,000	15,000	15,000	17,000	18,000	16,000	16,000	15,000

* Includes funds deobligated from terminated projects which will be reobligated in FY 87.

TABLE IV - PROJECT BUDGET DATA

-----ESTIMATED U.S. DOLLAR COST (\$'000)-----

OBLIG DATE	TOTAL COST AUTH PLAN	OBLIG THRU FY 86	FY 86		FY 1987		FY 1988		SPECIAL INTEREST ITEM NO			
			PIPE- LINE	OBLIG- ATIONS	EXPEND- ITURES	MORTGAGE END OF FY 87	OBLIG- ATIONS	EXPEND- ITURES		FY 89 AAPL		
AGRICULTURE, RURAL DEV. AND NUTRITION												
515-0000.01 Program Development & Support												
G 52	C	7054	Subcat:FNPA	64 5	400	850	0	415	550	400		
515-0145 Natural Resources Conservation												
L 79	80	8000	Subcat:FNMC	1868 1/	0	0	0	0	0	0		
515-0148 Agrarian Settlement & Productivity												
G 80	81	500	Subcat:FNLS	19	0	19	0	0	0	0		
L 80	80	9500	1778	0	1778	0	0	0	0	0		
515-0187 Private Sector Export Credit												
L 82	83	2000	Subcat:FNPE	228	0	228	0	0	0	0		
515-0191 Northern Zone Infrastructure Dev.												
G 83	83	500	Subcat:FNLN	189	0	100	0	0	89	0		
L 83	83	14200	5781	0	4500	0	0	0	1281	0		
515-0204 Private Investment Corporation												
L 84	86	5000	Subcat:FNPE	1196	0	800	0	0	396	0		
515-0223 Agric. & Industrial Reactivation												
L 86	89	8500	Subcat:FNPE	0	4338	500	4162	1162	2500	3000		
515-0226 Ag. Services & Union Dev. (PVO-U-R)												
G 85	86	1000	Subcat:FNMS	530	0	350	0	0	180	0		
515-0227 Agric. Coop. Dev. Int. (PVO-U-R)												
G 85	86	800	Subcat:FNPV	618	0	310	0	0	308	0		
515-0235 Northern Zone Consolidation												
G 88	88	0	Subcat:FNLN	0	0	0	500	425	100	75		
L 87	90	0	0	1868 1/	100	10132	2400	900	4831	0		
515-0237 Non-Traditional Exports Tech. Sup.												
G 87	88	0	Subcat:FNPE	0	1415	150	585	585	600	0		
515-1000 Central American Peace Scholarships												
G 87	87	424	Subcat:FMZZ	0	424	350	0	0	74	0		
Appropriation												
Total		50000		64924	48554	12852	8445 2/	9935	15379	4987	6978	8306
Grant		2800		5724	9854	2001	2239	2129	1085	1425	1901	475
Loan		47200		59200	38700	10851	6206 2/	7806	14294	3562	5077	7831

1/ To be deobligated and reobligated in FY 1987 under the Northern Zone Consolidation Project (515-235).
 2/ Includes \$1,868 resulting from the deobligation of the Natural Resources Conservation Project (515-0145) which will be reobligated for the Northern Zone Consolidation Project (515-0235). These funds are additional to the Mission's FY 87 OYB.

OBLIG G DATE	OBLIG L INIT FIN	TOTAL COST AUTH PLAN	OBLIG THRU FY 86	FY 86 PIPE- LINE	OBLIG- ATIONS	FY 1987		FY 1988		FY 89 INTEREST	SPECIAL ITEM NO
						EXPEND- ITURES	MORTGAGE END OF FY 87	EXPEND- ITURES	AAPL		
POPULATION PLANNING											
515-0000.02 Program Development and Support											
G 52	C	196	196	29	47	55	0	50	65	25	
515-0168 Family Planning Self-Reliance											
G 83	90	2500	2500	3/1094	0	750	3500	713	400	1479	
515-1000 Central America Peace Scholarships											
G 87	87	183	0	0	183	113	0	0	70	0	
Appropriation											
Total		2683	6183	2696	1123	918	3500	763	535	1504	
Grant		2683	6183	2696	1123	918	3500	763	535	1504	
Loan		0	0	0	0	0	0	0	0	0	
HEALTH											
515-0000.06 Program Development and Support											
G 52	C	0	229	36	56	70	0	50	60	50	
515-0203 Health Services Support											
G 83	86	300	300	170	0	100	0	0	70	0	
L 83	84	10000	10000	7325	0	5000	0	0	2325	0	
515-0238 Project HOPE Emergency Services											
G 87	88	600	600	0	350	100	250	250	200	0	
Appropriation											
Total		10900	10900	7531	406	5270	250	300	2655	50	
Grant		900	900	206	406	270	250	300	330	50	
Loan		10000	10000	7325	0	5000	0	0	2325	0	
EDUCATION											
515-0000.03 Program Development and Support											
G 52	C	618	618	78	0	78	0	100	50	50	
515-0138 Science and Technology											
L 79	79	2000	2000	262	4/0	0	0	0	0	0	
515-0190 Policy, Planning & Admin. Improve.											
G 83	84	1000	1000	142	0	142	0	0	0	0	
515-0212 Training for Private Sector Dev.											
G 85	87	5000	4500	4202	500	700	0	0	1450	0	
515-1000 Central America Peace Scholarships											
G 87	89	1532	3532	0	1532	250	0	1000	600	1000	
Appropriation											
Total		9532	11532	4684	2032	1170	0	1100	2100	1050	
Grant		7532	9532	4422	2032	1170	0	1100	2100	1050	
Loan		2000	2000	262	0	0	0	0	0	0	

3/ \$265,000 AID/W (commodities) and \$2,235,000 USAID/Costa Rica 4/ To be deobligated in FY 87.

OBLIG G DATE	TOTAL COST L INIT FIN AUTH PLAN	OBLIG THRU FY 86	FY 86 PIPE- LINE	OBLIG- ATIONS	FY 1987- EXPEND- ITURES	FY 87 MORTGAGE END OF FY 87	FY 1988- EXPEND- ITURES	FY 89 INTEREST CODES	SPECIAL ITEM NO
SELECTED DEVELOPMENT ACTIVITIES									
515-0000.04	Program Development and Support	2869							
G 52	C			Subcat:SDPP	850	0	600		429
515-0138	Science and Technology			Subcat:SDTT	PACD 7/19/85				
L 79	79 2500 2500 2500	2500		164 5/ 0	0	0	0		0
515-0145	Natural Resources Conservation			Subcat:SDEV	PACD 9/30/85				
L 79	80 1800 1800 1800	1800		1800 6/ 0	0	0	0		0
515-0187	Private Sector Export Credit			Subcat:SDPE	PACD 12/21/86				
L 82	83 8000 8000 8000	8000		1079 0	1079	0	0		0
515-0188	Private Sector Low-Cost Shelter			Subcat:SDPE	PACD 11/2/87				
G 83	83 300 300 300	300		157 0	130	0	27		0
515-0190	Policy, Planning & Admin. Improve.			Subcat:SDPP	PACD 6/30/88				
G 83	88 7900 7900 5500	5500		2577 1300	1300	1100	1500		0
515-0204	Private Investment Corporation			Subcat:SDPE	PACD 8/31/88				
G 84	85 1000 1000 1000	1000		876 0	450	0	426		0
L 84	86 15000 15000 15000	15000		15000 0	6000	0	9000		0
515-0223	Agric. & Industrial Reactivation			Subcat:SDEZ	PACD 8/28/89				
G 86	88 350 350 100	100		100 150	100	100	250		0
L 86	89 11150 11150 5000	5000		5000 2589 7/ 3000	3561	3200	5000		361
515-0232	PACT (PVO-U-R)			Subcat:SDPV	PACD 6/26/91	%PVO:100			
G 86	89 4900 4900 1300	1300		1260 1000	800	1300	1500		1300
Appropriation									
Total	41400	52900	43369	28793	5539 7/ 13709	7361	6000	18303	2090
Grant	14100	14450	11069	5750	2950	3630	2800	4303	1729
Loan	27300	38450	32300	23043	2589 7/ 10079	3561	3200	14000	361
DA									
Total	114515	146439	113266	54983	16652	31002	13150	30571	13000
Grant	28015	36789	30266	13502	7857	8117	6388	9169	4808
Loan	86500	109650	83000	41481	8795	22885	6762	21402	8192

5/ This amount was deobligated and reobligated in FY 87 under the Agric. and Industrial Reactivation Project (515-0223).

6/ This amount was deobligated and reobligated in FY 87 under the Agric. and Industrial Reactivation Project (515-0223).

