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Rocap
Action Plan FY 1987-
1988

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A C T I O N P L A N

FY 1987 - 88

ROCAP

MAY 1986

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CENTRAL AMERICAN REGIONAL ORGANIZATIONS

- The Central American Bank for Economic Integration (CABEI): engaged in long-term lending, in the past mainly for social and productive infrastructure, but increasingly focused on private sector activities.

- The Central American Research Institute for Industry (ICAITI): specializes in industrial development, applied technology and energy problems.

- The Nutrition Institute for Central America and Panama (INCAP): supports regional activities in the fields of nutrition, food production and processing, and nutrition education and planning.

- The Tropical Agricultural Research and Training Center (CATIE): plays an active role in the promotion of applied research and technology advancement in animal, crop and forestry production and watershed management in Central America.

- The Central American Business Administration Institute (INCAE): provides graduate training as well as specialized professional level training in business administration and export management.

- The Latin American Agribusiness Development Corporation (LAAD): finances non-traditional agribusiness development with emphasis on exports.

- The Latin American Export Bank (BLADEX): finances short-term pre-export and export credit requirements for non-traditional Latin American exports.

PART I. SUMMARY OF STRATEGY

Introduction

Throughout the history of Central America, the nations of the region have sought the means to insure some degree of cooperation among their countries. These efforts have ranged from various attempts in the 19th Century to establish and maintain a Central American Union to the signing of the Treaty for Central American Social and Economic Integration in 1960. The most publicized dimension of this latter intent was the creation of the Central American Common Market.

The failures in cooperation have spanned an equally long period throughout history and have included the dissolution of agreements on regional unity, the so-called "soccer war" of 1968 between El Salvador and Honduras, and, most recently, the civil war in Nicaragua, and the resulting alienation of that country from its neighbors. Added to the political disruption which the Nicaraguan situation has created, is the current economic crisis which has caused the countries to impose unilateral barriers to trade with their neighbors in order to defend their deteriorating balance of payments positions. These actions have all but destroyed the Common Market (see Economic Overview, Annex C).

In spite of admittedly critical obstacles, Central Americans continue to seek ways to reactivate trade, to reduce political tensions, and to address common problems in as coordinated a manner as possible under the circumstances. The most recent attempt, a meeting of the Central American Presidents at Esquipulas, Guatemala, is taking place at the request of Guatemalan President Vinicio Cerezo at this writing, and aims among other things at revitalizing regional trade and the Central American parliament. The meeting has created considerable interest among the public of Central America and demonstrates the depth of "regionalism" in the area.

Evolution of Regional Assistance

Under the 1960 Integration Treaty, a whole series of regional institutions were established to deal with all aspects of the integration movement. In the ensuing twenty-five years, the financial and technical institutions established under the Treaty have either disappeared for lack of relevance or have weathered the test of time and adversity and are stronger and more relevant now than when they were founded.

In the early 1960's, both the regional institutions and ROCAP focused their primary efforts on the infrastructure necessary for economic and social

integration - including highway networks, interconnecting telephone and telegraph services, a regional power grid, standardization of weights and measures, integrated air traffic and air control systems and a regional development bank. As the physical requirements for regional integration were gradually met, ROCAP and the regional institutions turned their attention to cooperation in addressing the longer-term problems of economic and social development - agricultural research, health and nutrition programs, education, institutional and human resource development, and the introduction of new and improved technologies.

Today, in the midst of political conflict and economic uncertainty, the Central American countries still support and use a handful of regional institutions which assist their members to address these pressing common problems.

The NBCCA report recognized the continuing interest of Central Americans in seeking regional approaches to deal with the development constraints which their countries share, and made specific recommendations on elements of regional cooperation which were then included in the Central American Initiative. In the two year period since the Initiative began, ROCAP developed the strategy described here.

Summary of ROCAP Strategy

ROCAP's strategy as set out in the CDSS presented in 1984, addresses two of the four goals stated in the NBCCA recommendations:

- Laying the Basis for Long-term Growth; and
- Increasing Equity and Broad Participation in Development.

Under the Jackson Plan Goal of Laying the Basis for Long-term Growth, in the LAC objective category of Stabilizing Financial Structures, ROCAP's strategic aim is to mobilize domestic capital in the area and encourage the resumption of external resource flows to the region, working through public and private financial institutions, such as the Central American Bank for Economic Integration (CABEI), the Latin American Export Bank (BLADEX) and a proposed Trade and Development Corporation for FY 1988, to accomplish this aim. ROCAP projects emphasize institutional strengthening, investment promotion and leveraging financial resources through co-financing requirements, encouraging extra- regional country involvement and attracting the return of Central American capital which has left the region in recent years.

The CDSS goal which relates to the LAC export promotion objective category calls for the removal of key investment, marketing, management and financial constraints to agroindustry and nontraditional export growth using regional financial and technical assistance mechanisms. Short-term trade credit is being made available through BLADEX, while CABEI and LAAD will

ROCAP - SUMMARY STRATEGY FRAMEWORK

NBCCA GOAL	LAC OBJECTIVE CATEGORY	CDSS GOALS
Laying the Basis for Long-Term Growth	Stabilize Financial Structures	Encourage the resumption of external capital flows to the region.
	Promote Exports	Remove key investment, marketing, management and financial constraints to agroindustry and nontraditional export growth using regional financial and technical assistance mechanisms.
	Increase Agricultural Production	Improve policy incentives, technical assistance and applied research for the increased production of nontraditional export crops and domestic food crops.
		Expand professional human resource base with practical and educational experience.
	Manage and Preserve Natural Resources	Improve the management and use of the region's natural resource base with emphasis on technical assistance and technology transfer to small and medium - sized farms and industries.
	Develop Local Energy Resources	Improve energy efficiency in regional industries and reduce consumption of imported petroleum through the use of indigenous alternative energy resources.
Equity and Broad Participation in Development	Reduce Infant Mortality/Alleviate Malnutrition	Reduce infant mortality and improve child and maternal health and nutrition through research, training and technical assistance to the Central American countries.
	Improve Educational opportunities	Upgrade training of national training institutions/organizations in vocational agriculture, health and nutrition education, and business and public administration under the Central American Peace Scholarship program.
	Expand Access to Improved Housing	Improve the living conditions of lower income families in Central America.

provide medium- and long-term investment credit for agribusiness. Export management training at the MBA level and through seminars is being offered by INCAE to Central American exporters. ROCAP is also funding long-term technical assistance and training, on a regional basis, to private sector export promotion associations to increase their understanding of the structure and requirements of export markets for non- traditional agriculture exports, and to increase their abilities to access current market news and production and postharvest handling technology.

In the LAC objective category of Increasing Agricultural Productivity, ROCAP's program seeks to increase locally-consumed food crops, as well as agricultural products for exports. Our program is to strengthen the capabilities of national institutions involved in the technology development/transfer system through projects which intensify the flow of informational materials and expertise from CATIE, the International Agricultural Research Centers, other national institutions, and the wider technology development community at large.

The second major component of our agricultural strategy is to upgrade professional level agricultural training in the region. ROCAP will help expand and upgrade specialized M.S. level training in crop science, animal science, and natural resource management at CATIE and will provide in-service training opportunities in the region for national vocational agricultural instructors through the CAPS program.

This Mission, because of its regional nature, will play a secondary, supportive role in the encouragement of agriculture sector policy improvement through support to the policy analysis function of the Council of Agriculture Ministers of Central America, Mexico, Panama and the Dominican Republic (CORECA). In certain strategy elements, specific policy studies will be prepared by the CORECA Secretariat for discussion and use by the Ministers.

The current regional program provides direct technical assistance to USAID Missions in the agriculture sector, through regional advisors in forestry, environmental management, and pest management. This team may be expanded to include regional advisors in agriculture cooperative management, irrigation technologies, and vocational agriculture education if the USAIDs feel that there is sufficient need for the additional technical skills.

In the category of Managing and Preserving Natural Resources, ROCAP's approach is to attempt to check the rapid rate of deterioration of soil, water and forest resources. ROCAP will provide specialized technical assistance both through CATIE and directly to national-level programs, to transfer new technology in the areas of watershed management, on-farm and plantation reforestation with fast-growing, multi-purpose tree species, environmental management, environmental impact analysis, and pesticide use and chemical residue monitoring.

In the category of developing Local Energy Resources, ROCAP seeks to improve energy efficiency in regional industries and reduce consumption of imported petroleum through the use of indigenous alternative energy resources. Activities with regional institutions include experiments and demonstrations of technologies in fuel-efficient stoves, use of solar energy, biogas, fast growing tree species for fuelwood and the use of energy audits in industry to conserve fuel through the use of more efficient boilers, prevention of heat loss, etc. A project recently transferred to ROCAP from AID/W -- with Los Alamos National Laboratories -- is attempting to inventory and develop the region's geothermal resources and survey other possible fuel and energy and mineral deposits such as peat and coal. The project works with local counterparts to transfer technological approaches needed to perform this type of resource investigation.

The ROCAP approach to address the Jackson Plan Goal of Increasing Equity and Broad Participation in Development has been, thus far, in the category of Reducing Infant Mortality and Alleviating Malnutrition and Hunger. Our strategy has been to attack the high infant mortality rates and improve child and maternal health and nutrition through outreach programs from INCAP, the Regional Nutrition Institute, to the national-level health programs, both public and private, in oral rehydration, supplementary and emergency feeding, breast feeding and similar programs.

With respect to the category of improving educational opportunities, ROCAP is upgrading national training institutions/organizations in vocational agriculture, health and nutrition education, and business and public administration under the Central American Peace Scholarships (CAPs) program. The Mission is working closely with CATIE; the Pan American School of Agriculture at Zamorano, Honduras; INCAP; and INCAE to provide quality short- and long-term training to staff and faculty of national training and education institutions, cooperatives, small business groups and non-profit organizations.

Under the same Goal of Increasing Equity and Broad Participation, we are proposing a large project in the construction of low-cost housing and related infrastructure, involving potable water and sewage systems for low-income areas. The activity would rely heavily on private sector intermediate credit institutions and private engineering and construction firms to finance and build the houses. The project will also try to develop an awareness at the level of municipalities that infrastructure for water and sewage systems can be constructed on a cost-recoverable basis. If municipalities can be convinced of this, the project will assist them to develop the mechanisms necessary to get the systems built and paid for by the ultimate users.

ROCAP's Role in the Context of the Central American Initiative

As a result of the Jackson Plan, the ROCAP program surged from a level of $15 million obligated in FY 1984 to over $79 million obligated in FY 1985. To accomplish this, the small project development staff performed a herculean

feat in designing, writing and obligating eight new projects between September 1984 and this writing. This rapid growth in the program size and an increase in direct-hire staffing from nine to sixteen persons necessitated an organizational realignment. As part of the reorganization, the Mission went through a process of internal review which gave rise to a much broadened role, which can be summed up as follows:

1) To support efforts aimed at creating an immediate impact upon those development constraints identified in the Central American Initiative which can best be addressed through a regional, or a combined regional and national approach, and to carry out projects in areas such as agricultural research, natural resource management and human resources which will have an impact on the medium and longer-term development problems of the area, using the skills of regional technical institutions whenever appropriate.

2) To carry out analyses, studies and evaluations designed to provide information to the USAID Missions of the region and to the LAC Bureau regarding economic and social trends in the area in order to improve the Agency's understanding of, and ability to impact upon, both short-term and long-term constraints.

3) To provide expanded technical support services to the USAID Missions of the region, based upon their stated needs, where such support from a regional source is justified on the basis of personnel savings or other economies of scale, or where such services would result in faster, more efficient support and a reduced administrative burden for the Missions.

The first role for ROCAP involves working with and through regional institutions which were set up by the Central Americans in the early 60's. USAID/ROCAP has chosen to work in concert with these organizations for the following primary reasons:

- the general quality of work which the regional institutions perform, recognized in the NBCCA report, particularly in areas such as the leveraging of new external capital, promoting export efforts, teaching advanced business administration and management and expanding the acceptance and use of health techniques, such as oral rehydration, to improve the rate of child survival;

- the regional technical organizations have a quality and continuity of professional staff that does not exist at the national level. They are highly specialized, have sources of international funding and technical assistance and, because their financing and professional staffing are more stable than national public institutions, they are able to undertake longer term, broader research and dissemination efforts; and

- their relative freedom from political shifts at the national level and vagaries in priorities allows them to undertake the sustained effort that is needed to solve complex development problems.

As the abilities of these organizations have improved, ROCAP has supported them as the institutional instruments needed to address a growing number of the region's development constraints. The external funds attracted by regional financial institutions, and the research results and new technology developed or adapted by the technical institutions, are then disseminated at the level of the organization's member countries for utilization at the national level.

Because of the political and economic crisis which has dominated the region for the past seven years, many of the critical development problems have not received sufficient attention or technical effort, much less financial resources, directed toward their solution at the national level. The vast bulk of bilateral external assistance has been earmarked for economic support of an emergency nature designed to cope with immediate problems. Problems in agricultural research for food production, programs to arrest accelerating degradation of forest, soil and water resources, and training programs in health and nutrition for improved child survival cannot, under the circumstances, receive sufficient attention relying solely on bilateral efforts. Because of the special qualities and characteristics of the regional institutions, the member countries look to them for much of the technical analysis and research necessary to address such problems.

Several of the regional organizations which implement programs aimed at medium and long term development constraints will require strengthening of certain of their institutional components in order to supply the level of technical and financial assistance needed. Strengthening these institutions should result, over time, in a reduction of the level of U.S. assistance needed for such aid.

In order to address the management burden associated with a rapidly increased program with the regional institutions, the Mission reorganization, which is on a trial basis until May 31, 1986, places a greatly increased emphasis on project implementation. A decision was made to merge the General Development and Agricultural Development offices into a new Project Management Division and to place more responsibility directly on project managers. An implementation task force was formed and a series of recommendations for improved implementation procedures were formulated, many of which have already been adopted.

The reorganization also addresses ROCAP's second role regarding <u>analyses, studies and evaluations</u>, which is designed to improve the Mission's strategy planning and project design process, as well as factor in greater coordination with the bilateral USAIDs in that process, by combining the Project Development and Program Offices as well as the Economic Analysis Unit into a

new Program and Project Development Division. In order to expand the unit's analytical capacity, design of a new FY 1986 project, Technical Consultancies and Training, has been accelerated. Whereas past studies and analyses of common development constraints (e.g. CACMF proposal, C.A. Tariff study, Regional Capital Markets Study, and C.A. Economic Policy Conference) often required AID/W funding assistance, with this new project, ROCAP will be in a position to respond much more rapidly and comprehensively to analysis requirements supportive of the CAI. Topics of initial studies proposed under the Technical Consultants and Training project include regional transportation constraints, competitiveness of the Central American industrial sector, and an examination of anti-export bias in the Central American incentive system.

The third role, which is an expansion of ROCAP's traditional technical support services to the USAID Missions of the region, led to a greater emphasis on bilateral coordination within the ROCAP organizational structure. A 'regional support' function was proposed in order to improve planning and program integration with bilateral programs as well as provide more organized and responsive support services.

In the past, this coordination has occurred through MDCC meetings, LAC regional and subregional technical meetings (e.g. Agricultural, and Private Sector and Economic Officer conferences), formal review and comment by USAIDs on ROCAP PIDs and PPs and regular contact between ROCAP and bilateral Mission technical personnel. In recent months, ROCAP has assigned a person to full time coordination duties. Mission staff have begun making regular visits to bilateral USAIDs to brief and be briefed by both senior management and technical divisions, USAID Mission Action Plans have been reviewed by ROCAP staff, and a meeting of Deputy Directors from the Central America and Panama USAIDs was hosted in April.

Complementarity with Bilateral USAID Programs

In addition to the various activities being pursued under the Mission's Bilateral Coordination function, ROCAP has taken a first step in initiating what should become a continuing process of program and strategy coordination. The Action Plan process has served as an ideal departure point. However, to be truly effective, periodic contacts between program officers and senior management, as well as technical staff, must be established. One recommendation, widely agreed upon at the April Deputy Directors' meeting and in follow-up cables, was that semi-annual meetings of Deputy Directors would be beneficial and could certainly help assure greater programatic complementarity.

A review of on-going and planned projects (through FY 1987), organized by sector, country, LAC objective and NBCCA recommendation, led to an exercise in which each ROCAP technical division undertook to identify areas of potential complementarity or priority interventions which lent themselves to regional, or a combined regional and bilateral, approach (see Annex B for full project

listings). It is apparent that ROCAP's program is more narrowly focused than are the bilateral ones, since projects are concentrated in only two of the four CAI goal categories: Laying the Basis for Long-Term Growth and Equity and Broad Participation in Development. Other than the policy analysis area, in which regional studies of common constraints will serve to bolster bilateral policy dialogue efforts, it is unlikely that ROCAP will become active in addressing the remaining CAI goal categories: Economic Stabilization and Democratic Institutions/Human Rights. With respect to the 20 LAC objective categories, the ROCAP program is focused on eight (stabilize financial structures, promote exports, agricultural production, natural resources, energy, infant mortality/malnutrition, educational opportunities and improved housing), whereas the bilateral USAID programs' focus varies from ten to all twenty categories.

In agricultural research and extension, the area of heaviest concentration in terms of number of projects, (although not necessarily dollar amount), ROCAP plans a major role in providing, through regional institutions (CATIE, IICA and PROMECAFE), research on improved technologies and training to national institutions, which in most cases, are recipients of USAID project resources for the same purpose. Examples of ROCAP agriculture research interventions include: small farm production systems, integrated pest management, coffee rust control and the FY 1987 Agricultural Technology Networks project.

At the other extreme, ROCAP is almost alone in its attempt to address the LAC Objective regarding development of local energy resources. The Mission's three on-going projects in fuelwood, more efficient use of energy in industry and geothermal exploration and development, and a proposed FY 1987 Rural Electrification Support project with NRECA, all involve close coordination with national level institutions in addressing the region's critical need to reduce petroleum imports and find alternative energy supplies to prevent further depletion of its natural resource base.

In other areas, ROCAP projects are designed to directly support bilateral USAID projects with technical assistance, training and other services. A good example is the Non-traditional Agricultural Export Support project which will provide services, through an institutional contract, directly to private agricultural, export promotion associations, which in turn are receiving assistance from bilateral USAIDs. Similarly, the Technical Support for Food Assistance Programs project is designed to improve the effectiveness of bilateral AID and other donor feeding programs by helping to establish effective national coordination mechanisms and strengthened technical, managerial and evaluation capabilities.

Although MBA level training and summer teacher training for university level business administration professors through INCAE is unique, it complements a variety of bilateral and regional activities to promote exports. Credit projects, especially those directed towards non-traditional

export products, abound in the bilateral programs; however, ROCAP's projects with LAAD and CABEI offer distinct advantages and are clearly complementary to bilateral programs in the pursuit of the CAI objectives.

The Mission recognizes that its attempt to identify and program complementarity is a preliminary one and that, to be effective, it must be incorporated more fully into the planning and strategy development process on a continuing basis.

Policy Dialogue

ROCAP does not engage in policy dialogue in the usual sense in which AID uses the term - discussion of adjustments and changes in economic policies. Because this Mission deals with Central American regional institutions and not with national governments, the nature of policy dialogue changes radically. We are involved directly and indirectly in such discussions in two ways:

- With and through the regional organizations. For example, with CABEI on interest rates to be charged to intermediate credit institutions and to the end borrower on housing loans. We seek the policy changes necessary to insure the financial viability of the CABEI Housing Division while maintaining a market rate of interest to the end borrower.

Similarly, under our 1985 grant, INCAE's Center for Applied Economics and Policy Studies will provide, in a systematic way, support for the study, discussion and analysis of economic and public policies which affect non-traditional exports. The Center will host intersectoral policy dialogue seminars in order to build a national, as well as regional, concensus among leaders representing the business community, government, rural interest and labor. The seminars will deal with special, country-specific problems and sectoral issues, as well as macroeconomic policy issues. INCAE will function only as a neutral broker offering to facilitate a free exchange of ideas between the various participating groups. The Center will also disseminate relevant policy-related research findings via a series of newsletters and a new journal of applied economics and policy studies.

Another example is our work with CORECA, the Council of Ministers of Agriculture from Central America, Panama and the Dominican Republic. ROCAP financed the establishment of the Council some four years ago and provided funding for policy studies undertaken at the request of the Ministers. Our technicians advised CORECA on what types of policy studies would be important to the Ministers in order to arrive at regional agricultural policy decisions. The ROCAP involvement in policy dialogue was indirect; nevertheless, it was a significant factor in the final policy deliberations.

- The second way in which we are involved, again indirectly, in policy dialogue is through the studies and analyses carried out under ROCAP auspices. During this past year, work done by a contract team provided

information to the other USAIDs, as well as to ROCAP, regarding the degree of influence of exchange rates on regional trade at that point in time. ROCAP has done similar work on the new Central American Common External Tariff and the extent of its influence on reducing protectionism.

Currently, we are preparing a region-wide transportation study aimed at highlighting policy and investment decisions which can be made to improve movement of exports, and a study of capital markets in the region is ready to get underway to examine what type of credit is available, what type is needed and what mechanisms are best organized to provide it. The information and recommendations stemming from such surveys and analyses is then made available to AID/W and the bilateral Missions to provide the grist for related policy deliberations with national governments.

Moreover, regional studies, conferences and analyses to strengthen both the ROCAP/USAID coordination process and to provide data and recommendations which can be utilized in bilateral policy dialogue will be carried out under the proposed FY 1986 Technical Consultancies and Training project.

PART II IMPLEMENTATION

A. Program Progress and Implementation Plan FY 1987 - FY 1988

1. Implementation to Date under the Central American Initiative

Beginning with the FY 1984 Supplemental, ROCAP has undertaken a rapid expansion of its program in support of the CAI. From a base of only nine active projects in mid-1984, the Mission has designed and initiated implementation of seven new projects, is in the process of finalizing two additional projects for authorization in FY 1986, and has received AID/W approval of PIDs for two high priority projects scheduled for initiation in FY 1987. In addition to these activities, ROCAP, which prior to the CAI had no education or human resource development program to speak of, developed a regional training plan for incorporation in participant training activities under the Central American Peace Scholarship Program. Finally, the Central American Energy Resources project with the Los Alamos National Laboratory, which was initiated in AID/W with FY 1984 Supplemental funding, was transferred to ROCAP for implementation as of January 1986.

Authorization FY 1985

Oral Rehydration Therapy	$8.0 million
Food Assistance	5.6
Tree Crop Production	9.0
Regional Higher Education	7.0
Regional Economic Recovery	50.0
C.A. Peace Scholarship Program	10.85
Central American Energy Resources (Los Alamos)	10.2

Authorized as of 5/30/86

Non-traditional Agricultural Export Support	$ 8.0
Export Management Training	$ 6.8
	$114.45 million

Although the initial period of the CAI has been largely characterized by a heavy emphasis on project design, significant results have already been demonstrated in a number of areas (for a complete review of progress towards benchmarks established in the FY 1986-FY 1987 Action Plan, see Annex A). Under the LAC Objective of Stabilizing

Financial Structures, the $50 million Regional Economic Recovery project has proven to be an important stimulus for the financial recovery of CABEI and the mobilization of new external resources to the region. Since the signing of the project agreement, CABEI's member countries have cleared outstanding arrearages and contributed new paid-in capital for a combined total of nearly $78 million. A formal statement has been made by member countries regarding their agreement to amend the Bank's charter, subject to national legislative approval, in order to admit extra-regional members and five countries have already expressed their intention to join the Bank. In addition, a new "Club Loan" with 34 international banks is expected to be signed in June 1986.

With respect to promoting exports, the Mission has been successful in working with BLADEX to meet its 1:1 co-financing target for short-term credit for non-traditional commodities by March 31, 1986. The Export Management Training project with INCAE, which was initiated on December 31, 1985, is supporting the establishment of a Center for Policy Study and Applied Economics. This Center organized a conference on Central America and Panama Economic Policy in April 1986, which was very well received by a wide variety of government and private sector leaders as well as academics in attendance. In addition, the first summer session for professors of business administration from universities throughout the region will be held this summer at the INCAE campus.

The Regional Agricultural Higher Education project with CATIE, ROCAP's major effort under the LAC Objective of Increasing Agricultural Production, has demonstrated substantial progress since its initiation in August 1985. A master plan for facility expansion and renovation of student housing and office space has been completed. Faculty recruitment is underway, a development office is being established and collaborative arrangements with a number of U.S. and CA/P institutions/universities are being negotiated.

The CATIE Tree Crop Production project, also signed in August 1985, was designed in part to build upon the results of the previous Fuelwood and Energy Efficiency project. To date, the relationships established with the National Ministeries and the extension service programs in the region, and research findings developed at CATIE under the Fuelwood project, have allowed for the immediate transfer of project information and the implementation of technical outreach services involving fast growing, multiple-purpose, tree crop varieties. Information dissemination activities and in-country promotion and demonstration of forestation and agro-forestry techniques, other on-farm applications of wood, and wood product development for commercial sale are already in progress.

Since the initiation of the CAI, ROCAP has signed two agreements with INCAP designed to help address the region's infant mortality and malnutrition problems. The Oral Rehydration Therapy, Growth Monitoring and Education project has assisted countries in completing their Child Survival Action Plans, carrying out baseline health systems assessments, developing information, monitoring and evaluation systems, and developing educational and training activities and materials.

As a means of coordinating and strengthening the technical, managerial and evaluation capabilities of INCAP and other public and private food assistance agencies in the region, the Technical Support for Food Assistance project has been effective in accomplishing several early objectives. Task forces comprised of representatives from a number of agencies will be meeting within six months regarding the implementation and management of school feeding and emergency food programs. Plans have also been finalized for two courses at INCAP which will incorporate all phases of the design and management of food assistance programs.

2. Proposed Program and Benchmarks for FY86-FY87

(1) NBCCA Goal: Laying the Basis for Long-Term Growth

(a) Objective Category: Stabilize Financial Structures

CDSS Goal: Encourage resumption of external capital flows to region.

Key Assumptions:

- Political stability will encourage return of capital and investment to the region.
- Legislatures of CABEI member countries approve amendment to Bank's charter which would permit extra-regional countries to join.

Performance Indicators/Benchmarks

- CABEI obtains $ 50 million in new capital on concessional terms from outside sources. Target date: August, 1986.
- Regional Capital Markets study completed. Target date: October, 1986.
- BLADEX co-financing ratio increased to 2:1 for a total of $ 43 million. Target date: March 1987.

Projects:

Continuing	LOP ($000)
Regional Economic Recovery (CABEI), 596-0114	35,000 (G) 15,000 (L)
Export Promotion Fund (BLADEX), 596-0125	21,600 (L)
New	
Trade and Development Corp., 596-0144 (no benchmarks until FY 88).	45,000 (L) 5,000 (G)

Budgetary Impact (FY 1987): 0

Narrative:

Regional Economic Recovery, 596-0114, initiated in late FY 1985, will mobilize increased levels of external resources to the Central

American region through the Central American Bank for Economic Integration (CABEI). CABEI has played an important role in mobilizing external resources in the past and in channeling investments to meet the region's development needs. The purpose of the project is to improve CABEI's financial and administrative viability and increase the Bank's present investment impact on the region while strengthening its private sector program development.

The project is designed to help CABEI overcome its short term liquidity problems, carry out approved high priority public sector investment projects, while at the same time initiate assistance to export oriented agribusiness projects in the private sector as a second-tier lender. Substantial technical assistance is also included in key areas to help the Bank continue to consolidate its overall administrative reforms and strengthen its capabilities to rehabilitate the direct loan private sector portfolio, as well as to carry out the agribusiness initiative working with ICIs in the region. Project conditions have been negotiated with CABEI as an integral part of the overall effort to strengthen the Bank and improve its creditworthiness. In turn, CABEI's ability to attract external financial resources from new extraregional members, MDBs, bilateral donors and commercial sources, will be enhanced.

CABEI has satisfied all conditions precedent to the disbursal of the initial $15 million of public sector lending, including the clearing of all public sector arrearages ($38 million) and a $40 million increase in paid-in capital. Preliminary negotiations with creditor banks have been successful, and it is likely that the new "Club" loan will be successfully renegotiated by June 1986, allowing disbursement of the remaining $15 million in AID grant funds for the public sector infrastructure component. CABEI's efforts to enroll non-Central American members has been moderately successful. The Dominican Republic, Mexico, Argentina and Colombia have agreed to become members of the Bank. The combination of these measures has greatly restored confidence in the Bank and should lead to the generation of at least $50 million in new capital on concessional terms by August 1986.

The Export Promotion Fund project with the Latin American Export Bank (BLADEX), 596-0125, provides short-term financing for nontraditional exports through a network of correspondent banks in the region. Since the project began in 1982, over $170 million in trade credit has been provided.

A demand analysis conducted in 1985 cast doubts on several premises originally accepted during project design. This study pointed out that the forecast for short-term credit demand was over the mark by a wide margin; since 1982, structural factors (e.g. exchange rate

regulations) have appeared that have slowed credit demand; and the supply of non-traditional short-term lines of credit has increased. After negotiations with BLADEX and consultation with AID/W, a revised timetable for meeting co-financing targets was agreed upon. BLADEX was able to satisfy the revised goal of 1:1 cofinancing as of March 31, 1986. Demand studies have been undertaken and BLADEX will strive to achieve a 2:1 cofinancing level by March 31, 1987. In addition, a larger percentage of project monies will be directed toward medium-term lending (180 days to 3 years).

In response to the NBCCA recommendation regarding the creation of a regional venture capital company, AID/W has encouraged ROCAP to undertake a regional capital markets study to analyze the market structure for medium-term finance, and to explore the need for new financial institutions, services and support mechanisms for this market. Within this latter context, the study will also examine the viability of a venture capital company or merchant bank as a new financial institution. The study will provide the basis for pursuing the proposed FY 1988 Trade and Development Corporation project, and the bilateral USAIDs in El Salvador and Honduras will also draw on it in considering similar project proposals of a national scope.

(b) Objective Category: Promote Exports

CDSS Goal: Remove key investment, marketing, management and financial constraints to agroindustry and nontraditional export growth using regional financial and technical assistance mechanisms.

Key Assumptions:

- CABEI can successfully negotiate arrangements with the Central Banks of member countries (where appropriate) which assure that foreign exchange risk guarantees are provided and access to foreign exchange for import requirements is readily available.

- Political and democratic stability, and private sector macro-economic policies will allow LAAD to continue to effectively operate in the region.

Performance Indicators/Benchmarks:

- Study on regional transportation constraints completed. Target date: November, 1986.

- Follow-up transportation conference. Target date: February, 1987.

- $ 10 million disbursed for agribusiness lending under CABEI project. Target date: March, 1987.

- CABEI's agribusiness lending capabilities upgraded through staff training and technical assistance. TA provided to ICI's to improve agribusiness loan assessment and management. Target date: March, 1987.

- $4 million in LAAD loans disbursed for 10 subloans and 85 new jobs created. Target date: March 1987.

- $ 10 million of BLADEX loans targeted for medium-term borrowers. Target date: March 31, 1987.

- Five (5) discrete INCAE short-term export management training seminars held in each of five (5) participating countries with approximately 1000 top and mid-level managers participating. Target date: March, 1987.

- Export management training content introduced into selected INCAE graduate and advanced graduate courses. Target date: September, 1986.

- 15 new "export" cases developed at INCAE for incorporation into MBA and seminar training activities. Target date: March, 1987.

- Three INCAE faculty sent for advanced export management training in the U.S. Target date: September, 1986.

- 40 teachers from schools of business administration in the region given advanced training at INCAE in teaching export management. Target date: July/August, 1986.

- Five professors from other schools of business administration in the region enrolled in INCAE MBA program, emphasizing export management. Target date: September, 1986.

- Five INCAE students serve internships in U.S. import/export firms. Target date: July/August, 1986.

- Non-traditional Ag. Export Support contract team arrives in region. Target date: August, 1986.

- Training needs identified and in-service training programs defined in four CA/P countries to increase non-traditional agricultural exports. Target date: October, 1986.

- Links established between four (4) national export federations and regional training institutions. Target date: October, 1986.

- Work plans developed by four (4) national export federations for providing information, training, and technical assistance services to local cooperatives, producer associations and individual entrepreneurs. Target date: December, 1986.

Policy Dialogue:

- ROCAP will continue to require LAAD to charge to its subborrowers a dollar rate of interest which is at or near a market rate of interest.

- One INCAE policy dialogue seminar held in each of five countries targeted at promoting public policy supportive of non-traditional exports.

- Five policy studies completed by INCAE's Center for Applied Economics and Policy Studies.

Projects:

Continuing -	LOP ($000)
Regional Economic Recovery (CABEI), 596-0114	35,000 (G) 15,000 (L)
Export Promotion Fund (BLADEX), 596-0125	21,600 (L)
Export Management Training (INCAE), 596-0124	6,800 (G)
Agric. Export Support, 596-0108	8,000 (G)
New -	
Export Agribusiness Dev. (LAAD), 596-0123 (FY 1986)	25,000 (L)
Technical Consultants and Training (FY 1986)	6,000 (G)
Ind. Technology, Quality Control and Productivity, 596-0128 (FY 1987)	
Regional Industrial Expansion, 596-0147 (FY 1988)	49,000 (L) 1,000 (G)
Trade and Development Corporation, 596-0144 (FY 1988)	45,000 (L) 5,000 (G)

Budgetary Impact (FY 1987): $25,512,000

Narrative:

On-going and planned ROCAP projects address a variety of constraints limiting the expansion of non-traditional exports, ranging from the lack of both trade and development finance to management training, policy dialogue, market information and know-how, post-harvest handling and quality control. Regional institutions such as CABEI, BLADEX, LAAD, INCAE and ICAITI are performing a valuable role which is highly complementary of active bilateral USAID Programs in support of this LAC objective category.

In the area of credit, the Export Promotion Fund project is addressing the short-term (90-180 days) market for the importation of raw materials and intermediate goods, and is providing for project working capital that has been severely constricted by the almost complete withdrawal of international banks and supplier credits. Since 1982, over $170 million in short-term credit has been provided by BLADEX through its network of shareholder banks. The agribusiness component of the Regional Economic Recovery project with CABEI and the FY 1987 Export Agribusiness Development project with the Latin American Agribusiness Development Corporation (LAAD), address the medium to long-term credit requirements (2-7 years repayment periods) for plant expansion and new investment start-up. CABEI will work through a network of 20-25 ICIs in Honduras, Costa Rica, El Salvador and Guatemala as a second tier lender. Through AID-funded technical assistance, CABEI will decentralize its operations, giving more autonomy to its regional offices as well as strengthening both ICI and CABEI regional office staff in loan identification and review and monitoring of export-oriented subprojects. Over the past 15 years, LAAD has established itself as the most efficient lender of its type, demonstrating a flexibility and willingness to develop and work with clients who often are unable to qualify for loans from other lending institutions in the region. Estimates of total LOP outputs for these three credit projects are as follows: $392 million in foreign exchange generation, and 29,000 new jobs created.