7/ This amount includes \$1,964 (\$1,800 deobligated from the Natural Resources Conservation Project (515-0145), and \$164 from the Science and Technology Project (515-0138) for the Agricultural and Industrial Reactivation Project (515-0223). \$625 will be provided to the AIR project from the FY 1987 OYB. The funding resulting from the deob-reob exercise is considered additional to the Mission's FY 1987 OYB.

TABLE IV - ATTACHMENT 5

Micro and Small Enterprise Activities and PVOs and NGOs Data

<u>Total PVO Portfolio in Thousands of U.S. Dollars</u>		<u>FY89</u>
I.	<u>DA Dollar Commitment</u>	
	A. For U.S. PVOs	1,300
	B. For Indigenous PVOs	0
II.	<u>From ESF Generations</u>	
	A. For use by U.S. PVOs	500
	B. For use by Indigenous PVOs	700
III.	<u>From PL 480 Generations</u>	
	A. For use by U.S. PVOs	300
	B. For use by Indigenous PVOs	500
<u>Commitments for Micro and Small Scale Enterprise Programs</u>		
I.	<u>DA Dollar Commitments</u>	
	A. For Micro Enterprises	
	1. For Credit	300
	2. For TA/Training	400
	B. For Small Enterprises	
	1. For Credit	0
	2. For TA/Training	0
	C. For Small Farmers	
	1. For Credit	200
	2. For TA/Training	700
II.	<u>ESF Generations</u>	
	A. For Micro Enterprises	
	1. For Credit	1,200
	2. For TA/Training	700
	B. For Small Enterprises	
	1. For Credit	250
	2. For TA/Training	0
	C. For Small Farmers	
	1. For Credit	400
	2. For TA/Training	500
III.	<u>From PL 480 Generations</u>	
	A. For Micro Enterprises	
	1. For Credit	30
	2. For TA/Training	60
	B. For Small Enterprises	
	1. For Credit	0
	2. For TA/Training	0
	C. For Small Farmers	
	1. For Credit	75
	2. For TA/Training	125

TABLE V - PROPOSED PROGRAM RANKING
 AID PROGRAM IN FY 1989
 (\$000)

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	PROGRAM FUNDING (\$000)		
					APPROP	INCR	CUM
1.	0240	Economic Stabilization and Recovery VIII	0	G	ESF	78,000	78,000
2.	PLO1	PL 480 Title I - Costa Rica		L	P1	(17,000)	78,000
3.	0233	Agricultural and Industrial Reactivation	0	L	ARDN	3,000	81,000
4.	0223	Agricultural and Industrial Reactivation	0	L	SDA	361	81,361
5.	0240	CAPS Regional	0	G	ESF	5,500	86,861
6.	1000	CAPS Regional	0	G	EH	1,000	87,861
7.	0235	Northern Zone Consolidation	0	L	ARDN	4,831	92,692
8.	0235	Northern Zone Consolidation	0	G	ARDN	75	92,767
9.	0232	PACT Cooperative Agreement	0	G	SDA	1,300	94,067
10.	0168	Family Planning Self-Reliance	0	G	POP	1,479	95,546
11.	0000	Program Development and Support	0	G	ARDN	400	95,946
12.	0000	Program Development and Support	0	G	SDA	429	96,375
13.	0000	Program Development and Support	0	G	EH	50	96,425
14.	0000	Program Development and Support	0	G	HE	50	96,475
15.	0000	Program Development and Support	0	G	POP	25	96,500

LOCAL CURRENCY USE PLAN

Local currency resources are made available to the Costa Rica program from two sources. In exchange for ESF dollar cash transfers under the Economic Stabilization Recovery (ESR) program, the GOCCR deposits the local currency equivalent of each disbursement in the AID Special Account in the Central Bank (BCCR). In addition, local currency generated from the sale of P.L. 480 Title I food commodities is deposited into a separate account in the BCCR. Since becoming available in FY 1982, these resources have been the principal source of funds to implement the Mission's program and, specifically, address the recommendations of the NBCCA.

Since FY 1982, the local currency equivalents of \$586.3 million from the ESR program and \$108.6 million from the Title I program have been programmed for Mission activities. The majority of the resources have been directed toward the laying the basis for growth and the widened sharing of the benefits of growth goals of the Mission's strategy, although funds have also been directed toward the democracy goal through activities such as counterpart to the CAPS project, a democracy book publishing program, and assisting to broaden participation in the legislative process of Costa Rica. ESF Trust Fund monies have also covered the majority of Mission operating expenses, and are covering costs of the new AID building and other real property purchases.

Local currencies made available during the FY 1987-FY 1989 period will continue to be directed to the same overall goals, but the portfolios will become increasingly consolidated.

- In support of the laying the basis for growth goal, ESF resources will be planned for completing the CODESA divestiture, for increasing the BCCR Special Credit Line, for export/investment promotion activities and for implementing the new agribusiness strategy via the Private Agricultural and Agro-Industrial Council. P.L. 480 resources will be used for private enterprise development credit through privately owned banks, cooperatives, and/or PVOs; and for agricultural production, research and extension services, as well as for improving infrastructure.
- In support of the widened sharing of equity goal, ESF resources will provide seed capital for the new National Housing Mortgage Bank, will continue to cover costs of constructing and establishing the Regional Agriculture College for the Humid Tropics (EARTH), and cover publishing costs of secondary school textbooks.
- In support of the strengthened democratic institutions goal, ESF resources will also continue providing resources for the CAPS and democracy book programs.

Given the magnitude of resources involved and their integral relationship with other programs in achieving Mission objectives and goals, local currency resources have of necessity had major management implications in regard to:

1. Their allocation. Mission personnel at all levels are involved in the local currency program by identifying activities to be funded, including a justification, tracking availability of funds, and participating in decisions on implementation issues. Some are also involved in negotiation with the GOCR on how funds will be allocated.
2. Preparing program documentation. To avoid overprogramming funds and to assure key parties agree to all aspects of the activity, the Mission uses Memoranda and Letters of Understanding to "obligate" local currencies. Depending on the nature of the activity, the documentation can be complex and lengthy, and may require several revisions before it is finally signed.
3. The policy dialogue leading to and accompanying activity implementation. Where a local currency-financed activity supports a major structural change, as much or even more Mission management and staff time may be spent on the policy dialogue leading to or accompanying the activity as in the activity's implementation. Cases in point include, for example, the CODESA divestiture and establishment of the National Housing Mortgage Bank which have involved literally months, even years, of dialogue to assure that the policy principles behind the activity remain intact through its implementation. Such activities can also involve a lengthy legislative procedure necessitating Mission involvement in tracking progress and again assuring that key principles are included in the final legislation. Such was the case with Legislative Assembly consideration of the Mortgage Bank and EARTH, for example.
4. Their implementation. Because the activities are important to meeting Mission program objectives, the Mission monitors the projects closely to assure proper implementation. For each MOU a project officer is designated who is responsible for monitoring the status and progress of the respective activity. The degree of monitoring required varies according to the size, complexity, and importance to strategy of the activity, with the larger ones taking considerable input while the smaller ones take very little effort. At a minimum, however, project officers must be familiar enough with the status of each activity to certify when additional disbursements are required (only in a few cases is 100% of an activity's budget disbursed up front). For the larger activities (approximately 10), the project officer prepares a semi-annual report like that required for dollar projects, which is then incorporated into the Mission's semi-annual portfolio review process. Also, project officers are required to coordinate with the Controller's Office to assure that each MOU is audited by an independent auditing firm (each MOU provides funds in its budget for this purpose).

Over the past two years, the Mission has made serious efforts to concentrate its local currency portfolio by programming fewer, larger activities, and the results are quite visible. Through FY 1986, 135 local currency activities were financed. Of these, 64 have been completed and another 36 are planned for completion in CY 1987. Also, of the seven activities proposed for funding under the new ESR VI program, all but one (the BCCR subsidy) are ongoing from previous arrangements.

5. Their Financial Control. Responsible management of such a magnitude of resources requires adequate staff time to assure sound financial control. Toward this end, a comprehensive financial management system has been established.

ESF and P.L. 480 local currencies, therefore, are the major financial resource for implementation of the Mission's program strategy. Consequently, the Mission has adopted an intensive management system to assure that the objectives are being met. The cost of this approach is at least partially offset because the Mission also uses the local currency to finance the major portion of its operating costs.

Table VI - Expenditures of Local Currency Generations 1/,2/
(U. S. dollar equivalents in \$ millions)

<u>Source/Purposes</u>	<u>1986 ACTUAL</u>	<u>1987 EST.</u>	<u>1988 PLANNED</u>	<u>1989 PROP.</u>
<u>I. ECONOMIC SUPPORT FUNDS</u>	<u>44.7</u>	<u>179.3</u>	<u>138.6</u>	<u>91.8</u>
<u>A. Public Develop. Activities</u>	<u>3.7</u>	<u>20.9</u>	<u>16.9</u>	<u>-</u>
1. Housing & Infrastructure	1.6	4.1	0.3	-
2. Policy Development	0.6	0.6	0.3	-
3. Export Promotion	1.5	0.2	0.3	-
4. BCCR Transfer <u>3/</u>	-	16.0	16.0	-
<u>B. Private Sector Programs</u>	<u>36.8</u>	<u>147.9</u>	<u>116.9</u>	<u>86.8</u>
1. Increase Private Sector Develop.	0.3	0.4	0.4	20.0
2. Divestiture Parastatal Entities	0.2	45.2	72.0	-
3. Housing & Infrastructure	0.8	10.0	30.3	25.0
4. Accelerate Agric. Develop	11.7	0.7	2.7	12.7
5. Export Promotion	1.4	2.0	2.6	2.6
6. Training & Education	1.2	2.9	2.9	1.5
7. Credit Lines	20.0	6.0	6.0	10.0
8. Agricultural School	1.2	80.7	-	-
9. Other Activities	-	-	-	15.0
<u>C. Public Sector Recurrent Budget</u>				
<u>D. AID Operating Expenses</u>	<u>4.2</u>	<u>10.5</u>	<u>4.8</u>	<u>5.0</u>
Trust Funds	4.2	10.5 <u>4/</u>	4.8	5.0
<u>II. DEVELOPMENT ASSISTANCE: (not applicable)</u>				
<u>III. PL 480</u>	<u>6.2</u>	<u>12.3</u>	<u>23.6</u>	<u>20.5</u>
<u>A. Public Development Activities</u>	<u>6.2</u>	<u>11.9</u>	<u>18.2</u>	<u>15.2</u>
1. Counterpart to AID Projects	0.4	2.7	3.3	2.5
2. Counterpart to IDB Projects	3.0	3.7	5.3	6.0
2. Agriculture & Agroindustry	2.1	4.5	6.0	3.5
3. Social Sector	0.7	1.0	3.4	3.2
<u>B. Private Sector Programs</u>	<u>-</u>	<u>0.4</u>	<u>5.4</u>	<u>5.3</u>
1. Increase Private Sect. Dev.	-	0.2	4.2	4.2
2. Investment & Export Promotion	-	0.2	1.2	1.1
<u>C. Public Sector Recurrent Budget</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Not applicable				
<u>D. AID Operating Expenses</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Not applicable				
<u>TOTALS:</u>	<u>50.9</u>	<u>191.6</u>	<u>162.2</u>	<u>112.3</u>

1/ Includes Monetized and Non-monetized Amounts.

2/ Expenditures represent the portion of obligated funds expected to be disbursed in any given fiscal year. They do not have a direct bearing on the amounts obligated in the respective years.

3/ Funding for BCCR to write down outstanding obligations thereby assisting in the reduction of overall BCCR losses.

4/ Includes construction of new AID building.

TABLE VIII

FY 1987-1989 ANNUAL BUDGET SUBMISSION COSTA RICA (25515)			FY 1987 EST. (\$ 000)				
EXPENSE CATAGORY	FUNC TION	OBJ CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST
U.S. DIRECT HIRE			1,642.5	136.0	1,778.5		
U.S. CITIZENS BASIC PAY	U101*	110	1,257.0	0.0	1,257.0	23.0	54.7
PT/TEMP U.S. BASIC PAY	U102*	112	29.6	0.0	29.6	1.6	18.5
DIFFERENTIAL PAY	U103*	116	0.0	0.0	0.0		
OTHER AID/W FUNDED CODE 11	U104*	119	36.3	0.0	36.3		
OTHER MISSION FUNDED CODE 11	U105	119	0.0	0.0	0.0		
EDUCATION ALLOWANCES	U106	126	30.7	71.3	102.0	27.0	3.8
RETIREMENT-U.S. DIRECT HIRE	U107*	120	92.0	0.0	92.0		
LIVING ALLOWANCES	U108	428	0.0	0.0	0.0		
OTHER AID/W FUNDED CODE 12	U109*	129	28.3	0.0	28.3		
OTHER MISSION FUNDED CODE 12	U110	129	12.6	16.9	29.5		
POST ASSIGNMENT - TRAVEL	U111	212	19.3	0.6	19.9	7.0	2.8
POST ASSIGNMENT - FREIGHT	U112	220	93.6	19.4	113.0	7.0	16.1
HOME LEAVE - TRAVEL	U113	212	16.6	7.4	24.0	9.0	2.7
HOME LEAVE - FREIGHT	U114	220	11.9	12.0	23.9	9.0	2.7
EDUCATION TRAVEL	U115	215	7.8	4.8	12.6	12.0	1.1
R AND R TRAVEL	U116	215	0.0	0.0	0.0	0.0	0.0
OTHER CODE 215 TRAVEL	U117	215	6.8	3.6	10.4	5.0	2.1
F. N. DIRECT HIRE			6.6	260.8	267.4		
BASIC PAY	U201	114	3.3	183.5	186.8	18.4	10.2
OVERTIME, HOLIDAY PAY	U202	115	0.0	33.6	33.6	2.2	15.3
ALL OTHER CODE 11 - FN	U203	119	0.0	9.8	9.8		
ALL OTHER CODE 12 - FN	U204	129	3.3	33.9	37.2		
BENEFITS FORMER FN PERSONNEL	U205	130	0.0	0.0	0.0		
CONTRACT PERSONNEL			134.7	978.2	1,112.9		
PASA TECHNICANS	U301	258	0.0	0.0	0.0		
U.S. PSC - SALARY/BENEFITS	U302	113	131.7	108.4	240.1	6.3	38.1
ALL OTHER U.S. PSC COSTS	U303	255	3.0	2.3	5.3		
F.N. PSC - SALARY/BENEFITS	U304	113	0.0	739.5	739.5	82.6	9.0
ALL OTHER F.N. PSC COSTS	U305	255	0.0	0.4	0.4		
MANPOWER CONTRACTS	U306	259	0.0	127.6	127.6	5.0	25.5
JCC COSTS PAID BY AID/W	U307*	113	0.0	0.0	0.0		

TABLE VIII

HOUSING		U400	6.9	908.2	915.1			
RESIDENTIAL RENT	U401	235	0.0	293.5	293.5	23.5	12.5	
RESIDENTIAL UTILITIES	U402	235	0.0	40.0	40.0			
MAINTENANCE AND RENOVATION	U403	259	0.0	106.1	106.1			
QUARTERS ALLOWANCE	U404	127	3.6	0.0	3.6	0.3	12.0	
RESIDENTIAL FURNITURE/EQUIP	U405	311	0.0	223.5	223.5			
TRANS./FREIGHT - CODE 311	U406	220	0.0	22.5	22.5			
SECURITY GUARD SERVICES	U407	259	0.0	222.6	222.6	34.0	6.5	
OFFICIAL RESIDENCE ALLOWANCE	U408	254	1.7	0.0	1.7			
REPRESENTATION ALLOWANCES	U409	252	1.6	0.0	1.6			
OFFICE OPERATIONS		U500	853.3	2,183.7	3,037.0			
OFFICE RENT	U501	234	0.0	58.7	58.7			
OFFICE UTILITIES	U502	234	0.0	40.3	40.3			
BUILDING MAINT./RENOVATION	U503	259	0.0	50.0	50.0			
OFFICE FURNITURE/EQUIPMENT	U504	310	0.0	161.8	161.8			
VEHICLES	U505	312	0.0	56.5	56.5	3.0	18.8	
OTHER EQUIPMENT	U506	319	10.0	396.8	406.8			
TRANSPORTATION / FREIGHT	U507	220	5.6	10.0	15.6			
FURN/EQUIP/VEH REPAIR/MAINT.	U508	259	570.7	112.3	683.0			
COMMUNICATIONS	U509	230	0.0	105.1	105.1			
SECURITY GUARD SERVICES	U510	259	0.0	225.6	225.6	18.0	12.5	
PRINTING	U511	240	0.0	4.0	4.0			
SITE VISIT-MISSION PERSONNEL	U513	210	30.5	43.8	74.3	69.0	1.1	
SITE VISIT-AID/ PERSONNEL	U514	210	4.0	5.0	9.0	6.0	1.5	
INFORMATION MEETINGS	U515	210	15.6	9.8	25.4	40.0	0.6	
TRAINING ATTENDANCE	U516	210	69.3	19.2	88.5	34.0	2.6	
CONFERENCE ATTENDANCE	U517	210	16.5	14.4	30.9	28.0	1.1	
OTHER OPERATIONAL TRAVEL	U518	240	4.4	7.5	11.9	6.0	2.0	
SUPPLIES AND MATERIALS	U519	257	74.6	214.6	289.2			
FAAS	U520	259	0.0	64.3	64.3			
CONSULTING SVCS. - CONTRACTS	U521	259	1.8	41.3	43.1			
MGT./PROF. SVCS. - CONTRACTS	U522	259	40.8	302.0	342.8			
SPEC STUDIES/ANALYSES - CONT.	U523	259	2.0	25.0	27.0			
ALL OTHER CODE 25	U524	259	7.5	215.7	223.2			
TOTAL O.E. EXPENSE BUDGET			2,644.0	4,466.9	7,110.9			
RECONCILIATION			1,443.2	0.0	1,443.2			
OPERATING BUDGET REQUIREMENTS			1,200.8	4,466.9	5,667.7			
SECTION 636(c)		320	0.0	10,247.5	10,247.5			
TOTAL ALLOWANCE REQUIREMENTS			U000	1,200.8	14,714.4	15,915.2		
DOLLAR REQUIREMENTS FOR LC PURCHASES						0.0		
EXCHANGE RATE USED						61.25		
ESTIMATED INFLATION RATE						12%		