The Export Management Training project with INCAE, 596-0124, which was initiated in January 1986, will contribute to nontraditional export growth in the region by strengthening the capabilities of INCAE and other schools of business administration in export management training and by expanding inter-sectoral policy dialogue. The model export management program, in addition to strengthening INCAE's instructional capabilities in export management, will include an extensive outreach effort designed to

provide short-term training for public and private sector managers. Support for other CA/P business schools will allow the project to have a positive short-term impact while multiplying the benefit of INCAE's past experience in the export sector. This component is designed to help other business schools in the region upgrade their instructional programs through in-service training, faculty workshops, curriculum development and course design. Finally, INCAE's newly created Center for Applied Economics and Policy Studies will provide support for the study and analysis of economic and public policy which affect exports from the CA/P region. The Center will serve as a regional focal point by hosting intersectoral dialogue seminars and by sponsoring policy related research. The Center will disseminate research findings via a series of newsletters and a new journal of applied economics and policy studies. Also, the Center will assume a lead role in the improvement of the economics program at INCAE, and will contribute in general to the strengthening of applied economics in the region.

The Agricultural Export Support project, 596-0108, which was authorized December 23, 1985, will seek to create and/or strengthen private sector capabilities in the areas of production, post-harvest handling and marketing and transportation. The project will directly support the efforts of USAID bilateral missions in increasing exports of diversified agricultural products from the region by providing assistance through an institutional contract to key private sector export federations in Central America, and possibly Panama and Belize. The federations strengthened under the project will be used as vehicles to provide technical assistance and training to their members, local producer associations, cooperatives, export brokers and sellers and to some extent public sector export personnel. A contract is expected to be signed in June 1986, and will include of a six member team of long-term technicians together with 120 person months of short-term assistance in specialized areas.

Under the FY 1986 Technical Consultants and Training project, a number of analyses of regional constraints limiting export expansion, conferences, workshops and specialized technical support services, will be made available to support bilateral as well as regional program development. A regional study of transportation constraints and alternatives will be completed in the Fall of 1986, with a follow-up conference scheduled for early 1987. Other possible analyses include an examination of the anti-export bias in the Central American incentive system, and an industrial survey which will explore firm-specific evidence of the factors which affect export potential given current policy constraints. With regard to technical support services, private sector officers will be able to tap a regional IQC-type mechanism for rapid response

contracting of specialized expertise in banking, marketing and export promotion to complement in-house and project-funded consultancies — a need which was highlighted in the recent LAC Stocktaking exercise.

Lastly, to increase the productivity and competitiveness of industries in Central America and Panama, the FY 1987 Industrial Technology, Quality Control and Productivity project with ICAITI, will provide firm-level assistance in: 1) product quality control and other technical aspects of industrial production systems; 2) the identification of cost savings opportunities through improved management and operational efficiency; and 3) access to market information and training in market segmentation, pricing and other export marketing techniques. (See New Project Summary for the Regional Industrial Expansion (596-0147) and Trade and Development Corporation (596-0144).

(c) Objective Category: Increase Agricultural production

CDSS Goals: (1) Improve policy incentives, technical assistance and applied research for the increased production of nontraditional export crops and domestic food crops; (2) improve agricultural production, with emphasis on small- and medium-size farmers; and (3) contribute to increasing agricultural productivity by expanding the professional human resource base with practical and educational experience at the undergraduate and graduate levels.

Performance Indicators/Benchmarks

- Regional Pest Diagnostic and Information Center fully operational at CATIE. Target date: 12/86. 140 diagnoses carried out at Center; quarterly newsletter on Integrated Pest Management (IPM) published at Center. Target date: March, 1987.

- 50 technical assistance missions (cumulative) in IPM provided to national and regional institutions by specialists at CATIE, country coordinators and consultants. Target date: March, 1987.

- Short-term technical training in IPM and related subjects for 450 participants (cumulative). Target date: March, 1987.

- Research and extension/training publications on IPM technologies produced and disseminated: 5 pest loss assessments, 30 pest control guidelines, 8 modules on IPM practices, 20 IPM research documents (all cumulative). Target date: March, 1987.

- MS program in pest management at CATIE with emphasis on IPM improved through curriculum development and increased staffing. Target date: September, 1986.

- Information on the epidemiology of coffee rust and the effectiveness of selected fungicides developed in 4 countries and disseminated in 6 countries. Target date: May, 1987.

- An integrated pest management program on coffee bean borer developed in 3 countries. Target date: May, 1987.

- A system for analysis of pesticide residues developed and standards established for use and registration of pesticides in coffee production in 3 countries, and 100 people trained to carry out the analyses. Target date: May, 1987.

- Two rust-resistant-coffee varieties developed and tested throughout CA/P. Target date, May, 1987.

- Genetic improvement program for coffee established at CATIE. Target date: May, 1987.

- A methodology on appropriate technologies for small coffee farmers developed and adapted. Target date: May, 1987.

- Twelve national technicians trained in genetics improvement of coffee rust resistant varieties in Portugal and Brazil. Target date: May, 1987.

- On-the-job training provided to 50 national technicians in coffee rust control, coffee bean borer, technological options for coffee production, residue analysis. Target date: May, 1987.

- A comprehensive coffee information network developed. Target date: May, 1987.

- MS degree program in eleven subject areas and non-degree training at CATIE strengthened through curriculum development, increased staffing and reinforcement of graduate studies department. Target date: 9/86.

- Master Plan completed for facilities expansion needs over next ten year period. Target date: 4/86.

- CATIE infrastructure expanded (10 faculty houses and 1 computer center constructed, administrative offices and student housing remodeled, primary school expanded). Target date: 12/86.

- Development office established and plan developed for fund raising, alumni relations, and promotion of CATIE as a center for excellence in research and training. Target date: 12/86.

- Linkages developed between CATIE and international research/training institutions to implement student exchanges, collaborative research, scholarship programs and visiting professors to CATIE on sabbaticals. (30 linkages cumulative to 3/87).

Projects:

Continuing -	LOP ($000)
Pest Management, 596-0110	6,700 (G)
Coffee Pest Control, 596-0090	3,500 (G)
Ag. Higher Education, 596-0129A	7,000 (G)
New -	
Ag Technology Networks, 596-0127 (FY 1987)	10,000 (G)

Budgetary Impact (FY 1987): $10,000,000*

Narrative:

ROCAP's CDSS strategy in the agricultural sector has focused on one or more of the following areas: 1) strengthening regional institutions, either directly by using a ROCAP project to finance needed improvements in the institution (e.g. Higher Education) or indirectly, by using an institution as the mechanism for carrying out ROCAP-sponsored activities; 2) planning and financing activities which are important to most countries but either require a regional approach or produce significant regional economies (e.g. coffee rust research); 3) providing technical support for bilateral mission activities when several missions may require such support on an intermittent basis (e.g. integrated pest

*$2,200,000 of which corresponds to USAID/Costa Rica portion of Ag. Higher Education project, 596-0129B.

management advisor); and 4) providing a forum for the region's Ministers of Agriculture to discuss common policy issues (e.g. the Agricultural Secretariat project which ended in the first quarter of FY 1986).

In January 1986, ROCAP contracted with Coopers & Lybrand to prepare a regional agricultural sector strategy to help orient the Mission's program planning over the next ten years. While this assessment has not yet been finalized, it did point out areas of low productivity and weaknesses of professional and subprofessional staff as being the key constraints to development in the agricultural sector. Central American average yields are extremely low for basic food crops, livestock and traditional export crops (20-40% of developed country averages). This low productivity is due to a number of limiting factors: inadequate investment in research, particularly in the postgraduate training and support of research professionals; weak public research agencies; weak technology transfer systems; inadequate investment in irrigation; poor quality, overworked and eroded land; low input levels; and the unhealthy development and spread of destructive pests and diseases affecting plant and animal health.

For the planning period, ROCAP has three on-going projects (Integrated Pest Management, Coffee Pest Control and Higher Education) and proposes a new start in FY 1987 (Ag. Technology Networks), a PID for which was approved by AID/W in April 1986.

The purpose of Integrated Pest Management, 596-0110, is to strengthen regional and national institutional capabilities to develop and implement effective integrated pest management in Central America and Panama. The project contributes to increasing agricultural productivity in the region for both domestic and nontraditional export crops. The project includes applied research, training and technical assistance support services. Activities are underway at CATIE and in five CA/P countries. Country pest diagnoses have been prepared and research programs established for four countries. A regional pest diagnostic center has been established and an MS program in pest management emphasizing IPM principles has been improved at CATIE. Six MS students under project funds are enrolled, approximately 260 individuals have received short-term training, and seventy-five technical assistance missions have been conducted. As a result, significant progress has been made toward achieving the project's purpose.

The Regional Coffee Pest Control project, 596-0090, is helping to combat the spread of coffee rust and other coffee pests affecting small coffee producers in Central America and Panama. Only in Honduras and Costa Rica have major national efforts been directed at increasing coffee productivity despite the fact that yields throughout the region are very low. The Honduran experience, drawing on highly productive, high quality, rust resistant varieties developed and maintained by CATIE, demonstrates that yield increasing technology is available and cost effective, thus permitting national income to be maintained and expanded in the face of marketing quotas.

The PACD has been extended an additional year until May 1987 in order to complete the originally planned project outputs. By the end of the project, it is expected that there will be valid conclusions and recommendations on biological and chemical control of coffee rust and coffee bean borer. The analysis of pesticide residues will also have been completed. However, development of additional pest resistant coffee varieties may require a longer period of time than originally anticipated due to the complexity of developing and testing such varieties.

The Regional Agricultural Higher Education project, 596-0129, will produce a professional human resource base with practical and educational experience needed to address the agricultural production constraints of the Central America/Panama region. The project, which began in August 1985, consists of the following two components: (1) the creation of a Regional Agricultural College (managed by USAID/Costa Rica); and (2) the strengthening and reorientation of the graduate and professional programs of CATIE - managed by ROCAP. Linkages between the two regional institutions will complement, reinforce and strengthen their respective programs. These linkages include the undergraduate to graduate school progression for some students, exchange of professors, sharing of facilities, joint research activities and use of graduate students to assist with undergraduate research and teaching projects. Potential areas for linkage also exist with the Panamerican Agricultural School (EAP) in Zamorano, Honduras, which will be explored on a continuing basis to assure compatibility between programs. For both the Agricultural College and CATIE, four activities will be undertaken: (a) staff development; (b) facilities and equipment; (c) curriculum and administrative development; and (d) networking. Under the project, the scope and relevance of CATIE's training will be expanded and stregthened to meet the critical agricultural human resource needs of the region. The essential elements necessary to achieve this will be staff development and the physical expansion of CATIE to accomodate the increased student body, faculty and staff. Additions to the

curriculum and institutional programs are also planned. The CATIE component consists of a local currency funded construction component and dollar funding for staffing, equipping laboratories and CATIE's research field station, establishing a development office to conduct fund raising, enhancing linkages with international research/training institutions and improving curriculum for MS training.

The Agriculture Technology Networks project (596-0127), a new start for FY 1987, proposes to increase research output and the use of improved technologies in four basic food commodities through the networking of scientific activities in CA/P countries and by focusing technology applications on specific problems. Food self-sufficiency consistently appears as a top priority among agriculture sector goals. Currently, all CA/P governments assign primary responsibility to their national agricultural research systems for the research of basic grains. However, technology innovation alone cannot produce the necessary development in the food-producing sector. A range of institutional innovations, policy reforms, and infrastructure investments must also occur if agriculture is to develop and the benefits of that development are to be spread widely among the rural population. Yet, without continuing generation and diffusion of improved technology, few programs will move very far or have any lasting effect. While dramatic breakthroughs in production technology may result, it is more likely that continued research/extension efforts will be characterized by steady advances in production. Just as importantly, these efforts are essential to minimize the possibility of catastrophic interruptions of production caused by epidemics of new diseases and/or insects, or debilitating new variants of endemic problems (e.g. black sigatoka and its devastating impact on plantain production in the region).

The basic premise underlying ROCAP's Technology Networks project is that: independent, uncoordinated, country-by-country approaches to planning and implementing research and to developing needed research institutions, will not prove to be effective in significantly increasing agricultural production. The proposed project is considered a priority due to the institutional weaknesses in national agricultural research systems and the CA/P countries' small resource bases. The development of strong networks, with the International Agricultural Research Centers (IARCs) taking an initial leadership role, can facilitate planning of strategic research components, foster horizontal and vertical exchange of scientific knowledge, and lead to cost-effectiveness in research and more rapid and extensive applications of improved technologies.

The Coopers and Lybrand draft agriculture sector strategy report also identified a number of constraints which can be analyzed on a regional basis, and these analyses could lead to discrete project or non-project activities. Examples of topics which are being considered for inclusion under the FY 1986 Technical Consultancies and Training project are as follows: food security, agricultural contraband costs and causes; the feasibility of a vocational and higher education scholarship fund; regional irrigation support; and commercial land market constraints. In addition, long-term advisors in agricultural co-ops, vocational agriculture, micro-irrigation and on-farm water management and pasture management are being considered for funding under this project.

(d) Objective Category: Manage and Preserve Natural Resources

CDSS Goal: Improve the management and use of the region's natural resource base with emphasis on technical assistance and technology transfer to small and medium-sized farms and industries.

Performance Indicators/Benchmarks:

- An information/dissemination program on tree crop technologies carried out with CATIE support in CA/P countries: 750 demonstration plots, 700 participants attending field days, 50 mass media communications on tree crop technologies, 50 technical publications on growth and yield of 18 tree crop species, and other sociceconomic/silvicultural research. Target date: 3/87.

- 3 courses added to masters degree program at CATIE in Natural Resources emphasizing tree crop production. Target date: 12/86.

- Training needs study for CA/P completed, and short-term technical training conducted on tree crop production and related research subjects for 120 participants. Target date: 3/87.

- Data base system for renewable natural resources established at CATIE and in each CA/P country. Target date: 3/87.

- Permanent field laboratory for training, demonstration and extension of watershed management established at Rio Tuis, Costa Rica. Target date 6/86.

- Regional data base for watershed management established at CATIE, including computerized reference library, map and photo collection and geographic data base system. Target 12/86.

- Instructional design and materials, and project information office established at CATIE: 8 training modules/materials for graduate program and short courses, 10 technical publications on watershed management, quarterly newsletter. Target date: 3/87.

- National advisory committees operational in each cooperating CA/P country to promote watershed management, and regional advisory committee formed to coordinate watershed management activities. Target date: 12/86.

- MS degree program revised to include emphasis on watershed management and 2 MS degrees awarded. Target date: 3/87.

- Short-term technical training in watershed management conducted for 500 participants. Target date: 3/87.

- 20 technical assistance missions in watershed management provided to national and regional institutions by specialists at CATIE, country coordinators and consultants. Target date: 3/87.

Projects:

Continuing:	LOP ($000)
Tree Cropping, 596-0117	9,000 (G)
Watershed Management, 596-0106	6,000 (G)
New:	
Tree Cropping PP Amendment, 596-0117 (FY 1987)	5,500 (G)
Watershed Management PP Amendment, 596-0106 (FY 1988)	10,000 (G)

Budgetary Impact (FY 1987): $5,000,000

Narrative:

The draft Agriculture Sector Strategy report conducted by Coopers & Lybrand also identified deteriorating natural resources as a major constraint, and the NBCCA report made specific references to checking "deforestation and degradation of the environment" under its program for accelerated agricultural development.

Serious land erosion or degradation now affects from one-fifth to one-half of the national land area and leads to low and uncertain water yield, reservoir siltation and flooding, as well as loss of productivity. Failure to manage watersheds for sustained use severely limits the potential for development of viable irrigation systems, which provide the best hope for sustained increases in productivity essential to maintaining a growing population. USAIDs in Honduras, Guatemala and Panama have significant programs directed at soil conservation and watershed management. Indications from USAID Agricultural Officers in both El Salvador and Costa Rica are that similar programs would be supported under different Mission program emphases. The ROCAP Watershed Management and Tree Cropping proposed project amendments, and the PSC Environmental Management and Forestry advisors, are highly complementary of bilateral and national programs in this LAC objective category.

The Tree Cropping project, 596-0117, is strengthening the capabilities of CATIE and private and public forestry services, educational institutions, and extension organizations in tree crop production. As a result of the project, these organizations will be better able to promote and disseminate on-farm, market-oriented tree-crop technologies for the use and benefit of small and medium size farmers and rural industries. This project includes applied research, training, information dissemination and extension components.

ROCAP is proposing a FY 1987 PP Amendment for this project in order to increase tree planting through training, application of research results and financial support to international and national private sector service organizations. (See PP Amendment Summary).

The Watershed Management project, 596-0106, is improving institutional capacity in Central America and Panama for managing the region's watershed resources. Project components include the institutional development of CATIE and national institutions, training and technical assistance support services. Country coordinators have identifed priority watersheds and collaborating institutions in Panama, Honduras and Costa Rica. A field laboratory on watershed management has been established in the Rio Tuis Watershed in Costa Rica and a regional data base will be set up at CATIE by September, 1986.

CATIE is currently modifying its watershed program to insure a more interdisciplinary approach utilizing the expertise of personnel in its various programs and departments. CATIE initially focused only on the aspects of water resource, but now recognizes a greater need

to address overall resource management issues by integrating its efforts in agroforestry and wildlands management, as well as activities in its Plant and Animal Production departments.

A FY 1988 PP Amendment is being proposed to assist CATIE increase the effectiveness of its watershed management initiative through the establishment and consolidation of key fragile areas and the protection of biological diversity within priority watersheds through private and NGO participation. Continued support to CATIE will allow the long-term efforts in training, data base management and advisory services to bear fruit in the cooperating countries (See PP Amendment Description).