TABLE VIII

FY 1987-1989 ANNUAL BUDGET SUBMISSION COSTA RICA (25515)			FY 1988 REQUEST (\$ 000)				
EXPENSE CATAGORY	FUNC TION	OBJ CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST
U.S. DIRECT HIRE	U100		1,641.1	155.4	1,796.5		
U.S. CITIZENS BASIC PAY	U101*	110	1,304.1	0.0	1,304.1	23.7	55.0
PT/TEMP U.S. BASIC PAY	U102*	112	29.6	0.0	29.6	1.6	18.5
DIFFERENTIAL PAY	U103*	116	0.0	0.0	0.0		
OTHER AID/W FUNDED CODE 11	U104*	119	36.3	0.0	36.3		
OTHER MISSION FUNDED CODE 11	U105	119	0.0	0.0	0.0		
EDUCATION ALLOWANCES	U106	126	30.7	96.1	126.8	37.0	3.4
RETIREMENT-U.S. DIRECT HIRE	U107*	120	95.4	0.0	95.4		
LIVING ALLOWANCES	U108	428	0.0	0.0	0.0		
OTHER AID/W FUNDED CODE 12	U109*	129	29.3	0.0	29.3		
OTHER MISSION FUNDED CODE 12	U110	129	10.3	12.8	23.1		
POST ASSIGNMENT - TRAVEL	U111	212	9.2	0.4	9.6	5.0	1.9
POST ASSIGNMENT - FREIGHT	U112	220	51.0	10.1	61.1	5.0	12.2
HOME LEAVE - TRAVEL	U113	212	24.1	9.3	33.4	11.0	3.0
HOME LEAVE - FREIGHT	U114	220	8.1	19.2	27.3	11.0	2.5
EDUCATION TRAVEL	U115	215	6.5	4.0	10.5	10.0	1.1
R AND R TRAVEL	U116	215	0.0	0.0	0.0	0.0	0.0
OTHER CODE 215 TRAVEL	U117	215	6.5	3.5	10.0	5.0	2.0
F. N. DIRECT HIRE	U200		8.0	329.3	337.3		
BASIC PAY	U201	114	4.0	233.1	237.1	20.0	11.9
OVERTIME, HOLIDAY PAY	U202	115	0.0	42.7	42.7	2.3	18.6
ALL OTHER CODE 11 - FN	U203	119	0.0	9.8	9.8		
ALL OTHER CODE 12 - FN	U204	129	4.0	43.7	47.7		
BENEFITS FORMER FN PERSONNEL	U205	130	0.0	0.0	0.0		
CONTRACT PERSONNEL	U300		335.9	1,313.4	1,649.3		
PASA TECHNICANS	U301	258	0.0	0.0	0.0		
U.S. PSC - SALARY/BENEFITS	U302	113	292.5	131.8	424.3	8.0	53.0
ALL OTHER U.S. PSC COSTS	U303	255	8.7	9.5	18.2		
F.N. PSC - SALARY/BENEFITS	U304	113	34.7	961.7	996.4	100.0	10.0
ALL OTHER F.N. PSC COSTS	U305	255	0.0	0.4	0.4		
MANPOWER CONTRACTS	U306	259	0.0	210.0	210.0	8.0	26.3
JCC COSTS PAID BY AID/W	U307*	113	0.0	0.0	0.0		

TABLE VIII

HOUSING		U400	3.3	823.9	827.2		
RESIDENTIAL RENT	U401	235	0.0	266.0	266.0	21.5	12.4
RESIDENTIAL UTILITIES	U402	235	0.0	46.0	46.0		
MAINTENANCE AND RENOVATION	U403	259	0.0	122.0	122.0		
QUARTERS ALLOWANCE	U404	127	0.0	0.0	0.0	0.0	0.0
RESIDENTIAL FURNITURE/EQUIP	U405	311	0.0	122.4	122.4		
TRANS./FREIGHT - CODE 311	U406	220	0.0	11.5	11.5		
SECURITY GUARD SERVICES	U407	259	0.0	256.0	256.0	34.0	7.5
OFFICIAL RESIDENCE ALLOWANCE	U408	254	1.7	0.0	1.7		
REPRESENTATION ALLOWANCES	U409	252	1.6	0.0	1.6		
OFFICE OPERATIONS		U500	919.3	1,638.4	2,557.7		
OFFICE RENT	U501	234	0.0	44.9	44.9		
OFFICE UTILITIES	U502	234	0.0	44.3	44.3		
BUILDING MAINT./RENOVATION	U503	259	0.0	55.0	55.0		
OFFICE FURNITURE/EQUIPMENT	U504	310	10.0	17.0	27.0		
VEHICLES	U505	312	0.0	40.0	40.0	2.0	20.0
OTHER EQUIPMENT	U506	319	0.0	133.2	133.2		
TRANSPORTATION / FREIGHT	U507	220	1.7	11.0	12.7		
FURN/EQUIP/VEH REPAIR/MAINT.	U508	259	627.8	135.7	763.5		
COMMUNICATIONS	U509	230	0.0	115.6	115.6		
SECURITY GUARD SERVICES	U510	259	0.0	248.2	248.2	18.0	13.8
PRINTING	U511	240	0.0	4.4	4.4		
SITE VISIT-MISSION PERSONNEL	U513	210	30.5	43.8	74.3	69.0	1.1
SITE VISIT-AID/ PERSONNEL	U514	210	4.0	5.0	9.0	6.0	1.5
INFORMATION MEETINGS	U515	210	15.6	9.8	25.4	40.0	0.6
TRAINING ATTENDANCE	U516	210	69.3	19.2	88.5	34.0	2.6
CONFERENCE ATTENDENCE	U517	210	16.5	14.4	30.9	28.0	1.1
OTHER OPERATIONAL TRAVEL	U518	240	4.4	7.5	11.9	6.0	2.0
SUPPLIES AND MATERIALS	U519	257	82.1	236.1	318.2		
FAAS	U520	259	0.0	64.3	64.3		
CONSULTING SVCS. - CONTRACTS	U521	259	2.0	45.4	47.4		
MGT./PROF. SVCS. - CONTRACTS	U522	259	44.9	70.8	115.7		
SPEC STUDIES/ANALYSES - CONT.	U523	259	2.2	35.5	37.7		
ALL OTHER CODE 25	U524	259	8.3	237.3	245.6		
TOTAL O.E. EXPENSE BUDGET			2,907.6	4,260.4	7,168.0		
RECONCILIATION			1,494.7	0.0	1,494.7		
OPERATING BUDGET REQUIREMENTS			1,412.9	4,260.4	5,673.3		
SECTION 636(c)		320	0.0	200.0	200.0		
TOTAL ALLOWANCE REQUIREMENTS U000			1,412.9	4,460.4	5,873.3		
DOLLAR REQUIREMENTS FOR LC PURCHASES						0.0	
EXCHANGE RATE USED						61.25	
ESTIMATED INFLATION RATE						12%	

TABLE VIII

FY 1987-1989 ANNUAL BUDGET SUBMISSION COSTA RICA (25515)			FY 1989 REQUEST (\$ 000)				
EXPENSE CATAGORY	FUNC TION	OBJ CLASS	DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST
U.S. DIRECT HIRE			1,637.3	154.5	1,791.8		
U.S. CITIZENS BASIC PAY	U101*	110	1,275.9	0.0	1,275.9	23.7	53.8
PT/TEMP U.S. BASIC PAY	U102*	112	37.7	0.0	37.7	2.0	18.9
DIFFERENTIAL PAY	U103*	116	0.0	0.0	0.0		
OTHER AID/W FUNDED CODE 11	U104*	119	30.8	0.0	30.8		
OTHER MISSION FUNDED CODE 11	U105	119	0.0	0.0	0.0		
EDUCATION ALLOWANCES	U106	126	30.7	102.3	133.0	39.0	3.4
RETIREMENT-U.S. DIRECT HIRE	U107*	120	93.9	0.0	93.9		
LIVING ALLOWANCES	U108	428	0.0	0.0	0.0		
OTHER AID/W FUNDED CODE 12	U109*	129	28.9	0.0	28.9		
OTHER MISSION FUNDED CODE 12	U110	129	10.9	19.2	30.1		
POST ASSIGNMENT - TRAVEL	U111	212	11.3	0.0	11.3	6.0	1.9
POST ASSIGNMENT - FREIGHT	U112	220	76.3	0.0	76.3	6.0	12.7
HOME LEAVE - TRAVEL	U113	212	24.3	10.3	34.6	11.0	3.1
HOME LEAVE - FREIGHT	U114	220	7.7	18.2	25.9	11.0	2.4
EDUCATION TRAVEL	U115	215	2.6	1.6	4.2	4.0	1.1
R AND R TRAVEL	U116	215	0.0	0.0	0.0	0.0	0.0
OTHER CODE 215 TRAVEL	U117	215	6.3	2.9	9.2	5.0	1.8
F. N. DIRECT HIRE			7.8	352.5	360.3		
BASIC PAY	U201	114	3.9	250.6	254.5	19.0	13.4
OVERTIME, HOLIDAY PAY	U202	115	0.0	45.8	45.8	2.3	19.9
ALL OTHER CODE 11 - FN	U203	119	0.0	9.3	9.3		
ALL OTHER CODE 12 - FN	U204	129	3.9	46.8	50.7		
BENEFITS FORMER FN PERSONNEL	U205	130	0.0	0.0	0.0		
CONTRACT PERSONNEL			354.3	1,451.2	1,805.5		
PASA TECHNICANS	U301	258	0.0	0.0	0.0		
U.S. PSC - SALARY/BENEFITS	U302	113	307.1	138.4	445.5	8.0	55.7
ALL OTHER U.S. PSC COSTS	U303	255	9.1	10.0	19.1		
F.N. PSC - SALARY/BENEFITS	U304	113	38.1	1,054.3	1,092.4	100.0	10.9
ALL OTHER F.N. PSC COSTS	U305	255	0.0	0.5	0.5		
MANPOWER CONTRACTS	U306	259	0.0	248.0	248.0	10.0	24.8
JCC COSTS PAID BY AID/W	U307*	113	0.0	0.0	0.0		

TABLE VIII

HOUSING		U400	3.3	782.4	785.7		
RESIDENTIAL RENT	U401	235	0.0	254.1	254.1	20.5	12.4
RESIDENTIAL UTILITIES	U402	235	0.0	52.9	52.9		
MAINTENANCE AND RENOVATION	U403	259	0.0	140.3	140.3		
QUARTERS ALLOWANCE	U404	127	0.0	0.0	0.0	0.0	0.0
RESIDENTIAL FURNITURE/EQUIP	U405	311	0.0	37.6	37.6		
TRANS./FREIGHT - CODE 311	U406	220	0.0	3.1	3.1		
SECURITY GUARD SERVICES	U407	259	0.0	294.4	294.4	34.0	8.7
OFFICIAL RESIDENCE ALLOWANCE	U408	254	1.7	0.0	1.7		
REPRESENTATION ALLOWANCES	U409	252	1.6	0.0	1.6		
OFFICE OPERATIONS		U500	986.0	1,780.6	2,766.6		
OFFICE RENT	U501	234	0.0	0.0	0.0		
OFFICE UTILITIES	U502	234	0.0	48.7	48.7		
BUILDING MAINT./RENOVATION	U503	259	0.0	60.5	60.5		
OFFICE FURNITURE/EQUIPMENT	U504	310	0.0	28.4	28.4		
VEHICLES	U505	312	0.0	80.0	80.0	4.0	20.0
OTHER EQUIPMENT	U506	319	0.0	137.0	137.0		
TRANSPORTATION / FREIGHT	U507	220	1.7	12.1	13.8		
FURN/EQUIP/VEH REPAIR/MAINT.	U508	259	690.6	149.9	840.5		
COMMUNICATIONS	U509	230	0.0	127.2	127.2		
SECURITY GUARD SERVICES	U510	259	0.0	273.0	273.0	18.0	15.2
PRINTING	U511	240	0.0	4.8	4.8		
SITE VISIT-MISSION PERSONNEL	U513	210	30.5	43.8	74.3	69.0	1.1
SITE VISIT-AID/ PERSONNEL	U514	210	4.0	5.0	9.0	6.0	1.5
INFORMATION MEETINGS	U515	210	15.6	9.8	25.4	40.0	0.6
TRAINING ATTENDANCE	U516	210	69.3	19.2	88.5	34.0	2.6
CONFERENCE ATTENDANCE	U517	210	16.5	14.4	30.9	28.0	1.1
OTHER OPERATIONAL TRAVEL	U518	240	4.4	7.5	11.9	6.0	2.0
SUPPLIES AND MATERIALS	U519	257	90.3	259.7	350.0		
FAAS	U520	259	0.0	64.3	64.3		
CONSULTING SVCS. - CONTRACTS	U521	259	2.2	49.9	52.1		
MGT./PROF. SVCS. - CONTRACTS	U522	259	49.4	79.1	128.5		
SPEC STUDIES/ANALYSES - CONT.	U523	259	2.4	45.3	47.7		
ALL OTHER CODE 25	U524	259	9.1	261.0	270.1		
TOTAL O.E. EXPENSE BUDGET			2,988.7	4,521.2	7,509.9		
RECONCILIATION			1,467.2	0.0	1,467.2		
OPERATING BUDGET REQUIREMENTS			1,521.5	4,521.2	6,042.7		
SECTION 636(c)		320	0.0	200.0	200.0		
TOTAL ALLOWANCE REQUIREMENTS			1,521.5	4,721.2	6,242.7		
DOLLAR REQUIREMENTS FOR LC PURCHASES						0.0	
EXCHANGE RATE USED						61.25	
ESTIMATED INFLATION RATE						12%	

TABLE VIII(a)

ANNUAL BUDGET SUBMISSION

OPERATING EXPENSE NARRATIVE

A. INTRODUCTION

USAID/Costa Rica, in accordance with guidance provided in STATE 141371, has prepared its Annual Budget Submission for FY 1987, FY 1988 and FY 1989. Amounts budgeted for in each fiscal year have been estimated on the basis of FTE levels provided by AID/W, M/SER/IRM and their corresponding support costs. Budget estimates were established taking into consideration the USAID's program size, monitoring responsibilities, and personnel support. This has required the costing of needed office space, office services, housing, and their corresponding furniture, equipment and appliances. The USAID has been able to accomplish its management and support responsibilities only through the use of additional resources provided with local currency from its Trust Fund.

A comparative summary of USAID Costa Rica's Operating Budgets for fiscal years 1987, 1988 and 1989 follows (\$000):

<u>FC</u>	<u>DESCRIPTION</u>	<u>FY1987</u>	<u>FY1988</u>	<u>FY1989</u>
100	U.S.DIRECT HIRE	1,778.5	1,746.3	1,791.8
200	FSN DIRECT HIRE	267.4	337.3	360.3
300	CONT PERSONNEL	1,112.9	1,649.3	1,805.5
400	HOUSING	915.1	827.1	785.7
500	OFFICE OPERATIONS	<u>3,037.0</u>	<u>2,557.7</u>	<u>2,766.6</u>
	SUB-TOTAL	7,110.9	7,117.8	7,509.9
	RECONCILIATION	<u>1,443.2</u>	<u>1,454.5</u>	<u>1,467.2</u>
	TOTAL OE BUDGET	5,667.7	5,663.3	6,042.7
	630c REQUIREMENTS	<u>10,247.5</u>	<u>200.0</u>	<u>200.0</u>
	TOTAL ALLOWANCE	<u>15,915.2</u>	<u>5,863.3</u>	<u>6,242.7</u>

The Total OE Budget (excluding 630c requirements) includes obligations for the Information Resource Management (IRM) Systems Development Center and the Regional Wang Maintenance agreement where the Mission is simply playing the role of accounting center. In addition the OE budget includes obligations related to the construction of the new AID building. These amounts are noted below (\$000's):

TABLE VIII(a)

	<u>FY1987</u>	<u>FY1988</u>	<u>FY1989</u>
IRM Systems Development Center	251.5	406.2	443.3
Wang Maintenance	570.7	627.8	690.6
AID Building related Costs	<u>381.2</u>		
TOTAL	<u>1,203.4</u>	<u>1,034.0</u>	<u>1,133.9</u>

Thus, the true OE costs of the Costa Rica Mission for the three years covered in this budget are 4,464.3, 4,639.3 and 4,908.8, respectively. This represents a total increase of 9% over the three years in question.

B. JUSTIFICATION IN FUNDING CHANGES

1. FC 100 U.S. DIRECT HIRE

An increase slightly over 2% is found from FY88 to FY89 since the FTE's for USDH part-time employees are increased from 1.6 to 2.0.