(e) Objective Category: Develop Local Energy Resources

CDSS Goal: Improve energy efficiency in regional industries and reduce consumption of imported petroleum through use of indigenous alternative energy sources.

Performance Indicators/Benchmarks:

(All benchmarks will be achieved by March 1987).

- 9 seminars on alternative energy technologies. Total participants: 450.
- 49 one-week workshops on specific energy technologies, their construction and application. Total participants: 500.
- 40 alternative energy short courses training approximately 800 participants.
- Up to 500 jobs generated and 30,000 M^3 of wood saved as result of three training inputs above.
- 15,000 alternative energy publications distributed.
- 2 new alternative energy demonstration units constructed.
- 145 visits providing technical assistance to new and existing alternative energy units.
- 40 alternative energy demonstration visits by ICAITI personnel.
- 17 energy conservation seminars with an average of 50 participants each: 850 participants.

- 5 training courses (5 days long) with 20 engineers each: 100 trained engineers.

- 60 energy audits conducted with 10% of firms making an average investment of $ 30,000 and receiving an annual energy savings of $ 60,000: $ 360,000 saved in energy costs per year.

- 10 demonstrations with an average cost of $ 12,000 and an annual savings of $ 25,000/year: $250,000 saved in energy costs/annum.

- 25 technical assistance visits resulting in annual energy savings of 2% of each plant's annual energy costs: a total annual savings of $160,000.

- 12 energygrams printed and distributed.
- 4 special energy bulletins.
- 3 pamphlets on energy savings.
- 2 promotional videotapes.
- 2 major exhibits.

Projects:

Continuing	LOP ($000)
Fuelwood & Alternative Energy Sources (ICAITI component), 596-0089	4,450
Industrial Energy Efficiency (ICAITI), 596-0095	5,400
Industrial Energy Efficiency (SIECA), 596-0095	450
C.A. Energy Rescurces, 596-0134	10,200

New

C.A. Energy Resources PP Amendment, 596-0134 (FY 1987)	10,000
Rural Electrification Support 596-0146 (FY 1987)	5,000

Budgetary Impact (FY 1987): $9,400,000

Narrative:

Limited development of indigenous energy resources and the high cost of imported fuels are key ingredients in Central America's present economic stagnation. For the region as a whole, more than fifty percent of electric generation capacity is in thermal facilities that mainly use petroleum-based fuel sources. Only one country (Guatemala) possesses significant petroleum reserves.

Industrial demand accounts for approximately one-third of oil imports. A survey of industrial energy use and visits to plants throughout the region show that most industries do not have energy conservation programs and are unaware of their problems.

The Central American countries also lack know-how and well-trained personnel assessing current and future energy needs and for selecting among energy alternatives. The potential for increased hydroelectric production is large, however, development is costly and has certain practical limitations. Geothermal energy exists in all countries, but its full potential is still largely unrealized. Peat is another energy resource available in abundance, but it too has not been examined in detail.

The ROCAP energy portfolio consists of three on-going projects (Fuelwood and Alternative Energy Sources and Industrial Energy Efficiency with ICAITI and C.A. Energy Resources project with Los Alamos National Laboratory - LANL) and a new FY 1987 project entitled Rural Electrification Support with NRECA. A FY 1987 PP Amendment is proposed for the C.A. Energy Resources project with Los Alamos.

The Fuelwood and Alternative Energy Sources project (ICAITI component), 596-0089, continues in a final phase of dissemination of technologies developed during early years of the project. These alternative energy technologies are improving the ability of households and small industries in rural and urban areas to increase their income by substituting alternate energy sources and/or increasing the efficiency with which they are used, especially fuelwood. Technologies such as more efficient cookstoves, bread and ceramic ovens, and lime and brick kilns are using 50% less wood. Solar driers are preserving fish, fruit, vegetables and grains that were formerly lost or without markets. Biogas technologies are providing fuel to small farms for lighting, refrigeration and operating small motors.

The Regional Industrial Energy Efficiency, 596-0095, has begun to have a significant impact on industrial energy use in the region. Despite the decline in world petroleum prices, local costs for fuel have remained stable and may even rise. The ICAITI program of energy audits, seminars, publications and demonstrations, have directly improved industrial energy efficiency in the region. Opportunities for energy savings of 15-20% have been identified by ICAITI engineers in a broad group of industries.

The C.A. Energy Resources project (Los Alamos), which began in April 1985 but was only transferred from AID/W to ROCAP for implementation in January 1986, is introducing new energy

technologies and energy assessment approaches designed to help the participating countries become self-sufficient in energy resources over the long-term. LANL, in cooperation with the lead energy agency in each country, the national electric utilities, ICAITI, INCAE and the Central American School of Geology, is working on the development of non-traditional sources of energy such as geothermal resources, peat and coal. Counterpart and lead agency personnel and private entrepreneurs are being trained to increase their technical and managerial skills through on-the-job training, workshops, seminars and conferences.

A major outside evaluation of progress to date and possible follow-on activities is scheduled for completion in August 1986. The FY 1987 PP Amendment will rely on the evaluation findings and the LANL proposal to build upon the experience, technical resources and skills that LANL, regional institutions and national counterparts have developed to date. Specific outputs anticipated under the amendment include: geothermal feasibility recommendations in Honduras; geothermal exploratory and well-logging equipment used to develop geothermal fields in Guatemala, El Salvador, Costa Rica and possibly Honduras; a direct heat geothermal demonstration facility will have been developed in Guatemala; an end-use peat demonstration completed in Costa Rica; and continued energy planning assistance provided to all energy planning ministries or secretariats.

The FY 1987 Rural Electrification Support project, 596-0146, with NRECA as the primary implementing agency with assistance from ICAITI, will help design rural electrification and alternative energy systems that link into and complement central grid systems. Project training activities will involve on-the-job training to develop the skills necessary to support the planning and implementation of rural electric and alternative energy systems. (See New Project Summary).

(2) NBCCA Goal: Equity and Broad Participation in Development

(a) Objective Category: Reduce Infant Mortality, Alleviate Malnutrition

CDSS Goal: Reduce infant mortality and improve maternal and child health and nutrition through research, training, technical information dissemination and technical assistance to help the Central American Countries strengthen oral rehydration therapy, growth monitoring, health/nutrition education and supplementary feeding programs.

Key Assumptions

- That stated national priorities for primary health care with emphasis on maternal infant health will result in the necessary resources being provided at the national level to ensure optimal use of regional technical support services in encouraging widespread dissemination of ORT and carrying out of growth monitoring and educational activities.

- That national and donor agency interest in improving the effectiveness of food assistance programs will result in sufficient resources being provided on a bilateral basis to cover the in-country training, materials and equipment costs necessary to complement regional technical and training support services aimed at improving food assistance programs.

Performance Indicators/Benchmarks

- One set of training modules for child survival interventions including oral rehydration, growth monitoring and appropriate infant and child feeding practices developed, tested and applied in at least two countries. Target date: First Quarter CY 1987.

- Methodology for evaluation of oral rehydration, growth monitoring and education programs developed and tested and evaluation systems put in place in three out of the six participating countries. Target date: Second Quarter CY 1987.

- Community anthropological studies completed in five out of the six participating countries and results made available to educators and planners. Target date: First Quarter CY 1987.

- Agreed upon regional technical procedures for carrying out growth monitoring activities adopted and implementation begun in three out of six participating countries. Target date: First Quarter CY 1987.

- Plan for developing complimentary educational packages for growth monitoring developed, approved and field studies begun. Target date: Fourth Quarter CY 1986.

- Development of preliminary national action plans for improving food assistance programs in CA/P completed and presented at a regional seminar. Target date: Third Quarter CY 1986.

- Plans for organization and management evaluations of food assistance programs approved and studies begun. Target date: First Quarter CY 1987.

- Regional Information Dissemination Center activities expanded to cover food assistance program subjects. Target date: Fourth Quarter CY 1986.

Policy Dialogue

Note: Policy dialogue will be carried out through the Nutrition Institute for Central America and Panama in collaboration with PAHO, UNICEF, WFP and FAO.

- Obtain regional agreement on technical procedures for growth monitoring and implementation of agreed upon norms in each country.

- Establishment of regionally agreed upon procedures for programs to control diarrheal disease.

- Development, adoption and implementation of country action plans to improve maternal infant health programs, including control of diarrheal desease, growth monitoring and appropriate maternal/child feeding practices.

- Development of country action plans to improve supplementary and emergency feeding programs.

- Development of formal or informal mechanisms for coordinating supplementary feeding activities in each participating country.

Projects:

Continuing:	LOP ($000)
ORT, Growth Monitoring and Education, 596-0115	8,800
Food Assistance Support, 596-0116	6,300

Budgetary Impact (FY 1987): $1,500,000

Narrative:

Infant and child mortality and malnutrition rates in Central America are among the highest in the hemisphere, particularly in Guatemala, El Salvador, Honduras and Nicaragua. An estimated

250,000 children die each year and over a million are affected by severe malnutrition. Approximately $ 92 million worth of food is going into supplementary feeding programs in the region per year. However, much of this food does not effectively reach children and families who most need it. An estimated 40% of the region's households suffer from chronic or seasonal food gaps with figures rising to over 50% in some countries.

By the end of the first quarter of Calendar Year 1986, INCAP, through the ORT, Growth Monitoring and Education project (596-0115), and in collaboration with PAHO and UNICEF advisors, had helped each of the CA/P countries and Belize develop global five year child survival plans. In March, the Italian Government and the EEC signed agreements to support these plans.

Health systems assessments have been completed in four of the six countries involved, and are underway in the others. Anthropological user, provider and community studies, designed to provide information for development of education packages and for improving health systems delivery, are being utilized in five of the six countries. In addition, the project's technical information dissemination system was providing information regularly to over 1500 professionals throughout the region. Under the Tech. Support for Food Assistance project (596-0116), contacts have been made with all national food aid program managers, participating PVOs, and donors in the region. Most of the long-term INCAP staff are in place, annual plans for providing technical assistance to the countries are now finalized and planning for the first regional task forces and courses is underway. During CY 1986 and the first half of CY 87, it is expected that health systems assessments and anthropological studies will be completed in at least five of the six participating countries.

In FY 1987, the Mission Plans on adding small amounts of additional funds to the ORT, Growth Monitoring and Education and Technical Support for Food Assistance Programs, to support additional long-term personnel, provide partial funding for in-country training activities, expand evaluation activities under the Food Assistance project from two to three countries, support follow-on community based intervention studies on dietary management of diarrheal disease, and provide additional US technical assistance and staff training for both projects. In FY 87 and FY 88, it is anticipated that some assistance will be provided under the Technical Consultants and Training project to regional institutions to help countries examine the macro-economic and agricultural policy adjustments occuring in the region, and determine the impact on low income and economically marginal groups.

(b) Objective Category: Improve Educational Opportunities

CDSS Goal: Upgrade training of national training institutions/organizations in vocational agriculture, health and nutrition education, and business and public administration under Central America Peace Scholarships (CAPS) program. High priority in selection of participants will be accorded to those from disadvantaged and minority groups and to those with leadership potential.

Performance Indicators/Benchmarks

Overall Objectives

- Provide short- and long-term training to national business school faculties and trainers in cooperatives and small business organizations.

	FY 85	FY 86
Long-term	3	-
Short-term	40	100

- Provide short- and long-term training to vocational agricultural school faculties.

	FY 85	FY 86
Long-term	4	14
Short-term	27	100

Benchmarks:

- 140 business faculty members, cooperative trainers, and small businessmen complete 3-month short-term training program in the U.S.

- 3 persons from business school faculties, cooperative or business associations are enrolled in long-term academic training in the U.S. by September 30, 1986.

- 127 persons complete 3 month short-term training program in the U.S. for vocational agriculture instructors by November 31, 1986.

- 19 persons from the regional agricultural schools are enrolled in long-term academic training in the U.S. by November 31, 1986.

Projects

Continuing:	LOP ($000)
Central America Peace Scholarships (CAPS) (ROCAP), 597-0001	10,850

Budgetary Impact (FY 1987): $1,600,000

Narrative:

The ROCAP CAPS program will provide both long- and short-term training in the United States for over one thousand participants from Central America and Panama. The goal of this five-year program is to upgrade the training capabilities of national training institutions/ organizations (broadly defined) in three critical development areas:

1) Vocational Agriculture,
2) Health and Nutrition Education,
3) Business and Public Administration.

The purpose of the program is to provide short- and long-term training to staff and faculty of national training and educational institutions (including organizations which conduct training for their own staff and cooperative members, cooperative federations, small business groups, and non-profit organizations), especially those which serve low income students, trainees and co-op members. To accomplish this purpose, ROCAP is working closely with several of the regional education and training institutions which it has helped develop over the last 20 years.

These organizations are: CATIE; the Pan American School of Agriculture at Zamorano, Honduras; INCAP and INCAE.

The expertise developed by these regional institutions, and that acquired through training programs in the U.S., will be utilized to upgrade and improve the educational capabilities of national training centers, colleges, and universities. CAPS trainees are recruited from a wide- ranging Central American group including teachers, trainers, professionals and para-professionals who work in the region with low income populations. Particular attention is being given to participants who exhibit leadership potential. In special cases, faculty and staff from the regional institutions receive advanced training as a prelude to undertaking management and/or instructional responsibilities in the CAPS program.

The country training plan was completed in August, 1985 and the first short-term training began in September, 1985. The FY 1985 funding of $800,000 was used to train 40 cooperative managers; 27 vocational agricultural teachers; three INCAE faculty members and five faculty members of the Panamerican Agriculture School. The current FY 1986 allocation of $ 1,600,000 will be used to provide short-term training for 50 trainers in cooperative management, 50 small business owners/trainers, 100 vocational agricultural teachers; and long-term academic training for 14 vocational agriculture teachers. The 1987-88 CAPS program will continue the basic models begun in 1985-86. The areas of training (long- and short-term) will continue with educators in the development fields of small business, cooperative management, and agricultural education. New emphasis will be given to training in health and nutrition education. A special effort will be made to find concrete means of supporting AID bilateral missions. Some possibilities may exist in the following areas: a regional newsletter; a centralized pre-departure and cross-cultural orientation center with English as a Second Language capability; a general back-up function that could include evaluation of particular groups while in training in the U.S.; and visits to long-term academic CAPS schools.

(c) Objective Category: Expand Access to Improved Housing

CDSS Goal: Improve the living conditions of lower income families in Central America.

Key Assumptions:

- Newly elected national administrations will support housing and urban development sectors and the policy objectives previously adopted.

- Changes in administrations do not adversely and irrevocably affect the retention of qualified staff of executing agencies.

- Economic and political conditions will permit large-scale investment in construction of shelter and infrastructure.

- Interest rates in the U.S. make borrowing of HG resources attractive for CABEI and in turn Central Banks.

Performance Indicators/Benchmarks

- Project Agreement signed with CABEI. Target date: November, 1986.

- HG resources contracted. Target date: March, 1987

- An additional $10 million in paid-in capital contributed by member countries. Target date: March, 1987.

Policy Dialogue:

The policy agenda will focus on five principal issues: cost recovery, improved management, tariffs and pricing policies, and increased private sector participation. This general policy agenda will be adapted to the specific goals established by the bilateral USAIDs, RHUDO and ROCAP for each country. The policy agenda will be phased in over a five year period, with the following objectives established for the FY 87-88 period:

- recommend policy changes and institute incentives to increase private sector participation in constructing low cost housing;

- recommend policy changes and initiate programs to increase S&L savings mobilization;

- improve cost recovery in public sector shelter finance institutions;

- improve cost recovery in existing upgrading programs;

- recommend changes to improve the capacity of infrastructure agencies to become self-financing; and

- develop and adopt regional infrastructure standards through CABEI.

Projects:

Continuing - none

New: -	LOP ($000)
Central American Shelter and Urban Development (CABEI) 596-0143	45,000 (HG) 30,000 (L) 4,000 (G)
Budgetary Impact (FY 1987):	20,000 (HG) 10,000 (L) 1,000 (G)

Narrative:

In considering the CAI objective of increasing the production of shelter solutions and the coverage of basic services by 25%, it is clear that bilateral initiatives alone will fall short of these targets. Currently, the shelter requirements of only 30% of the urban population of Central America are being met.

The PID for the C.A. Shelter and Urban Development project, 596-0143, was reviewed in AID/W in May 1986. By building upon CABEI's 20 years of experience in low cost housing, and its relationship with a much wider variety of public and private housing institutions than bilateral USAID programs utilize, it is expected that this project will significantly enhance AID's capacity to address the region's housing needs. In addition to providing an injection of $75 million for on-lending, CABEI will undertake a substantial technical assistance and training effort designed to upgrade the management efficiency of the region's housing institutions, encourage private entities to become more active in low-cost housing, reinforce bilateral USAID policy dialogue efforts and improve resource management for basic services. Over the LOP, CABEI will finance approximately 12,200 shelter solutions and some 26,000 low income families will benefit from the provision of water, sewer and other basic services.

B. New Project Descriptions and Implementation Schedule

1. Program Pipeline, Mortgage and FY 1987 and FY 1988 Proposed Programs and Priorities

Program Pipeline

A review of the current financial status of USAID/ROCAP's project portfolio, including total obligations, earmarks and commitments, expenditures (accruals and disbursements) and the pipeline, shows that project funding is now moving in accordance with project work plans. As of March 31, 1986, there was an unencumbered balance (obligations minus earmarks/commitments) of 32% of the portfolio, and a pipeline liquidation rate for the first six months of FY 86 of 21.5%. For the same period of October - March '86, ROCAP had total authorizations of $220.4 million, total project obligations of $180.6 million, earmarkings and commitments of $122.67 million, and accrued expenditures and disbursements of $105.6 million. ROCAP's current pipeline for all DA and ESF funded projects is approximately $75 million.