2. FC 200 FOREIGN NATIONAL DIRECT HIRE

The increase found from year to year is due to a historical 10% increase in the cost of local personnel. Also, the increase from FY87 to FY88 is partly due to an increase from 18.4 to 20.0 FTE's.

3. FC 300 CONTRACTOR PERSONNEL

The increase from FY87 to FY88 is due to an addition of 10 local contractors, 2 additional US PSC's, 3 additional units in the IRM manpower contract and the addition of a TCN contractor who had been previously funded in FY86. In addition to this, the cost for local personnel has been increased by a historical 10%. This historical increase in conjunction with 2 additional units in the IRM manpower contract account for the difference between FY88 and FY89.

4. HOUSING

It is projected that housing costs will slowly drop as the USAID executes its Mission housing procurement program.

TABLE VIII(a)

5. OFFICE OPERATIONS

FY87 has some extraordinary costs within this category, namely the acquisition of a VS100/7100 computer system and related hardware as well as other furnishings for the new USAID offices, the elimination of the rent for the USAID's secondary office building, and the architectural contract for the new building. The increase between FY88 and FY89 is due to an increase in the cost associated with building maintenance and renovation and the acquisition of supplies, expected as the USAID begins to settle into the new Government owned office building; as well as the procurement of 4 vehicles and an increase in the funds spent by IRM on studies and management and professional services contracts.

C. MANAGEMENT IMPROVEMENTS

The USAID has effectively set up an Executive Office which only receives from the JAO services related to FSN personnel, Customs and Shipping and travel reservation support. The Mission expect that these will be a corresponding reduction in the FAAS budget; however, this must be negotiated on an annual basis and, thus, for budgeting purposes is held constant over the three year period.

The USAID currently leases a warehouse. In Dec 87-Jan 88 the USAID will move to a new U.S. government owned warehouse. In July 1988 with the move into the new U.S. Government owned building, savings will be realized by closing the two office buildings, the motor pool lot and the secured parking lot.

The USAID Motor Pool program is producing considerable savings. With the addition of a new truck, the USAID will not incur additional transportation costs to move USAID property. An automotive mechanic has been brought on board which has reduced considerably the costs for automotive maintenance.

The housing acquisition program now has 3 owned and 23 leased residential properties. The USAID plans to procure 2 more residences by FY 89 which will reduce residential costs for this Mission.

The building and residential maintenance effort has reduced costs by contracting with maintenance personnel directly and not paying the more expensive and less effective commercial contracting. As an example, we have an employee who is an expert on air conditioning, refrigeration and freezer equipment which has significantly reduced the Mission's maintenance costs in this area.

TABLE VIII(a)

The most significant management improvement has been the reduction of the OE dollar budget from about \$900,000 to about \$650,000; despite Mission growth (figures exclude cost for the regional Wang maintenance contract for \$570.7K). Through the use of reverse accomodation, the USAID has considerably reduced the need for dollars for offshore procurement.

D. TRUST FUNDS

The Mission currently has a Trust Fund Agreement signed with the GOCR on April 12, 1984; The Mission projects that local currency trust fund use for operating expenses will be as follows:

	<u>U.S. Dollar Equivalent</u>
FY 1986	\$ 4,218,900 (actual)
FY 1987	14,596,900 (incl construction of bldg)
FY 1988	4,451,500
FY 1989	4,721,200

These funds are a host country contribution in support of the AID Mission in Costa Rica.

Trust Funds are projected to cover over 85% of normal operating expense requirements during the next three years (excluding the Wang regional maintenance contract). It must be noted and recognized that the USAID has reached the lowest possible dollar level, adjusting cost for budgeting purposes between dollars and local currency and, when viable, projecting the use of reverse accomodation exchange procedures in order to further decrease dollar needs. It has been assumed, for purposes of this presentation, that FAAS costs will continue to be paid in local currency.

Organization USAID/COSTA RICA

TABLE VIII (b)
Information on U.S. PSC Costs
(\$000)

<u>Job Title/Description</u>	<u>FY 1987</u>		<u>FY 1988</u>		<u>FY 1989</u>	
Financial Mgt. Assist.	26.5		45.0		47.3	
	05/03/87	05/05/88	05/03/88	05/04/89	05/04/89	05/04/90
Management Advisor	88.1		92.5		97.1	
	06/30/87	06/29/88	06/29/88	06/30/89	06/30/89	06/30/90
Executive Assistant	33.5		35.2		36.9	
	07/01/87	06/31/88	07/01/88	06/31/89	02/01/89	01/30/90
Admin. & Logistical Support	55.8		58.6		61.5	
	11/26/86	11/25/88	06/09/88	08/08/89	06/09/89	08/08/90
Investigator*	5.5		5.8		6.1	
	10/01/86	09/30/88	10/01/87	09/30/89	10/01/88	09/30/90
Program Specialist	25.9		27.2		28.6	
	07/01/87	06/30/88	07/01/87	06/30/88	07/01/89	06/30/90
Program Assistant	0.0		54.4		57.1	
			11/01/87	10/31/88	11/01/88	10/31/89
Program Assistant	0.0		105.6		110.9	
			10/26/87	10/25/88	10/26/88	10/25/89
Administrative Assistant	4.8		0.0		0.0	
	01/01/87	03/31/87				
TOTAL	240.1		424.3		445.5	

*Performs security clearances and related work.

Organization USAID/COSTA RICA

TABLE VIII (c)
Manpower Contract Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
Systems Development Contract with Price Waterhouse for IRM's Regional Systems' Development Center	127.6	210.10	248.0

Organization USAID/COSTA RICA

TABLE VIII (d)
All other Code 25 Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
No single item over 10,000 K			
Total	223.2	245.6	270.1

Oganization USAID/COSTA RICA

TABLE VIII (e)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS
(\$000)

ITEM AND EXPALNATION	FY 1987	FY 1988	FY 1989
1. Capital Investment:			
A. Purchase of Hardware	339.3	93.2	97.0
Wang Professional Computer	62.2	21.0	21.0
Wang Printers, dw055/PM/6581	12.0	22.2	26.0
Wang band Printer, 1100/LPM	18.0	0.0	20.0
Wang Local Area Network	90.0	0.0	0.0
Wang Virtual System, 100/7100	115.0	0.0	0.0
Hewelett Packard-PC laser Printer	3.1	0.0	0.0
Hewelett Packard-PC Plotter	9.0	0.0	0.0
*Wang, WSN Hardware	6.0	0.0	0.0
*Racal Milgo, Modem, Mark II, 26 LSI	3.0	0.0	0.0
*Terminal Networks, Autodial	1.0	0.0	0.0
*Wang, 2 PC's, XC5	7.0	0.0	0.0
*Wang, 1 Workstation, 4250-VS	2.0	0.0	0.0
*Wang, 3 Matrix Printers, PC-PM016	2.0	0.0	0.0
*Wang, Tape drive	0.0	12.0	0.0
*Wang, laser Printer, LPS8	0.0	4.0	0.0
*Memory Upgrade	0.0	12.0	0.0
*Wang, 2 PC's, XC5	0.0	7.0	0.0
*Other	9.0	15.0	30.0
B. Purchase of Software	57.5	40.0	40.0
Miscellaneous PC Softwares	18.0	5.0	5.0
FARAPLUS- Contracting Software	15.4	0.0	0.0
Wang-PC Plus for VS	4.0	0.0	0.0
Miscellaneous VS Software	0.0	15.0	15.0
*Wang, PACE	14.0	0.0	0.0
*Wang, WSN Software	2.0	0.0	0.0
*Frederik Comp Prod, Lotus 1-2-3	1.0	0.0	0.0
*Frederik Comp Prod, Dbase III Plus	2.0	0.0	0.0
*Frederik Comp Prod, Timeline	1.0	0.0	0.0
*Marva Data Products, HAL	0.1	0.0	0.0
*Wang, Cobol	0.0	3.0	0.0
*Wang, Advance WP	0.0	3.0	0.0
*Unknown, Lotus, Dbase III	0.0	1.0	0.0
*Other	0.0	13.0	20.0
C. Site Facility	20.0	0.0	0.0
*Wang, VS Installation	1.0	0.0	0.0
Wang, Coaxial Cable	1.0	0.0	0.0
ICE, Telephone Installation	0.5	0.0	0.0
Other	17.5	0.0	0.0
*IRM-Systems' Development Center Costs			
SUBTOTAL Section 1	416.8	133.2	137.0

TABLE VIII (e)
(Continued)

2. Personnel			
A. Compensation, Benefits, and Travel	82.4	81.8	101.5
B. Workyears	1.0	1.0	1.0
3. Equipment Rental, Space and Other Operating Costs:			
A. Lease Equipment	0.0	0.0	0.0
B. Space	20.0	14.0	0.0
C. Supplies and Other Materials	55.0	60.0	70.0
D. Non-Commercial Training	0.0	0.0	0.0
SUBTOTAL Section 3	75.0	74.0	70.0
4. Commercial Services:			
A. Computer Time	0.0	0.0	0.0
B. Lease telecommunication Services	81.7	89.9	98.9
C. Operation and Maintenance	85.4	113.8	125.8
(1) Operations:	3.5	11.5	12.7
(2) Maintenance:	81.9	102.3	113.1
Other than Wang Equipment	0.0	0.0	0.0
WANG equipment (local Maintenance)	81.9	102.3	113.1
WANG equipment (AID/W. Maintenance)	0.0	0.0	0.0
D. System Analysis and Programming	135.8	219.0	257.9
E. System Design and Engineering	0.0	8.0	10.0
F. Studies and Other	1.0	9.0	16.0
SUBTOTAL Section 4	303.9	439.7	508.6

TABLE VIII (e)
(Continued)

5. TOTAL DOLLARS	878.1	728.7	817.1
TOTAL WORKYEARS (From item 2A)	1.0	1.0	1.0
<hr/>			
6. MISSION ALLOWANCE LEVELS			
A.Existing systems	478.4	593.5	678.1
B.New or expanded systems	399.7	135.2	139.0
NOTE: Costs for IRM Systems' Development Center	316.1	464.0	519.9

Organization USAID/COSTA RICA

Table VIII (f) - 1
Table VIII (f) 1
Report on Motor Vehicle Operations

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
<u>Numbers of Vehicles:</u>			
1. <u>Purchased of vehicles</u>			
(a) Number of vehicles on-hand at start of year	16	11	9
(b) Plus Number of vehicles to be purchased during the year	1*	0	0
(c) Less Number of vehicles to be disposed off during the year	6	2	4
(d) Number of vehicles on hand at the end of the year	----- 11 -----	----- 9 -----	----- 5 -----
2. <u>Leased Vehicles:</u>			
Average number of leased vehicles in use during the year			
<u>Estimated Obligations:</u>			
1. Vehicle purchases			
2. Special modifications (such as armor plating)			
3. Transportation of purchased vehicles			
4. Vehicle leases			
5. Vehicle maintenance/repairs			
6. Salaries/benefits of drivers/dispatchers			
7. Supplies/materials/gas/oil			
8. Rental of warehouse/garage space			
9. Other miscellaneous costs			
10. Total Obligations	-----	-----	-----
<u>Estimated Disbursements:</u>			
1. Vehicle purchases			
2. Special modifications (such as armor plating)			
3. Transportation of purchased vehicles			
4. Vehicle leases			
5. Vehicle maintenance/repairs			
6. Salaries/benefits of drivers/dispatchers			
7. Supplies/materials/gas/oil			
8. Rental of warehouse/garage space			
9. Other miscellaneous costs			
10. Total Obligations	-----	-----	-----

Vehicles included in (A) above owned by A.I.D. but operated/maintained by JAO/Embassy motor pool:

- (1) On-hand at start of year
- (2) To be purchased during the year
- (3) To be disposed of during the year

*This vehicle is a fully armored Chevrolet Suburban AID/W made available at no cost to USAID/CR, thus no entry is made in paragraph B, "Estimated Obligation".

Organization USAID/Costa Rica

Table VIII (f) - 2
Report on Motor Vehicle Operations
(Trust Funds)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
<u>Numbers of Vehicles:</u>			
<u>1. Purchased of vehicles</u>			
(a) Number of vehicles on-hand at start of year	5 ^{1/}	8	10
(b) Plus Number of vehicles to be purchased during the year	3	2	4
(c) Less Number of vehicles to be disposed off during the year	0	0	0
(d) Number of vehicles on hand at the end of the year	<u>8</u>	<u>10</u>	<u>14</u>
<u>2. Leased Vehicles:</u>			
Average number of leased vehicles in use during the year	-	-	-
<u>Estimated Obligations:</u>			
1. Vehicle purchases	54,000	38,000	76,000
2. Special modifications (such as armor plating)	3,000	2,000	4,000
3. Transportation of purchased vehicles	-	-	-
4. Vehicle leases	-	-	-
5. Vehicle maintenance/repairs	30,400	33,440	36,784
6. Salaries/benefits of drivers/dispatchers	66,571	73,228	80,551
7. Supplies/materials/gas/oil	46,500	48,800	51,200
8. Rental of warehouse/garage space	17,811	12,856	-
9. Other miscellaneous costs	5,000	5,000	5,000
10. Total Obligations	<u>223,282</u>	<u>213,324</u>	<u>253,535</u>
<u>3. Vehicles included in (A) above owned by A.I.D. but operated/maintained by JAO/Embassy motor pool:</u>			
(1) On-hand at start of year	N/A	N/A	N/A
(2) To be purchased during the year			
(3) To be disposed of during the year			

1/Two of these vehicles ordered in FY 1986 but were not on hand at start of FY. This form needs revision to capture such anomalies.

Country/Office USAID/Costa Rica

FY 1989 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

	ACTUAL		ESTIMATED		PROJECTED	
	FY 1987		FY 1988		FY 1989	
	\$	MT	\$	MT	\$	MT
<u>COMMODITIES</u>						
<u>Title I</u>						
- wheat	10.8	a/ 100.0	15.0	138.2	17.0	154.5
<u>Total</u>	<u>10.8</u>	<u>100.0</u>	<u>15.0</u>	<u>138.2</u>	<u>17.0</u>	<u>154.5</u>
of which						
Title III						

NOT APPLICABLE

Total

COMMENT:

a/

Total authorized is \$16.0 million. However, P.L. 480 Section 416 (sugar quota compensation) and GOCR emergency import prior to ratification of FY 1987 Title I Sales Agreement reduces value utilized to approximately \$10.8 million.

PRIVATIZATION PLAN

A. COSTA RICA DIVESTITURE AND PRIVATIZATION POLICY, PROGRESS MADE.

The Government of Costa Rica is seriously committed to divestiture of governmental development corporations (subsidiaries and affiliates).

"Divestiture" includes privatization, transfer of functions to other governmental organizations, dissolution and liquidation. Of the 42 corporate investments of the Costa Rica Development Corporation (CODESA), the Mission expects that major policy decisions will be taken on 40 by the end of calendar year 1987. Action will have been completed on the great majority.

In addition, the Ministry of Planning has identified a potential total of 75 governmental services for which privatizing is under consideration.

While in the main these service activities are relatively small, they nevertheless indicate a disposition and an enthusiasm to reduce the size of the governmental personnel structure, and to gain the efficiency advantages of private sector operations. Many of these functions are similar to those being privatized by local authorities in the United Kingdom; the Minister for Planning only last week directed a request for technical assistance to the Treasury Ministry of the United Kingdom.

The President on a number of occasions in the past several weeks has reaffirmed his commitment to accelerate and bring to a successful conclusion the government's divestiture efforts. In this respect he is continuing the initiative of his predecessor.

In March, 1986, the new president and vice-president elect signed letters of intent, reaffirming the new GOCCR's commitment to the CODESA divestiture process. Extensive detail about the CODESA divestiture process has been included in the 1987 and earlier PAADs.

The GOCCR specifically committed itself to:

- the sale or liquidation of CODESA'S interests in all of its smaller subsidiaries by the end of 1986,
- the sale or liquidation of CATSA (sugar), CEMPASA (cement), ALCORSA (cotton) and FERTICA (fertilizer) by September 1987,
- the transfer of TRANSMESA (buses) to the Ministry of Public works and Transportation (MOPT), of the Free Zone Corporation (CZF) to the Centro para la Promoción de Exportaciones y las Inversiones (CENPRO), of MINASA (Mines) to the Ministry of Industry, Energy and Mines (MIEM), and of FECOSA (railroad) to INCOFER. (These CODESA subsidiaries are viewed as "public utilities" to be transferred out of CODESA to other GOCCR Agencies.)

- approve the necessary changes in the by-laws of CEMPASA and FERTICA to protect the interests of the purchasers of the minority shares (40%) and to authorize management contracts.

STATUS OF CORPORATE DIVESTITURES

ALUNASA (Aluminum)

ALUNASA, a large aluminum processing company, was sold by CODESA at the end of 1985 to FINTRA, a private sector trust which had been set up to facilitate divestiture activities. FINTRA is funded by local currency made available by the GOCR in connection with ESF dollar transfers.

FINTRA is being assisted in the resale by the First Boston Corporation. Because of excess production capacity in a depressed world aluminum market, the private sector trust has had difficulty in finding a satisfactory buyer for ALUNASA. The Trust has reduced the ALUNASA payroll and has reduced operational losses. Present negotiations are promising.

ALCORSA (Cotton)

In 1986 the GOCR agreed to transfer ALCORSA to the private sector or to liquidate its assets no later than September 1987. There is now interest by a group of growers and textile producers in purchasing ALCORSA. It appears probable, though not certain, that a privatization will be structured by the end of 1987.