ROCAP's pipeline figure must be considered in light of the substantially increased number of projects and level of funding which have occurred over the past 18 months. In FY 84, the Mission had a total of 9 active projects. Obligations for that year increased by $15.4 million for a cumulative total of $54.9 million. In FY 85, ROCAP's new obligations jumped $79 million as a result of the Central American Initiative, for total cumulative obligations of $133.9 million (DA $87.8 million, ESF $46.1 million). By the end of the second quarter of FY 86, ROCAP had a portfolio of 20 ongoing projects, (not including several smaller projects funded under the AID Science Advisor's programs).

Although the pipeline liquidation rate decreased slightly from 26% in the second half of FY 85, to 21.5% in the first half of FY 86, total obligations rose more than 65% over the same period. This reflects a significant increase in ROCAP project expenditures, and the Mission expects to maintain and improve upon this increased disbursement level in the future.

Program Mortgage

By the end of FY 86, ROCAP's portfolio mortgage is expected to be approximately $49.5 million, and will rise to $59.4 million by the end of FY87 and $96 million by the end of FY88. The relatively high mortgages are unavoidable, due to the recent growth of the ROCAP program since FY 1984 under the Central American Initiative and overall budget restrictions which have prevented full or even near-full funding of new starts.

The mortgage at the end of FY 86 is explained by the high number of new starts -- five in FY 1985 and four in FY 86 -- and the fact that the LAAD Export Agribusiness project (LOP $25 million) could not be fully funded in FY 86 because of reductions in ROCAP's OYB. The FY 87 mortgage is explained in large part by the start up in FY 87 of CA Shelter and Urban Development (LOP $34 million), which could not be fully funded in that year.

To a lesser extent, the mortgage is also due to two other new starts (Technology Networks (LOP $10 million) and Quality Control (LOP $6 million) and three project amendments (Tree Crop Production (LOP $5.5 million), Pest Management (LOP $3.0 million) and Watershed Management (LOP $10 million). Finally, the incremental funding of the Central America Energy Resources project with Los Alamos National Laboratories (LOP $10 million), which was transferred to ROCAP from CA Regional projects, adds to the mortgage in a significant way. Review of the ROCAP mortgage should take into account that neither this project nor C.A. Rural Electrification Support were originally included in ROCAP budget planning for FY 87 and FY 88.

The FY 88 mortgage is explained by the same factors plus the start up of the Trade and Development Corporation (LOP $50 million) and Regional Industrial Expansion (LOP $50 million) with partial funding. The mortgage should decline sharply after FY 88.

FY 1987 and FY 1988 Proposed Programs and Priorities

FY 1987 Proposed Program

For FY 1987 the Mission is requesting total DA and ESF funding in the amount of $67,962 million, $23.5 million of which is the mortgage for on-going projects. The level is consistent with the FY 1987 Congressional Presentation (CP). Data sheets were included in the FY 1987 CP for three new projects, two of which are still planned for obligation in FY 1987 - C.A. Shelter and Urban Development (CABEI) (596-0143) and Industrial Technology, Quality Control and Productivity (ICAITI) (596-0128). The third, Fragile Lands Management (596-0140), is no longer being proposed as a new start, however, key elements of it will be incorporated into the PP amendment to the Watershed Management project (596-0106) in FY 1988. The Regional Agricultural Technology Networks project (596-0127) was proposed as a FY 1986 new start in last year's Action Plan. The PID for this project was approved in April 1986, but final PP design will not be completed until the middle of FY 1987. A fourth new start proposed for FY 1987 is the C.A. Rural Electrification Support project (NRECA) (596-0146) with NRECA, which was included in the FY 1987 CP under the Central American Regional Program as project 597-0010. Although this project originated in AID/Washington, responsibility for its design and implementation was recently transferred to ROCAP. In addition, project amendments are also proposed for Tree Crop Production (CATIE), 596-0117, and Pest Management (CATIE), 596-0110. Finally, Los Alamos National Laboratories (LANL) is requesting additional funding for its project, Central America Energy Resources, 596-0134. This project previously had been managed in Washington, but responsibility has now been assigned to ROCAP.

Priority Ranking

The priority ranking for the FY 1987 projects is shown below.

		Planned LOP ($000)	1st Yr. Funding ($000)
1.	Central American Shelter and Urban Development (CABEI), (596-0143)	4,000 (G) (SDA) 30,000 (L) (ESF)	1,000 (G) (SDA) 10,000 (L) (ESF)
2.	Industrial Technology, Quality Control and Productivity (ICAITI), (596-0128)	6,000 (G) (SDA)	3,000 (G) SDA)
3.	Regional Agricultural Technology Networks (596-0127)	10,000 (G) (ARDN)	3,500 (G) (ARDN)

		Planned LOP ($000)	1st Yr. Funding ($000)
4.	Tree Crop Production PP Amendment (CATIE), (596-0117)	5,500 (G) (ARDN) (increase only)	1,000 (G) (ARDN) (increase only)
5.	Central American Energy Resources PP Amendment (Los Alamos), (596-0134)	10,000 (G) (ESF) (increase only)	3,500 (G) (ESF) (increase only)
6.	Reg. Integrated Pest Management PP Amendment (CATIE), (596-0106)	3,000 (G) (ARDN) (increase only)	1,000 (G) (ARDN) (increase only)
7.	C.A. Rural Electrification Support (NRECA) (596-0146)	5,000 (G) (ESF)	5,000 (G) (ESF)

FY 1988 Program

Two new projects are proposed in FY 1988: Regional Industrial Expansion (CABEI), 596-0145, and Trade and Development Corporation, 596-0144. An amendment is also proposed to Watershed Management (CATIE), 596-0106.

Their ranking is indicated below:

		Planned LOP ($000)	1st Yr. Funding ($000)
1.	Regional Industrial Expansion (CABEI), 596-0147	49,000 (L) (ESF) 1,000 (G) (ESF)	20,000 (L) (ESF) 500 (G) (ESF)
2.	Trade and Development Corp., 596-0144	22,500 (L) (SDA) 5,000 (G) (SDA) 22,500 (L) (ESF)	8,000 (L) (SDA) 2,000 (G) (SDA) 6,000 (L) (ESF)
3.	Watershed Management (CATIE), 596-0106	10,000 (G) (SDA)	2,650 (G) (SDA)

2. Project Descriptions for FY 87 and FY 88

NEW FY 1987 PROJECT DESCRIPTION

Project Title:	Central American Shelter and Urban Development (CABEI)	
Project Number:	596-0143	
Project Funding ($000):	FY 87	FY 88
	10,000 (ESF-L) 1,000 (DA-G)	10,000 (ESF-L) 2,000 (DA-G)
LOP ($000):	30,000 (ESF-L) 4,000 (DA-G) 45,000 (HG)	

Purpose

To increase the availability of shelter and basic services to low income families throughout Central America and to strengthen the existing capacity of CABEI and national public and private sector institutions to provide these services.

Major Development Problem Being Addressed

Continued population growth and increased rates of rural-urban migration have overtaxed the capabilities of shelter and infrastructure institutions to respond to the growing demand for housing and urban services. Currently, the shelter requirements of only 30% of the urban population of Central America are being met. To alleviate this problem, it is estimated that 120,000 new housing units will need to be built each year for the remainder of this decade and into the next. In addition, 142,000 existing units will have to be upgraded annually. Current production is woefully short of these needs. In 1985, only an estimated 45,500 housing "solutions" were built by the formal housing sector.

The provision of infrastructure services is also far behind demand. In spite of increased investment in these areas, the coverage of urban services has actually declined. This is, in large part, due to rapid population growth and rural-to-urban migration. As an example, the World Bank estimates that sewerage coverage rates in the San Pedro Sula metropolitan area (the second city of Honduras) actually declined from 78% in 1980 to 68% in 1986. Similar trends are apparent throughout Central America.

Given the economic and political problems confronting Central America, capital from both domestic sources and international donors is currently insufficient to address the need for housing of these low income urban families. In addition to the capital shortage, institutional capacity needs to be improved in both the public and private sector if the current housing shortage is to be alleviated.

Relationship to Overall AID Strategy and NBCCA Recommendations

The project responds to AID's shelter and urban development policies. AID's shelter policy states that AID should support the delivery of low income housing in the developing world by channeling resources to national and regional institutions. AID's recently promulgated urban development policy paper states that AID should support the development, improvement and expansion of basic infrastructure in urban areas in order to both promote economic development in urban areas as well as to improve the living conditions of the urban poor.

The NBCCA called for increased economic assistance to expand infrastructure and housing. The Central American Initiative (CAI) established as a goal a 25% increase in both housing and water and sewerage coverage over the next five years. The CAI also recommended the use of $200 million in housing guarantee funds to help accomplish this goal. However, current HG projections indicate that only $ 95 million will be authorized bilaterally during the 1985 - 1990 period. Therefore, the infusion of $ 45 million in HG funds through this project will assist in reaching this target. When AID regional and bilateral loan funds are combined with PL 480 and ESF local currency generations, the total level of housing finance directed toward Central America over the period 1985-89 should meet the $ 200 million target.

The NBCCA also recommended that the U.S. join the Central American Bank for Economic Integration (CABEI), in order to channel new resources through that institution to Central America. While the United States will not join CABEI because of long standing policy against U.S. membership in sub-regional banks, a policy decision has been made to renew assistance to the Bank and to encourage other donor support for CABEI. AID has formulated a broad-based assistance package for CABEI. That assistance package includes the $50 million Regional Economic Recovery project (596-0114) loan/grant approved in FY 1985 to improve the financial viability of CABEI while strengthening its private sector program. This shelter and infrastructure project represents an additional component of AID's overall assistance package to CABEI. Resources will flow through CABEI to national shelter and infrastructure entities. These resources will be used to increase the availability of shelter and basic services to low income families in Central America.

Major Project Components, Activities, and Implementing Organizations

The project will have three major project components:

Financing of low cost shelter: Through public and private sector shelter finance institutions, CABEI will finance 12,200 shelter solutions in Honduras, El Salvador, Guatemala and Costa Rica.

Financing of neighborhood infrastructure: The project will finance the provision of water, sewer and other basic services to existing low income communities. Some 26,000 families will benefit from this program component. In order to extend these services, necessary off-site infrastructure will also be financed on a limited basis.

Technical assistance and training: The existing capacity of CABEI and private and public sector shelter and infrastructure entities will also be strengthened through the provision of technical assistance and training. Seminars, workshops and short and long-term technical assistance will be utilized to improve resource management, to improve financial planning capabilities, and to revise pricing and interest rate policies.

CABEI was chosen as the principal implementing organization based on 20 years of experience in financing low cost housing in the region. AID has channeled more resources for housing through CABEI (nearly $240 million) than through all other AID bilateral programs combined. CABEI has also demonstrated an excellent record of working with private housing finance and construction entities, and of leveraging new resources to match AID funding. By working through a wider variety of housing institutions and providing greater financial leverage, this regional project will add greater weight to the policy initiatives AID is pursuing bilaterally in the housing sector such as moving away from artificial interest rate ceilings toward a market rate of interest to housing subborrowers.

Preliminary Budget	Life of Project ($000)
Shelter - HG	45,000
Neighborhood Infrastructure - ESF Loan	30,000
Technical Assistance and Training - DA Grant	4,000
Total	79,000

Request for Delegation of PP Approval Authority

The PID for this activity was reviewed in AID/W on May 15, 1986. Given the amount of the funding being requested and the mixture of HG, DA and ESF funds involved, ROCAP will not request delegation of authority to approve the Project Paper in the Mission.

NEW FY 1987 PROJECT DESCRIPTION

Project Title:	Industrial Technology, Quality Control and Productivity (ICAITI)	
Project Number:	596-0128	
Project Funding (DA) ($000):	FY 87	FY 88
	3,000 (G)	2,000 (G)
LOP ($000):	6,000 (G)	

Purpose

To increase the productivity and competitiveness of industries in Central America and Panama through improved technology and quality control, and more effective management and marketing systems.

Major Development Problem being Addressed

The bulk of Central American industry, which by world standards is small and inefficient, functioned profitably within the Central American Common Market (CACM) for years without becoming knowledgeable about external markets, systems and methods of competition. Few Central American owned and operated factories have achieved notable success in exporting outside the CACM. Now that intra-regional trade is severely constricted and the need to generate foreign exchange earnings and new employment opportunities is paramount, there is a growing appreciation by Central American industry that they must look to world markets to place their exports, and that productivity and product quality must be increased in order to compete successfully in those markets.

Most firms lack the production capability and know-how for exporting in terms of quantity, quality and price. The common perception among the region's existing manufacturers is that becoming competitive in world markets requires substantial investments in new plant and equipment. This view convinces many would-be exporters that production for extraregional markets is prohibitive, and overlooks the fact that attention to quality of the product is at least as important as access to the latest technology. A series of activities applying the statistical process control method of W. Edwards Deming over the past year, organized by the Central American Industrial Research Institute (ICAITI) and the various Chambers of Industry in the region, demonstrated that significant cost savings and improved productivity could be achieved without major new investments. The reaction of Central

American industrialists attending the various seminars and quality control sessions was enthusiastic. Improved understanding of technical, management and marketing systems on the part of both top and middle level management was a major need identified by all participating firms.

Relationship to Overall A.I.D. Strategy and NBCCA Recommendations

The project will serve to enhance export opportunities for Central America and Panama and, as such, will be directly supportive of NBCCA recommendations in this area. In addition, the transfer of quality control technologies and other processess for improving productivity to small and medium size enterprises in the region will contribute to accomplishing the NBCCA objectives of strengthening small businesses and increasing employment.

Activities financed under this project will directly support and complement agribusiness credit (LAAD and CABEI) and export management training (INCAE) projects in the ROCAP portfolio, as well as bilateral USAID industrial credit, private sector support and small business development projects.

Major Project Components, Activities and Implementing Organizations

The primary thrust of the project will be to improve business performance by providing assistance to small and medium size industries in: 1) product quality control and other technical aspects of industrial production systems; 2) the identification of cost savings opportunities through improved management and operational efficiency; and 3) access to market information and training in market segmentation, pricing and other export marketing techniques. The project will build upon the organizational structure, experience, technical resources and skills of ICAITI; utilize ongoing relationships with national chambers of industry and other CA/P private sector organizations; and establish new ties with PVOs (such as the International Executive Service Corps, Project SUSTAIN and TECHNOSERVE), which specialize in providing firm level technical assistance. The Central American Business School (INCAE) will coordinate closely with ICAITI and focus specifically on the productivity concern in export management training through both its executive and mid-level management seminars.

In addition to its sponsorship over the past year of regional seminars, quality circles, top management meetings and plant visits employing the Deming quality control methodology, ICAITI has developed a unique capability in the CA/P region for product analysis and testing. ICAITI's laboratories are equipped to perform quality control and certification testing on a variety of products, including food, textiles, leather, rubber, paper and construction materials. ICAITI's outreach capabilities have been significantly strengthened in recent years, largely with ROCAP assistance, in addressing technology needs, mostly energy related, at all levels of industry, both rural and urban. The on-going Regional Industrial Energy Efficiency project (596-0095) has helped ICAITI gain wide acceptance by firms for its energy cost

reduction advice. The proposed project will further expand ICAITI's private sector outreach capacity by emphasizing the transfer of a broader range of industrial technologies and applications, and the need for complementing these activities with training at the firm level in management and marketing systems aimed at improving overall productivity.

The project will finance long- and short-term technical assistance; on-site training and assessments; pilot demonstrations on a limited basis; publications, exhibits and case studies; market testing to determine quality acceptability; and seminars and workshops. Training programs will also be tailored for appropriate ICAITI management and staff in order to strengthen the Institute's outreach capabilities to provide these services on a continuing basis.

Preliminary Budget ($000)

Technical Assistance & Personnel	$ 2,500
Courses, Seminars, Direct Training	2,500
Publications, Materials & Demonstrations	1,000
	$ 6,000

Request for Delegation of PID and PP Approval Authority:

Given past RCCAP experience with the implementing institution and the consistency of the project purpose with AID strategy, the Mission requests delegation of PID and PP approval authority.

PROJECT PAPER AMENDMENT

Project Title:	Tree Crop Production (CATIE)
Project Number:	596-0117
Project Funding (DA): ($000)	Current: 9000 (G)
	Proposed Increase:
	FY 1987: 1000 (G)
	FY 1988: 1500 (G)
	FY 1989: 1500 (G)
	FY 1990: 1000 (G)
	FY 1991: 500 (G)
Total LOP: ($000)	14500 (G)
PACD:	Current: 08/31/91
	Proposed: 08/31/91

Functional Account: ARDN

Problem: If present trends continue, wood for fuel, rural structures, implements and many other uses will become increasingly scarce, resulting in greater poverty in rural areas. As the price of wood increases, its purchase by small farmers will require an even larger proportion of their families' income. Growing scarcity also adds to pressure to over-utilize and degrade existing forest land.

Wood is an essential resource for most people of Central America and Panama. It is especially true for poor people living in rural areas, who use wood in almost every aspect of their daily lives -- literally from cradle to casket. Wood provides more than half of the energy requirements of the entire CA/P region, ranging from a high of almost 70% in Honduras to a low of 23% in Panama. Besides meeting energy needs, wood and wood products have substantial commercial demand in national and export markets. Continued rapid depletion of the supply of wood in the region will not only produce adverse environmental effects, but will also have an extremely negative impact on the quality of life as well as on the economies of each country in CA/P. A ROCAP study for CA/P estimates that for mechanical wood products alone, during the next 25 years CA/P is expected to annually consume 2.4 million m^3 but will have an annual deficit of 0.6 million m^3. Only Honduras and Guatemala are expected to have surpluses.

To reduce this gap and establish the basis for a mechanical wood products industry, 2.5 million acres of industrial plantations will have to be established. The consumption of fuelwood currently amounts to 27 million stacked m^3 per year, far surpassing that of mechanical wood products. The ROCAP Fuelwood project has identified many areas where fuelwood supply is already critical. In addressing this projects and other wood scarcity problems, CATIE and other conservation projects have shown that farmers respond well to information and ideas gained from demonstration plantations.

Tree planting and management must be accomplished by many individuals and small groups (villages, cooperatives, etc.) located close to areas of consumption. National financial, promotional and technical assistance institutions in the forestry sector are not prepared or inclined to work extensively with this target group, and most private voluntary and non-governmental organizations that do work with indigenous local groups are not technically prepared to promote and support tree planting programs. The Fuelwood and Tree Crop Production projects are working with many of these organizations. Over the last ten years, non-governmental agencies (NGOs) like CARE, PADF, Partners of the Americas, CODEL and various religious groups, have demonstrated an increasing willingness and capability to reach poor landowners with agricultural and forestry development programs. successeful projects with extensive introduction of tree planting technologies include CARE in Africa, CARE and PADF in Haiti, and various local religious groups in Peru. NGOs, however, have worked in tree planting activities only on a small scale in the CA/P region.

Research, training and outreach services carried out by CATIE through the Watershed Management Project, the Tree Crop Production project and other efforts are producing practical information and expertise on critical watersheds, land management techniques, and multi-purpose tree species for the production of fuel, fodder and wood products. For example, hundreds of individual farmers, many cooperatives, rural industries and other groups have established plantations in response to project motivation, demonstration and technical assistance with species selection, planting techniques and management. On a modest scale, but under a wide range of conditions, the project has shown that the production of trees as crops does work in CA/P and that farmers readily adopt innovations. A mechanism must now be established to channel this regional experience to farmers and other rural groups. This process is currently constrained by weak national forest services and extension services, the scarcity of strong local non-governmental organizations capable of encouraging tree planting, and the lack of financing on terms suitable for long-term investments in forest plantations.

Objective: The Tree Crop Production project's purpose is to develop and strengthen the capability of CATIE and public and private forestry services, educational institutions and extension organizations in the CA/P region to access, promote and disseminate on-farm, market-oriented tree crop technologies for the use and economic benefit of small and medium-size farmers and rural industries.

The project amendment will increase tree planting in Central America and Panama through training, application of research results and financial support to international and national private sector service organizations. The proposed project will carry out tree planting on a large scale throughout Central America, and will address the constraints to widespread tree planting by supporting NGO's on a regional scale. Its objectives are:

- To associate and strengthen national and international NGO's to enable them to stimulate tree planting and related activities in CA/P.

- To give technical and financial support to tree planting and related work through NGO's in the region.

Brief Description: The project will contract an NGO having a regional focus, and/or an informal coalition of international NGOs active in forestry in other regions of the world to promote and initiate tree planting in CA/P. The contractor will carry out the following tasks.

- Identify priority areas for tree planting in each country in conjunction with the CATIE Watershed Management and the Tree Crop Production Project staffs and other entities.

- Form and support an association of local NGOs in each country to carry out tree planting with small farmers.

- Obtain local funding for tree planting to complement the ROCAP contribution. Possible sources for these funds are local organizations, PL480 funds of bilateral Missions, donations or loans from international sources.

- Provide grants, credits or other incentives to local NGOs for tree planting and related activities such as soil conservation. Develop viable incentive schemes for broad scale tree planting programs under various conditions.

- Use the accumulated experience of the Tree Crop Project to train local NGO staff in nursery management, plantation establishment and other skills needed for tree planting.

- Organize and support production and distribution of seedlings.

This amendment provides a mechanism through which the technical advances of two ROCAP financed regional projects at CATIE, Watershed Management and Tree Crop Production, will be widely applicable. At the same time, both of these projects and this amendment will complement bilateral Missions' tree planting efforts in Guatemala, Honduras, El Salvador, and Panama.

The ROCAP contribution will be used as a matching grant to leverage a contribution from the international NGO which is to implement this project amendment. This agreement will be similar to the one which AID/Washington currently has with CARE for agroforestry. ROCAP's financing will serve as a catalyst until responsibility for funding is fully assumed by the NGOs involved.

Beneficiaries: Direct beneficiaries will be the local NGOs and the thousands of individual small farmers and rural populations who will be encouraged to plant trees on their land. The prices of wood are expected to increase more rapidly than inflation, thus its purchase requires an ever larger proportion of family income. By growing their own supplies, the hardships on the rural poor due to the scarcity of fuel and wood will be diminished. In addition, the income of these farmers will be increased as many of them grow trees as a cash crop. Indirect benefits include not only the on-site protective effects of a tree cover, but more importantly the plantations will reduce the pressure to over-utilize and degrade the existing natural forests. Thus, the project will result in improved environmental and watershed conditions which accrue to the CA/P economies and populations.

Additional Budget	$000
Long-term Technical Assistance	1,725
Short-term Technical Assistance	630
In-country Training	1,160
Vehicles and Supplies	875
Public Education	225
Other	885
TOTAL	5,500

FY 87 PROJECT PAPER AMENDMENT CAPS

Project Title: Central American Energy Resources (Los Alamos National Laboratories)

Project Number: 596-0134

Project Funding: ($000) Current 10,200 (G)

	Proposed Increase
FY 87:	3,500 (ESF-G)
FY 88:	3,500 (ESF-G)
FY 89:	2,000 (ESF-G)
FY 90:	1,000 (ESF-G)

Total LOP: ($000) 20,200 (ESF-G)

PACD: Current: 12/31/86
Proposed: 9/31/91

Functional Account: ESF

Problem: Limited development of indigenous energy and mineral resources and the high cost of imported fuels are key ingredients in Central America's present economic stagnation. The Central American countries lack know-how and well-trained personnel for assessing current and future energy needs and for selecting from among energy alternatives. In addition, the region has undeveloped energy and mineral resources that must be qualifed and quantified.

For the region as a whole, more than fifty percent of electric generation capacity is in thermal facilities that mainly use petroleum-based fuel sources. Only one country -- Guatemala -- possesses significant petroleum reserves. Approximately twenty-five percent of total energy consumption is provided by fuelwood and other cellulose fibre sources, thus dramatically contributing to the region's deforestation problem. The potential for increased hydroelectric production is large, but development is very expensive and has certain practical limitations. Geothermal potential exists in all countries, but its full potential is still largely unknown. Peat is another energy resource available in abundance throughout the region, but it too has not been examined in any detail.

Background Information: The Los Alamos National Laboratory (LANL) is implementing the Central America Energy Resouces project in Honduras, Guatemala, El Salvador, Costa Rica, Panama and Belize with FY 85 AID funding of $ 10.2 million. LANL is introducing new energy technologies and energy assessment approaches designed to help the participating countries become self-sufficient in energy resources over the long-term. The goal of the project is to improve the economic situation in Central America and help create employment through increased and more efficient utilization of the region's energy and natural resources endowment.

LANL, in cooperation with the lead energy agency in each country, the national electric utilities, ICAITI, INCAE, and the Central American School of Geology, has implemented Phases I and II of the Central America Resources Project. These first two phases introduced new technologies and assessment methodblogies to better analyze current and future energy needs; worked on the development of non-traditional sources of energy such as geothermal resources, peat, and coal, and assisted the countries to more efficiently utilize their energy and mineral potential. Counterpart and lead energy agency personnel were trained to increase their technical and managerial skills through on-the-job training, workshops, seminars, and conferences. In addition, the private sector has been involved to the greatest extent possible so that project activities can lead to job creation.

By December 1986, LANL will have expended virtually all of the $10.2 million allocated to it to date for activities in the following specific areas: (a) energy situation analyses,
(b) geothermal reconnaissance in Honduras and Costa Rica,
(c) geothermal development at the Miravalles Field in Costa Rica, (d) supplying support equipment, (e) direct heat applications, (f) peat end-use assessment in Costa Rica, and (g) mineral reconnaissance in Costa Rica.

Objective: The project amendment will build upon the experience, technical resources and skills that LANL, regional institutions, and national counterparts have developed to date to continue work initiated under the first two phases of the project. A major aim will continue to be to provide employment through involvement of the private industrial sector. A comprehensive evaluation of Phases I and II of the project will be initiated in June 1986, and the results will be available several months later for incorporation into the proposed project amendment.

Brief Description: Additional funding of $ 10 million is required for this amendment. Specific objectives that are anticipated under the amendment are outlined below. This initial listing of possible follow-on activities is tentative and will be refined as a result of the evaluation and further consultation with USAIDs and regional counterparts.

1. A recommendation on the feasibility of developing geothermal electric power in Honduras will be made. Should the recommendation be made to

pursue development, Los Alamos will work with AID and ENEE to acquire external funding for exploratory drilling.

2. The geothermal exploratory and well-logging equipment provided under Phase I will be in wide use throughout Central America and will have assisted in the more effective development of geothermal fields in Guatemala, El Salvador, Costa Rica, and possibly, Honduras. There will be a cadre of technicians trained in the use of this equipment in each of these countries.

3. A direct heat geothermal demonstration facility will have been developed in Guatemala to demonstrate the efficiency and financial attractiveness of using geothermal fluids for providing low-and medium-temperature heat.

4. Development of an end-use demonstration for peat will have been completed in Costa Rica. This will include both the capital development and the resource assessment necessary to match the resource characteristics to its most appropriate and economical use.

5. Continued energy planning assistance will be provided to all energy planning ministries or secretariats in Central America. This will include updating the databases and assisting with the collection of energy and economic data necessary for specific energy policy and planning decisions.

6. An energy atlas containing maps of energy resources, transportation and communications infrastructure and other physical features will be produced and distributed to relevant planning offices in each country. As this atlas will be computer-based, it can be updated periodically to ensure that it is current.

7. End use demonstrations will have been completed in the following areas:

   - peat gasifiers feeding diesel generators will have been demonstrated;

   - a peat pelletizing pilot plant will have been constructed to produce peat pellets for direct combustion demonstrations; and

   - applications of geothermal fluids directly to a commercial industrial process will have been demonstrated in Guatemala. These applications will involve both direct use of the fluids as well as their use as a residual after electric power generation.

Preliminary Budget	($000)
Personnel	$ 6,600
Equipment	800
Travel	1,000
Training	1,200
Evaluation	400
TOTAL	$10,000

Request for Delegation of PP Amendment Approval Authority: The Mission has only recently assumed management responsibilities for this project, however an outside evaluation of progress to date and the appropriateness of follow-on activities should facilitate the design of the amendment. While no policy issues have been identified, ROCAP solicite LAC/DR technical review and comment prior to authorizing the amendment.

FY 87 PROJECT PAPER AMENDMENT

Project Title:	Regional Integrated Pest Management (CATIE)
Project Number:	596-0110
Project Funding (DA): ($000)	Current: 6,750 (G)
	Proposed Increase: FY 1987: 1,000 (G) FY 1988: 1,000 (G) FY 1989: 1,000 (G)
Total LOP: ($000)	9,750 (G)
PACD:	Current: 06/08/89 Proposed: 09/30/90
Functional Account:	Health

Problem: The excessive and improper use of agricultural pesticides is a problem of grave concern in the Central America and Panama region. It creates human health hazards, contributes to environmental degradation, and causes a financial drain on the countries' economies (i.e. higher agricultural production costs, reduction in worker output due to illness, and loss of export markets as a result of unacceptable levels of pesticide residues in export commodities). The degree of understanding of the basic characteristics and proper utilization of pesticides among farmers and many extensionists remains minimal. The ability of public health personnel and farm administrators to recognize, diagnose and treat chronic and acute pesticide intoxication cases is very low. Regulation of pesticide use, including screening, importation, formulation, registration, packaging, labeling, storage, transport, sale, application, safety and disposal is also minimal.

Although most data on the economic, environmental and social impact of misuse of pesticides are several years old, there is little doubt in the scientific community of their present pernicious and insidious effects. An ICAITI study in 1977 in cotton growing areas (a crop for which frequent and heavy doses of pesticides are used) estimates 4,000 to 5,000 pesticide poisoning cases/year in the three country area of Guatemala, Nicaragua and El Salvador. It is generally accepted that locally consumed meat and milk are contaminated because of the widespread practice of allowing cattle to graze on sugar cane and cotton stuble which has been flooded with deadly pesticides.

Another serious health implication of excessive pesticide use is that the principal malaria vector Anopheles Albimanus develops resistance to chemicals with a resulting increase in malaria cases and/or increase in control costs. An ICAITI study estimated that in 1975 four Central American countries spent an additional $12 million for malaria control as a result of increased insecticide resistance of the target vector mosquito. An estimated 47% of this increased expenditure was attributed to excessive pesticide use on agricultural crops, especially cotton. The study also estimated the four countries had increased costs of $1.7 million over a 15-year period for the export beef industry because of pesticide contamination. Another report noted that although more than $1.4 billion was spent on anti-malaria programs in the Americas from 1957 to 1980, the number of cases rose 1,100 percent.

The ROCAP funded Integrated Pest Management (IPM) project's goal seeks to increase agricultural productivity and enhance health and living standards of rural families in CA/P through the generation/dissemination of technologically, economically and ecologically sound crop protection practices. IPM is a key component in addressing pesticide management problems. However, it only indirectly focuses on health issues (i.e. reducing the need for pesticides results in increased health benefits). The IPM project has provided a limited number of courses on pesticide use within the IPM context. In addition, project activities have heightened the awareness of public and private sector officials to the pesticide misuse issue. Partially as a result, greater emphasis is being placed by governments and donor agencies on project interventions which more broadly address pesticide management. An agromedical approach to pesticide management 1/ is required which includes the adoption of IPM practices, training for physicians, nurses and public health officials, agricultural administrators and policy makers, and carrying out specific studies/interventions to improve safe handling and use of pesticides.

Objective: The purpose of the project amendment is to increase the general capacity of concerned and responsible groups in CA/P to deal more effectively with the public health aspects of pesticide management and pesticide regulation. The amendment will complement ongoing pest management activities coordinated by CATIE by addressing pesticide-related environmental and health issues not included in the original PP.

Brief Description: The regional IPM project is in the process of developing sound IPM practices, mainly for basic food crops. It also has scheduled a limited number of pesticide management courses as part of its short-term training component. The proposed project amendment will consist of

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1/ "The integrated interdisciplinary application of the skills and knowledge of agriculture, applied chemistry, and medicine to the safe global production of enough food of high nutritional content to meet the health and nutritional needs of man".

training and technical assistance programs coordinated and implemented by an institution identified as having a high degree of expertise in this area. The regional character of the proposed amendment is justified by the commonality of the pesticide problem throughout CA/P which can be best addressed through regional cooperation. Proposed project activities will include:

(a) short courses, seminars and field days;

(b) production and distribution of didactic and promotional materials, including modules, manuals, audiovisuals, and posters;

(c) technical assistance and limited financial support to selected key groups already active in this area, such as AGMIP in the Almolonga Valley, Guatemala; CIP project (cotton IPM) in El Salvador; and Universidad Nacional's agromedicine program in Costa Rica;

(d) technical assistance to ministries of agriculture in their efforts to achieve better pesticide regulations;

(e) promotion and improvement of safety standards and information exchange on pesticides at a regional level; and

(f) special studies on issues such as environmental contamination, need for quality control, life history of pesticides to identify weak points - requiring corrective action, surveys and computerization of up-to-date information on pesticide intoxication cases at the country and regional levels.

Beneficiaries: Beneficiaries of this pesticide education component to the IPM project include farmers, agricultural workers, the public at large, Government agencies and CA/P Governments. The type of benefits which will accrue to these groups are outlined below. No attempt is made to quantify each benefit although some discussion of this is included in the problem section of this paper.

(a) Farmers and their families: lower costs of agricultural production, improved health, greater potential for export earnings.

(b) Agricultural workers, public at large: improved health, improved quality of life through less environmental and food contamination.

(c) Government agencies: reduced expenditures for malaria control and treatment of pesticide poisoning, reduced risk to workers exposed to pesticides.

(d) Governments: lower expenditures for pesticides and health care, increase in revenue from more agricultural exports, improved productivity by farmers and other groups.

Additional Budget	$000
Project Personnel	390
Training Activities	1,160
Technical Assistance	450
Equipment and Materials	50
Evaluation	36
Other	914
TOTAL	3,000

NEW FY 1987 PROJECT DESCRIPTION

Project Title:	Regional Rural Electrification Support (NRECA)	
Project Number:	596-0146	
Project Funding ($000):	FY 87	FY 88
	5,000 (ESF-G)	-
LOP ($000):	5,000 (ESF-G)	

Purpose

Strengthen planning and implementation of rural electrification systems by providing training and developing skills to overcome technical, administrative and analytical constraints.

Major Development Problem being Addressed

The primary development problem to be addressed by this project is the poor living conditions of rural inhabitants in Central America and Panama. These conditions are manifested in substandard housing, low literacy rates, high infant mortality, a high incidence of disease, and general isolation from the basic public services available to urban populations. Rural electrification programs have demonstrated their capacity to alleviate many key constraints to improving the quality of life of rural populations in underdeveloped countries.

Electricity can directly improve living conditions through the provision of lighting and relieve some of the drudgery of household tasks. It can provide refrigeration for rural health clinics and permit classes at night in rural schools. Electricity facilitates the development of rural communications and the integration of rural areas into national life.