CATSA (Sugar)

The GOCR agreed to the divestiture of CATSA's shares or assets by September 30, 1987. The law requires that CATSA shares should be offered to the national cooperative sector. The first call for bids failed because the price had been set too high and because of lack of organization by the cooperatives. Nevertheless, the national cooperative sector remains interested.

A CODESA organized study committee has recommended that CATSA's corporate form be retained, with shares sold to cooperatives on a fair market basis. Negotiations are underway and FINTRA will facilitate the transactions. We expect CATSA to be divested by CODESA before the end of 1987.

CEMVASA (Cement)

The first call for bids attracted no interest or bids. CEMVASA is neither functioning nor viable as impartial expert study confirms. A

Cabinet decree is expected shortly authorizing CODESA, under the general guidance of the National Commission, to dissolve CEMVASA and liquidate its assets at the best price which CODESA management can obtain. Divestiture by September 30, 1987 appears to be a reasonable prospect.

CEMPASA (Cement)

Costa Rican law requires that no more than 40% of CEMPASA's shares be sold. This is proving rather more complicated than expected: sale of the shares by September 30, 1987 is unlikely, given apparent lack of investor interest. Shares may be offered to the employees and to the public, though this process is not likely to occur before 1988.

FERTICA (Fertilizers)

Costa Rican law also requires that no more than 40% of FERTICA's shares be sold. This too is proving rather more complicated than expected and sale of the shares by September 1987 is unlikely, due to lack of investor interest.

A decision had been taken at the Presidential and Cabinet level to contract for management for a reasonable period as part of a share sale package, or alternatively, a straight management contract apart from sale of shares.

It now appears much more likely --and there is considerable interest in this respect-- for shares to be sold to the Costa Rican public.

The major policy decisions with respect to FERTICA, as well as CEMPASA, share sales should be taken before the end of 1987.

ATUNES DE COSTA RICA (Tuna)

Atunes de Costa Rica (a tuna fishing company) was sold to private operators for about \$1.5 million in May, 1987.

TEMPISQUE FERRY BOAT

A group of workers has shown some interest in the purchase of the concession--and the new/nearly new ferry to be bought or leased. Viability of privatization depends initially on a fare rate structure which would permit a financial return on investment of 30-40% per year. A new fare structure is under consideration by the MOPT. However there is also prospect for construction of a bridge within a few years, which would eliminate the ferry.

If the sale can not be consummated, the Cabinet will be asked to issue a decree which authorizes the transfer of the company to the MOPT,

on the understanding that if the bridge is not to be built within a reasonable period, the GOCR would take steps to privatize--consistent with its previous commitment. Likewise, the decree would authorize issuance of bonds to compensate CODESA for the transfer of the company.

Divestiture by privatization or transfer to the MOPT may be effected by the end of 1987.

FECOSA, TRANSMESA, MINASA, AND THE FREE ZONE CORPORATION

All of the above have been transferred to other GOCR agencies, in accordance with the divestiture statute.

OTHER

As indicated above, CODESA has had forty-two subsidiaries and affiliates (many of them now inactive, with negligible assets). To date:

- 6 have been sold to private owners;
- 4 have been dissolved and liquidated;
- 16 are in the process of liquidation;
- 6 have been transferred to other GOCR agencies;
- Decisions are pending to sell or liquidate another 8, including several sizable corporations -- ALCORSA (cotton), CATSA (sugar), CEMVASA (cement), and 40% of FERTICA (fertilizer) and 40% of CEMPASA (cement);
- 2 residual interests (CODESA's seat on, and shares in, the national securities exchange) are being retained.

CODESA management is proceeding with the disposal of many of the smaller subsidiaries and affiliates without any direct involvement from AID or the private sector Trust.

B. TARGETS OF OPPORTUNITY FOR FY 88

The Mission expects the dissolution, sale, or transfer of the majority of the CODESA companies to be completed before the end of 1987. There will be residual actions in 1988.

The Mission's FY 88 privatization objective will focus on continuing to prevent CODESA from creating, acquiring, operating, or financing commercial activities.

The GOCR has, on its own initiative, analyzed the public sector in order to identify additional opportunities for privatization, mainly in the area of government services. Analytical efforts are being carried out by the Ministry of Planning (MIDEPLAN).

Because of the political sensitivity of these additional privatization activities, the Mission does not foresee any direct AID involvement.

MIDEPLAN officials have contacted CINDE, (an AID-financed PVO) to request a grant to finance feasibility studies and technical assistance in support of MIDEPLAN's privatization activities. Negotiation of this proposal will take place during the next few months.

They have also obtained a commitment from a local bank to provide financing of pilot privatization efforts.

C. MISSION'S STRATEGY FOR ADDRESSING FY 88 PRIVATIZATION PLAN

The Mission strategy for FY 88 is to bring the CODESA divestiture process to a conclusion, to encourage the GOCR with respect to its privatization initiatives and to respond as may be feasible and practicable.

D. PROJECTED TIME FRAME

The projected time frame has been specified in part A under the discussion of each CODESA company.

E. FINANCIAL RESOURCES

During FY 88, \$16 million equivalent in ESF generated local currency is tentatively earmarked to move the CODESA divestiture process toward completion and to reduce the accumulated debt burden with the Central Bank created by the past operations of CODESA and its subsidiaries.

The total amount programmed to date for the CODESA effort is \$190 million equivalent.

Summary Table I

	Action Pending	Sold	Dissolved and Liquidated	Transferred	In process of Dissolution/ Liquidation	Retained	Total
<u>Subsidiaries</u>	6	3	3	4	13	1	30
<u>Affiliates</u>	2	3	1	2	3*	1	12
	8	6	4	6	16	2	42

(*) including one in process of sale

Summary Table II

Status Report Regarding Each Subsidiary and Affiliate

a. Subsidiaries

1. Acuacultura, S. A.	Sold
2. Algodones de Costa Rica, S. A. (ALCORSA)	As stated in narrative
3. Aluminios Nacionales, S. A.	Sold
4. Atunes de Costa Rica, S. A.	Sold
5. Atunes del Puerto, S. A.	In process of dissolution/liquidation
6. Cía. Industrial Pesca Escama, S. A.	In process of dissolution/liquidation
7. Central Azucarera Tempisque, S. A. (CATSA)	As stated in narrative
8. Cementos del Valle, S. A. (CENVASA)	As stated in narrative
9. Cementos del Pacífico, S. A. (CEMPASA)	As stated in narrative
10. Consolidación de Compañías Agric. e Industriales	Dissolved and liquidated
11. Consorcio de Exportación Productos Costarricenses	In process of dissolution/liquidation
12. Corp. para el Desarrollo Agroind. Costarricense	In process of dissolution/liquidation
13. Corp. de la Zona Franca de Exportación, S. A.	Transferred (CENPRO)
14. Dist. Costarricense de Cementos, S. A.	Dissolved and liquidated
15. Ferrocarriles de Costa Rica, S. A.	Transferred (INCOFER)
16. Fertilizantes de Centroamérica, (FERTICA)	As stated in narrative
17. Guacamaya, S. A.	In process of dissolution/liquidation
18. Guacanal, S. A.	In process of dissolution/liquidation
19. Ingenio Tempisque, S. A.	In process of dissolution/liquidation
20. Inmobiliarias Temporales, S. A.	In process of dissolution/liquidation
21. Oficina de Fletamento Marítimo, S. A.	In process of dissolution/liquidation
22. Sedemat, S. A.	In process of dissolution/liquidation
23. Tempisque Ferry Boat, S. A. (TEMPISQUE)	See 1987 Divestiture Plan
24. Transmesa	Transferred (MOPT)
25. Transportes Aéreos Continentales, S. A.	In process of dissolution/liquidation
26. Centro Permanente de Ferias y Convenciones, S. A.	In process of dissolution/liquidation
27. Industrial Petrolera del Atlántico, S. A.	In process of dissolution/liquidation
28. Azufrera de Guanacaste, S. A.	Dissolved and liquidated
29. MINASA	Transferred (MIEM)
30. Puesto de CODESA en la Bolsa Nacional de Valores	Retained in CODESA

b. Affiliates

1. Subproductos del Café, S. A.	Sold
2. Bolsa Nacional de Valores, S. A.	Retained in CODESA (40%)
3. Servicios Aéreos Nacionales, S. A.	Sold
4. LACSA	Sold
5. Namucar	Transferred (MOPT)
6. Multifert	Transferred (BCCR)
7. Pancafé	Dissolved and liquidated
8. Macasa	Licitation Pending
9. Stabapari	Licitation Pending
10. Compañía Consolidada de Terrenos de Oro	In process of sale

c. Affiliates of DAISA

1. INACO	In process of liquidation
2. EXPOFRESCO	In process of liquidation