Of equal importance is that rural electrification, if effectively implemented, can attack the root causes of rural underdevelopment. Crop production can be increased dramatically through irrigation and post-harvest yields improved through electrified processing and storage facilities. In these ways, a reliable, affordable source of electric power can enable rural families to increase their income earning options and provide for a better standard of living by making productive use of electricity in the home, on the farm and in commercial and industrial enterprises.

Approximately 85% of the rural population of Central America currently lacks access to electricity, while electricity usage is low even where it does

exist. A significant amount of agricultural and rural industrial demand for electrification is now either unmet or served by energy sources which are economically inefficient. On a country by country basis, Guatemala, Honduras and El Salvador have the lowest amount of electrification in rural areas, yet the largest rural populations. Costa Rica and Panama need to develop lower cost energy alternatives and increase their rate of consumption as a percentage of total population. Belize requires greater rural electrification to increase agricultural production and indigenous resources to reduce its dependency on imported oil.

One reason for the low level of rural electrification usage is that it is perceived to be too costly for practical use. This is partly the result of inappropriate technical and administrative approaches employed by public sector electrification programs in rural areas. The failure to actively promote the use of electricity for productive activities has greatly limited the effectiveness of rural electrification projects. These and many other administrative and planning deficiencies require a broad range of training and technical assistance programs if the full potential of rural electrification is to be realized.

There is also a lack in Central America of private organizations which have the resources and knowledge to develop rural electrification programs to fill the void created by overly centralized and inefficient public electrification systems. There is an urgent need to increase the role of the private sector in electricity generation and distribution, and to make public sector electrification activities more efficient.

Relationship to Overall AID Strategy and NBCCA Recommendations

The project is being developed in response to Section 716 of the Foreign Assistance Authorization Bill for FY 87, which establishes specific funding for rural electrification in Central America. This project will strengthen the institutional basis for rural electrification and complement other ROCAP project activities in rural household energy, alternative energy sources and industrial energy efficiency. It also responds directly to the recommendations of the National Bipartisan Commission on Central America (NBCCA), which called for the expansion of rural infrastructure and electrification in the Central American region.

The project will support the strengthening of regional institutions and will be administered, in part, by the Central American Industrial Research Institute (ICAITI). ICAITI, as a regional institution, will assist in training programs and provide technical assistance in developing decentralized energy technologies, including hydropower and biofuels, which will serve to complement existing rural electrification programs and expand their benefits to rural populations.

Major Project Components, Activities and Implementing Organizations

The National Rural Electric Cooperative Association (NRECA) will be the primary implementing agency of the project with assistance from ICAITI. Over a five year period, the project will address the following priority needs of institution strengthening that were identified under the AID-financed Central American Rural Electrification Study conducted by NRECA:

1) Institutional reforms in electrification programs at the national level through policy-level seminars and rural co-op demonstrations;
2) Appropriate technical designs developed and presented by NRECA with assistance in implementation from ICAITI;
3) Productive-use and promotional activities in rural electrification systems and benefits; and
4) Training programs in all applications of rural electrification.

An initial in-depth study will address the structural and organizational constraints to rural electrification in the region. The study will analyze rural electrification programs in each country and recommend appropriate planning and administrative reforms. The primary output of the study will be the design of an institutional framework for rural electrification within the overall Central American electric power structure. The study will reflect the distinct conditions and needs of each country. In addition, various demonstrations will be made of the benefits of greater reliance on private-sector electrification initiatives and greater decentralization of rural energy activities. The study's findings and related follow-up implementation activities will help establish a stronger foundation on which rural electrification programs can be effectively implemented in the region.

A second study will be undertaken in year two of the project to detail the role of electricity in agricultural production and processing. An assessment will be made of the constraints that currently limit economically productive uses of electricity in rural areas. The study will conclude with an evaluation of current efforts by utility companies to promote productive uses of rural electrification systems. A series of workshops will be held to discuss the results of the study. Educational programs will be designed for Ministry-level policy makers and rural population co-ops and producer groups in order to increase awareness of the importance of the issue and to draft national productive-use promotional plans. Follow-up activities at the regional level will include demonstrations, training, and technical assistance programs in rural energy systems.

Appropriate technical approaches to electric system expansion in rural areas will be developed and employed under the project's training courses. Upon completion of a regional workshop to discuss approaches and identify problem areas, a study team will carry out a detailed assessment of designs, equipment specifications and construction practices for the purpose of recommending appropriate electrification standards. A second workshop will

review the study team's findings. Lastly, follow-up activities will include training of rural electrification design engineers and rural construction workers, and distribution of technical publications to these and other groups.

The project will incorporate the following three major components:

1) Distribution: The project will help to design rural electrification and alternative energy systems that link into and complement central grid systems in Central America. This will include equipment specifications and construction practices which are appropriate for Central America, and emphasize the utilization of local materials and manpower as a means of reducing costs. It is expected that additional funding sources, such as the World Bank, IDB and other donors, will be identified for rural electrification programs through this project component.

2) Training: Project training activities will involve on-the-job training for rural populations to develop the skills necessary to support the planning and implementation of rural electric and alternative energy systems. Training will incorporate the design and construction of electrification systems, operation and maintenance procedures, reduction of energy losses, design of tariffs, electrical load forecasting and system management.

3) Decentralized Systems: The project will undertake assistance to decentralize rural electrification programs by focusing on establishing and improving the implementation and management of rural energy systems. Technical assistance programs will be designed to support local private initiatives through rural co-ops, municipalities and informal groups in order to develop and implement rural energy systems. Both financial and operational feasibility studies will be carried out for new electrification projects. These studies will also be used to attract other donor financing for rural electrification projects.

It is anticipated that project decentralization activities in electrification will be complemented by ICAITI's ongoing and projected programs of increasing productivity and energy efficiency. U.S. firms with current experience in transferring energy technologies will be identified as potential resources in assisting and developing sustainable, private, rural electrification systems in Central America and Panama.

Preliminary Budget	($000)
Technical Assistance and Studies	$ 3,000
Training & Teaching Materials	1,800
Evaluation and Review	200
	$ 5,000

Request for Delegation of Project Approval Authority

The Mission would like to discuss possible issues and the approval and authorization process in further detail at the Action Plan review.

NEW FY 1988 PROJECT DESCRIPTION

Project Title:	Regional Industrial Expansion (CABEI)
Project Number:	596-0147
Project Funding ($000):	FY 88
	20,000 (ESF - L) 500 (ESF - G)
LOP ($000):	49,000 (ESF - L) 1,000 (ESF - G)

Purpose:

Assist the Central American Bank for Economic Integration to expand its efforts to provide capital to the private industrial sector and to finance limited amounts of public sector infrastructure which are needed to increase non-traditional exports.

Major Development Problem Being Addressed

As the Central American region moves from stabilization to renewed economic growth, there is a need to deepen and diversify the region's capital structure and make it more responsive to emerging private sector needs.

The Central American Bank for Economic Integration (CABEI) is the region's largest financial institution. CABEI has gone through a very severe liquidity problem, but its self help efforts, including the payment of $38 million in arrearages, a $40 million capital call from its members, recognition of a Club Loan by a consortium of international lenders, and an effort to attract extra-regional members, are starting to have results. CABEI is rapidly becoming once again a highly creditworthy institution. Based on an in-depth evaluation scheduled for early FY 1988, of the progress CABEI has made under the FY 1985 Regional Economic Recovery, it is expected that CABEI will be in a unique position to mobilize extraregional financing from both public and private sector sources to help provide the investment financing needed by the private sector and to finance related infrastructure.

Relationship to Overall A.I.D. Strategy and NBCCA Recommendations

Overall A.I.D. strategy includes major goals to encourage the resumption of external capital flows to the region and to remove key constraints to agroindustry and non-traditional, export-led growth.

The NBCCA report recognized the important role that CABEI has played in the region's development and its potential importance in helping to achieve stabilization and growth with equity for the region. The NBCCA specifically recommended the following:

> "The Central American countries are opening membership (in CABEI) to countries outside the region. We urge the U.S. to join this institution and to encourage other creditor countries to seek membership. The infusion of new resources would help invigorate the bank, which could channel much-needed funds to small scale entrepreneurs and farmers, provide working capital to existing private sector companies, and encourage the development of new industries."

Major Project Components, Activities and Implementing Organizations:

This project will build on the progress being made by CABEI under the Regional Economic Recovery project (596-0114). CABEI's private sector effort is being expanded through the AID financed agribusiness lending program, - through the EEC financed small industry program and through channeling funds from bilateral donors such as Mexico, Japan and Germany to the private sector. CABEI is gaining valuable experience as a second tier lender and, in the process, is deepening the region's capital structure.

The new project will finance four major components:

(1) Agribusiness Lending Program - This component will represent a continuation of the program being financed under the Regional Economic Recovery project, but will require a very substantial counterpart contribution from CABEI in terms of mobilizing other donors or external private financial resources for the program.

(2) Industrial Rehabilitation - This component will assist primarily firms which were originally established to serve the Central American Common Market (CACM), but which have also demonstrated extra-regional export potential to encourage more emphasis on the latter. It is contemplated that AID funding would cover only a part of the financing requirements for such firms, but CABEI would be able to arrange packages of assistance from other donor and private resources. This component will also build upon the experience of the EEC-financed small- and medium-size industrial program, while focusing on larger firms, and provide support to new plant start-ups or plant expansion.

(3) Infrastructure for Non-Traditional Exports - A regional transportation study now being undertaken by ROCAP is expected to identify a number of critical infrastructure needs which would be appropriate for CABEI financing. At this point it appears that many of these needs would not be high cost, e.g. additional cold storage, or chilling facilities at seaports, on airports, loading equipment, bonded warehousing, etc.

(4) Technical Assistance - It is contemplated that CABEI will need a minimal level of technical assistance to follow through on the training efforts begun under the Regional Economic Recovery project. This assistance is designed to strengthen the bank's country level regional offices and participating ICIs in the areas of export project identification, loan proposal review and monitoring.

Preliminary Budget	($000)
Agribusiness Lending Program	$15,000
Industrial Rehabilitation for Exports	15,000
Infrastructure for NonTraditional Exports	14,000
Technical Assistance	1,000
	$50,000

Request for Delegation of PID and PP Approval Authority

The project has no policy issues that require AID/Washington resolution; however, the size of LOP funding would normally require authorization by the AID Administrator. Given the Mission's experience in implementing the more complex Regional Economic Recovery project, the Mission requests approval to authorize the PID and PP in the field.

NEW FY 1988 PROJECT DESCRIPTION

Project Title: Trade and Development Corporation

Project Number: 596-0144

Project funding ($000): FY 88

8,000 (DA-L)
2,000 (DA-G)
6,000 (ESF-L)

LOP ($000): 22,500 (DA-L)
5,000 (DA-G)
22,500 (ESF-L)

Purpose

To establish a viable regional Trade and Development Corporation (TDC) in Central America whose function will be to provide investment packaging and loan and equity financing for extraregional trading ventures as well as support services to facilitate market access.

Major Development Problem Being Addressed

In order to bring about economic recovery and capitalize upon opportunities created by the Caribbean Basin Initiative and an expanding world economy, Central America must strengthen its overall financial system and improve knowledge of, and access to, foreign markets. A combination of factors, including capital flight, stringent local banking legislation, the drying up of foreign credit flows, and conditions imposed by the overall economic crisis affecting the region, point to the need for a mechanism which will promote greater capital formation from both domestic savings and foreign capital and provide the services required to allow Central American firms to penetrate overseas markets.

With PRE assistance, ROCAP will undertake a regional capital markets study yet in FY 1986 to determine the supply and demand of term credit and associated financial services. The results of this study should clarify the desireability of pursuing regional or national initiatives of the kind described herein. The TDC is based on a preliminary project profile included in the Regional Private Sector Assessment conducted by A.D. Little, Inc. in the fall of 1985.

The proposed TDC will complement a number of bilateral and regional programs underway to promote exports and address the credit constraint; however, it will also introduce a unique combination of services which are presently sorely lacking. The TDC will mobilize the resources of local investors, including large amounts of capital which left the region during the recent crisis years. Together with medium-and long-term AID financing, it will serve as a catalyst for the identification, promotion, funding and execution of major new investments. The TDC will employ a development banking strategy, together with the ability to assume equity positions and to generate earnings.

This will allow it to provide a range of services, including: brokering deals; financial packaging, targeting markets and potential joint venture partners; assisting in quality control, providing marketing know-how and facilitating negotiations between local and foreign investors. These characteristics clearly set the TDC apart from a variety of financial intermediaries currently operating in Central America and Panama, and its regional nature will free it from various limitations affecting these institutions, such as local banking regulations which prohibit equity investments, small markets and capital bases, and limited exposure to international markets and marketing know-how. Nevertheless, the TDC will work closely with these institutions in stimulating increased lending activity in support of new ventures through participation in financial packaging arrangements.

Relationship to Overall A.I.D. Strategy and NBCCA Recommendations

The project is consistent with AID and NBCCA private sector goals. These include: (a) to assist in financing the establishment, improvement and expansion of productive enterprises in association with host country and U.S. private investors, (b) to promote investment opportunities in developing countries by bringing together U.S. and host country capital and experience, and (c) to stimulate and help create conditions conducive to the flow of U.S. and host country capital into productive investments in developing countries. The NBCCA specifically recommended the creation of a regional venture capital company.

Major Project Components, Activities and Implementing Organizations

The project will consist of two components. The first will deal with market access and promoting investment in the region. This will include targeting specific U.S. companies which might have an interest in establishing operations in Central America and Panama, assisting in all phases of negotiations between local and U.S. firms to bring about such operations, and assisting potential U.S. investors in identifying suppliers of raw materials or sources of finished products for extraregional markets. The second component will provide financial support for investment. Local and foreign currency investments will be made by the TDC, as well as equity investments.

Non-cash financing (e.g. guarantees, warehouse bonding) will also be arranged. The combined effect of the market development and financial components of the project will serve to leverage substantial additional private sector investment into the region, estimated at five times the amount of the AID contribution, or $250 million.

Preliminary Budget	($000)
Lending/Trading Finance	$45,000
Technical Assistance (investment promotion, marketing advice brokering deals, etc.)	5,000
TOTAL	$50,000

Request for Delegation of PID and PP Approval Authority

Because of the size and uniqueness of this initiative, the Mission does not request delegation of PID and PP approval authority.

FY 88 PROJECT PAPER AMENDMENT

Project Title : Regional Tropical Watershed Management (CATIE)

Project Number : 596-0106

Project Funding: ($000) Current: 6,000 (G)

Proposed Increase:

FY 1988: 2,650 (G)
FY 1989: 2,000
FY 1990: 2,000
FY 1991: 2,000
FY 1992: 1,350

Total LOP: ($000) 16,000 (G)

PACD: Current : 07/31/88
Proposed: 09/30/94

Functional Account: SDA

Problem: Misuse of natural resources in the CA/P region, including soils, water, forests, fauna and grasslands, is threatening the long-term ability of these countries to feed their people and provide other essential goods and services (i.e. shelter, potable water, fuel, energy, recreational facilities). The increasing likelihood of incurring permanent loss of various ecosystems with their wealth of biological diversity also has serious implications for the region and mankind as a whole. Deforestation, the principal cause of loss of biological diversity, is so serious that, according to projections, all commercial forests in the region will be exhausted in 35 years. The degradation of the region's natural resources is due to a complex set of limiting factors including physical/ ecological constraints (i.e. excessive rainfall, fragile soils), unsuitable agricultural/development policies and practices, population pressures, lack of alternative economic opportunities and poor understanding on the part of government officials of the problems and how to deal with them.

Background Information: Several ROCAP funded projects with CATIE (i.e. Fuelwood, Tree Crop Production, Watershed Management, Small Farm Production Systems, and Integrated Pest Management) are addressing development problems which directly or indirectly affect natural resource management and environmental protection. Of these, the Regional Tropical Watershed

Management project has the specific mandate to improve the institutional capacity in Central America and Panama for managing the region's watershed resources. The project has been active in creating a greater awareness on the part of government officials of the need for improved natural resource management. It is strengthening CATIE as a regional center of expertise; providing assistance to regional and national agencies/institutions in watershed management, including policy areas, resource planning and implementation, data base geographic information system and information management; and conducting both technical short-term and Masters degree training. Interagency advisory committees composed of institutions involved in watershed management are being established in three CA/P countries. Key watersheds have also been identified for these countries. However, private sector and non-governmental agencies have had limited involvement in the project to date.

Since inception of the project, CATIE's approach to watershed management has been broadened based on the region's needs and its expanded knowledge base. CATIE is modifying its watershed program to insure a more interdisciplinary approach utilizing the expertise of personnel in its various programs and departments. CATIE initially focused only on the water resource in its program of watershed management, but now recognizes a greater need to address overall resource management issues within the watershed involved. CATIE's major programs in watershed management and multiple-use tree crop production are complemented by efforts in agroforestry and wildlands management in its Natural Resource Department, as well as by activities in its Plant and Animal Production Departments. In order to further promote the complementarity of these efforts and more fully benefit from CATIE's broad expertise, additional resources and an extension of time are required for the Watershed Management portion of the project.

Objective of the Amendment: The objective of the amendment is to assist CATIE to increase the effectiveness of its watershed management initiative through the establishment and consolidation of key fragile areas and the protection of biological diversity within priority watersheds through private and non-governmental organization (NGO) participation and fund raising mechanisms. Continued support to CATIE's watershed program will allow the long-term efforts in training, data base management and advisory services to bear fruit in the cooperating countries.

Brief Description: The project extension will include two components. The first involves continued support to CATIE beyond the current PACD in the amount of $ 3 million to continue the provision of training, technical assistance, data base and other outreach services in watershed and fragile lands management to public and private sector groups in the region. Funding, both to CATIE's watershed and wildlands programs, will enable the refinement of technologies and planning required for the successful implementation of the watershed and fragile lands protection/management activities.

The second component totaling $ 7 million will provide a matching grant with a US-based conservation organization or organizations (i.e. Nature Conservancy and/or World Wildlife Fund, U.S.), which will implement a program of fragile lands management through national and regional private/NGO organizations, in collaboration with public sector institutions and CATIE. Critical watersheds and fragile land areas identified in national wildlands management strategies will be selected for consolidation and protection. Screening and selection of these areas will occur in collaboration with the interagency advisory committees being established in each participating country under the Watershed Management and the national association of conservation NGOs.

The matching grant will generate additional contributions from the U.S. NGO(s) which is (are) to implement the fragile lands component, other U.S. and international conservation organizations, the cooperating countries and local currencies of bilateral USAID missions. Successful examples of similar matching grants include Nature Conservancy in the Braulio Carrillo protection zone and the WWF/US in the Rio Macho Forest Reserve. ROCAP funds will act as a catalyst, and funding responsibility will gradually be taken over by the NGOs involved.

Protection activities under the amendment will emphasize wildlands (i.e. parks and reserves) in priority watersheds. A similar matching grant program under the Tree Crop Production project will address reforestation needs in the same critical watersheds. CATIE will, through close collaboration of its Watershed, Wildlands and Silviculture programs, help insure the complementarity of these activities. Technical assistance, training and information services will be provided to these groups by CATIE. The project will coordinate its activities with bilateral USAID programs in natural resource management, and the AID/W Science and Technology Bureau projects in forestry and fragile lands. Where possible, local currency funding (i.e. ESF and PL 480) from USAIDs in the region will be used to complement activities funded under the grant.

Beneficiaries: Beneficiaries of the project extension include farmers, landowners, governments, the public at large, private and public institutions. Benefits will accrue to both the region and beyond. The nature of these benefits is highlighted below:

a) Sustained productivity of agricultural and forest lands;
b) Improved supplies of water for domestic, agricultural, industrial and recreational use;
c) Preservation of biological diversity of plans and animal species;
d) Lower costs associated with maintenance of reservoirs and hydro-electric facilities as a result of reduced siltation;
e) Reduced losses of property, assets and human lives caused by flooding and landslides;
f) Improved capabilities of CATIE, regional and national public and private sector groups to address natural resource management problems;

g) Reduced government expenditures for imported food and energy resources;
h) Improved quality of life for inhabitants of the region.

Additional Budget:	($000)
Personnel	2,150
Training	1,980
Protection Area Management	2,780
Travel and Per Diem	450
Equipment & Supplies	740
Other Costs	1,900
TOTAL	10,000

3. Documentation - Authorization Schedule for FY 1987

FY 1987 and FY 1988 Documentation/Authorization Schedule

	PID Approval	PP Approval/ Authorization	ProAg Signed
Central American Shelter and Urban Development (CABEI) 596-0143	5/15/86 AID/W	9/01/86 AID/W	11/30/86
Central American Energy Resources Project (Los Alamos) 596-0134 PP Amendment		11/30/86 ROCAP	12/15/86
C.A. Rural Electrification Support (NRECA) 596-0146	(Contract/grant proposal)	1/31/87 ROCAP	2/15/87
Tree Crop Production PP Amendment, 596-0117	-	2/15/87 ROCAP	2/28/87 -
Regional Agricultural Technology Networks, 596-0127	4/05/86 AID/W	3/15/87 ROCAP	3/31/87
Regional Integrated Pest Mgmt. PP Amendment, 596-0110	-	6/15/87 ROCAP	6/30/87
Industrial Technology, Quality Control and Productivity (ICAITI), 596-0128	3/31/87 ROCAP	6/30/87 ROCAP	7/15/87
Regional Tropical Watershed Management PP Amendment, 596-0106	-	11/15/87 ROCAP	11/30/87
Regional Industrial Expansion (CABEI) 596-0147	1/15/88 ROCAP	5/15/88 ROCAP	5/31/88
Trade and Development Corporation, 596-0144	2/28/88 AID/W	6/30/88 AID/W	7/30/88

C. Summary Budget Tables

Summary Budget Table

FY87 - FY88 ROCAP Action Plan
($000)

A. DA - Agriculture, Rural Dev. and Nutrition	FY86	FY87	FY88
1. PD&S (G)	350	225	225
2. Agricultural Export Support - 0108 (G)	2000	2000	2000
3. Pest Management - 0110 (G)	1550	1500	1500
4. Tree Crop Production - 0117 (G)	1700	3000 b/	4500 c/
5. Export Agribus. Dev. (LAAD) - 0123 (L)	6600 a/	8387	-
7. Agric. Technology Networks - 0127 (G)	-	3500	4000
8. Watershed Mgt. - 0106 (G)	-	2000	-
9. Reg. Economic Recovery - 0114 (L)	3000 d/	-	-
B. Health			
1. PD & S (G)	75	75	75
2. Food Assistance Support - 0116 (G)	2350	700	-
3. ORT, Growth Monitoring and Education - 0115 (G)	-	800	-
4. Pest Management (amendment) - 0110 (G)	-	1000	1000

a/ 6200 regular
400 deob-reob from BLADEX

b/ 2000 regular
1000 amendment

c/ 3000 regular
1500 amendment

d/ 3000 deob-reob from BLADEX

C. Education & Human Resources	FY86	FY87	FY88
1. Export Mgt. Training (INCAE) - 0124 (G)	2400	2125	1275
2. Central America Peace Scholarship ROCAP 597-0001 (G) - Non - ADD	(1600)	(1600)	(1600)
D. Selected Development Activities			
1. PD & S (G)	750	750	750
2. Regional Indust. Energy Efficiency - 0095 (G)	1000	900	-
3. Watershed Management - 0106 (G)	900	-	2650
4. Ind. Technology, Quality Control and Productivity - 0128 (G)	-	3000	2000
5. C.A. Shelter and Urban Dev. - 0143 (G)	-	1000	2000
6. Tech. Consultancies and Training - 0145 (G)	1000	3500	1500
7. Trade and Dev. Corp. - 0144 (L)	-	-	8000
8. Trade and Dev. Corp. - 0144 (G)	-	-	2000
9. Export Management Training (INCAE) - 0124 (G)	150 a/	-	1000
TOTAL DA	23825	34462	34475

a/ Deob-reob from SIECA

E. Economic Support Fund	FY86	FY87	FY88
1. PD&S	200	-	-1
2. Reg. Agric. Higher Educ. (CATIE) - 0129 (A) (G)	-	2800	-
3. Reg. Agric. Higher Educ. (EARTH_ - 0129 (B) (G)	-	2200	5000
4. C.A. Shelter & Urban Dev. - 0144 (L)	-	10000	10000
5. Export Agrib. Dev. (LAAD) - 0123 (L)	-	10000	-
6. Trade and Dev. Corp. - 0144 (L)	-	-	6000
7. C.A. Energy Resources - 0134 (Los Alamos) (G)	-	3500	3500
8. Regional Industrial Expansion (CABEI) (L) - 0147	-	-	20000
9. Regional Industrial Expansion (G) - 0147	-	-	500
10. C.A. Rural Electrification Support - 0146 (G)	-	5000	-
TOTAL ESF	200	33500	45000

D. Plans for HG Use

Use of Housing Guarantee (HG) Funds

Central American Shelter and Urban Development, 596-0143, a FY 1987 new start, will use a combination of Development Assistance, Economic Support Fund and HG funds to increase the availability of shelter and basic services to low-income Central American families through the Central American Bank for Economic Integration (CABEI). The project is being developed in response to the Central American Initiative goal of increasing water and sewerage coverage and production of shelter by 25% over the next five years.

All of the HG funds (from both FY 86 and FY 87) will be utilized for shelter production. Physical outputs include improved shelter to 12,200 low income families. The bulk of financing will be devoted to the production of low cost housing projects which will provide a significant number of low income families with decent shelter. Shelter solutions will run the gamut from the production of urbanized lots, which include water and sewer services and land tenure, to production of one bedroom units. The majority of shelter projects will be produced by the private sector. It is anticipated that private savings and loan institutions and commercial banks will finance one bedroom, expandable units which will principally serve low income families in the 40-50 percentile. The intent of the project is to expand the participation of the private sector to service progressively lower income households. Private sector PVOs and coops, which CABEI has worked with in the past, will also be used to spread the benefits of this program.

PART III MANAGEMENT

Operating Resources and Staffing Requirements

ROCAP staffing has increased to keep pace with the growth of the program. Obligations jumped from the FY 1984 level of $15.4 million to $79 million in FY 1985. U.S. direct-hire staff increased from nine in FY 1984, managing 9 projects, to 16 USDH managing 20 projects by mid FY 1986. Two long-term US personal services contractors (not funded from OE) were also added to ROCAP roles during FY 1985 and the first half of FY 1986; a private sector advisor and a coordinator for the Central American Peace Scholarships project.

New Project Funded Staffing Requirements

Some additional help is still required, particularly in specialized technical areas of several large activities which were approved in FY 1985 and 1986. The following long-term contract assistance is required immediately:

Direct Contract	Non-Traditional Ag. Export Support, six to seven person technical team
PSC	Oral Rehydration Therapy project, one person;
PSC	Food Assistance project, one person;
PSC	Regional Economic Recovery, (CABEI); One person;
Direct Contract	Regional Economic Recovery, (CABEI); three persons.

The following are contract positions which will be required under projects proposed for FY 1987:

Direct Contract	Technical Consultants and Training project, one to two persons;
Direct Contract	C.A. Rural Electrification Support, one person.

A major concern for adequate management of the rapidly growing number of ROCAP projects is Secretary Schultz's instruction on lowering the U.S. "official" presence overseas. It is increasingly difficult to secure Embassy approval to fill any of these positions, and we are currently awaiting further decisions from the Embassies in Guatemala and Honduras before filling the jobs necessary to carry out implementation of projects approved in FY 1985 and FY 1986.

ROCAP Internal Reorganization

Because of the sizable increase in resources and staff and the necessity of greater concentration on project management and implementation while simultaneously increasing our activities in analyses, studies and new project design, ROCAP is experimenting with a reorganization of functions and office structure for a ninety-day period, ending May 31, 1985. At that time, an evaluation of the new organizational structure will be performed and a determination made whether to adopt all or a part of the new form.

As the organization chart which follows illustrates, the experimental reorganization of management and operations to cope with the resources at hand are well underway: (1) the Planning & Project Design Office (PPD) brings together the former Program and Project Development Offices as well as the Economic Analysis Unit. PPD will emphasize analysis and dissemination of information on major regional trends, especially in areas that concern major NBCCA recommendations and CAI goals and will do new project design; (2) the Regional Support Office will focus on outreach and improving relations with the bilateral missions; and (3) the Project Management Office will provide management and supervision on project implementation.

ROCAP/USAID Guatemala Cost Sharing

As stated in last year's ABS, the Controller's Office and the Executive Office provide services to both ROCAP and USAID/Guatemala. Most procurement, leases and other day-to-day expenses will be split sixty percent (60%) USAID and forty percent (40%) ROCAP for FYs 1986, 1987 and 1988. Employee salary and support costs for the Controller staff come from the ROCAP OE budget, while similar Executive Office costs come from the USAID OE budget.

During FYs 1985 and 1986 there occurred a rapid, but controlled build-up of staff, space and equipment to meet the program demands arising from the Central American Initiative. Although most elements are in place, administrative support activity will increase as more projects move into the implementation stage.

As a result of the FY85/86 buildup, the configuration of the staff, plant and equipment needs to carry out activities anticipated for the FY 87/88 action plan period is already fully determined and mostly in place. While modest adjustments to meet presently unforeseeable circumstances may be necessary, these will most likely be within existing levels and no major reorganization of Mission management and operations or further new systems of automation are planned.

The USDH staff levels should remain constant with such additional needs as may arise being met by use of contractors. ROCAP operating expenses should remain relatively stable. There are no plans for a local currency trust fund.

Major efforts in management during the Action Plan time frame will be directed to the following areas:

One of the key elements in supporting project implementation is a responsive contracting and procurement system. Although the response of the USAID/ROCAP Contracts Office to the increase in activity has been outstanding, the level of demand to these services continues to rise sharply. As contracting is one of the truly critical functions, it is essential that the Mission provide the personnel resources to allow this office to continue to perform as it has to date. It is important to note that the Contract/Procurement Office has become, for the first time, deeply involved in grants and cooperative agreements. The primary effort will be to properly manage this activity and promote Gray Amendment activities.

ROCAP has, for years, provided a considerable number of training opportunities for employees, including FSN employees. During the coming year we hope to better schedule this program, rather than attempting to react to training opportunities on short notice. We also hope to initiate staff development programs for FSN employees which will plan career development training programs for professionals.

New AID/State policy will require that the labor force contract with the American Embassy Association which supplies 27 drivers, warehousemen, janitors, etc. at annual cost of approximately $248,770 be terminated in FY-86/87. The new mode of contracting has yet to be determined, the most likely alternative being a competitive contract.

With the acquisition of space outside the headquarters building, and the completion of several construction projects, we have largely completed a seemingly never-ending security enhancement and office relocation program during the past three/four years. Nevertheless, there remains the installation of the expanded telephone system, the final touches on a more or less complete data management system, and the last of the security arrangements.

USAID/ROCAP does not anticipate the acquisition/construction of functional or residential space in FY 87 or FY 88. No expansion of the vehicle fleet is anticipated, nor is a major replacement effort of office or residential furnishings contemplated during the Action Plan period.

STAFFING REQUIREMENTS
WORKFORCE TABLE FOR FY 1987/1988

OFFICE	USDH	USRES	USPSC	FNDH	FNPSC	TOTAL
DIRECTOR	2	1 p/t			2	5
PROJECT MANAGEMENT GROUP	5			4	9	18
PLANNING AND PROJECT DESIGN	4			2	3	9
REGIONAL SUPPORT	2					2
OFFICE OF THE CONTROLLER	3			12	11	26
EXECUTIVE OFFICE				1	2	3
	16	1 p/t		19	27	63

MISSION MANAGMENT

SCHEDULE A -USDH POSITIONS BY OFFICE

(All positions apply to both FY 1987 and FY 1988, except as indicated)

OFFICE OF THE DIRECTOR

Director
Deputy Director
Secretary (part time)

PROJECT MANAGEMENT GROUP *

Sup. General Development Officer
Sup. General Development Officer
Energy Officer
Project Officer
Assistant Ag. Development Officer

PLANNING AND PROJECT DESIGN *

Project Development Officer
Program Officer
Program Economic Officer
Project Development Officer

REGIONAL SUPPORT *

Agricultural Development Officer
Supply Management Officer

OFFICE OF THE CONTROLLER

Controller
Deputy Controller
Budget & Accounting Officer

* This is a new organizational structure which ROCAP is trying for 90 days. As the organization structure is finalized, there may be some slight shifting between divisions, but the number of U.S. DHs will remain constant.

SCHEDULE B - FNDH POSITIONS BY OFFICE

(All positions apply to both FY 1987 and FY 1988)

PROJECT MANAGEMENT

Agricultural Specialist
Asst. Project Development Officer
Secretary
Program Specialist

PLANNING AND PROJECT DESIGN

Economist
Secretary

REGIONAL SUPPORT

CONTROLLER'S OFFICE

Chief Accountant
Accountant
Financial Analyst
Voucher Examiner
Accounting Technician
Cashier
Assistant Cashier
Supervisor Accounting Technician
Accounting Technician Data Controller
Secretary

EXECUTIVE OFFICE

Switchboard Operator/Receptionist

SCHEDULE C - U.S. AND FOREIGN NATIONAL PSC's

(All positions apply to both FY 1987 AND FY 1986)

I. American PSC's

There are no OE funded American PSC's on ROCAP rolls.

II. Guatemalan PSC's

A. Director's Office

(1) Secretary

Deputy Director's Secretary types letters, telegrams, memoranda and other official documentation. Translates documents, takes dictation and drafts replies to routine correspondence. Receives official visitors, attend telephones and performs miscellaneous secretarial functions.

(1) Steno/Clerk

Types letters, telegrams, memoranda, and other official documentation. Translates documents, takes dictation and drafts replies to routine correspondence. Receives official visitors, attends telephones and performs miscellaneous secretarial functions.

B. Controller's Office

(1) Financial Analyst

Provides financial advice on development, implementation and evaluation of AID-financed projects. Explains financial aspects of projects to borrowers/grantees and provides assistance as required. Develops cost factors and financial projections, performs financial reviews and monitoring financial progress of project portfolio.

(1) Computer Expert

Provides computer system analyses, programming, operating and training. Additionally is responsible for general system maintenance and implementing computer use policy.

(1) Computer Programmer

Provides computer programming, operating and word processing services as well as training missions personnel in the use of the system. Performs routine operator tasks, and maintains inventory control on computer supplies.

(1) Clerk/Steno

Serves as general secretary for the office. Types, takes shorthand, and files as well as maintains log book for cables and project documentation. Prepares monthly reports and performs other secretarial functions as required.

(1) Clerk/Typist

Serves as the principal file clerk for the FSN budget and accounting staff as well as performs general secretarial services. Alternates with the Controller's Secretary in preparing the computerized DATEL check issuance cables.

(2) Accounting Technicians

Responsible for the accounting activity and maintenance of current working files for grant and loan projects; review and post all obligations, earmark, and commitment documents for assigned projects, prepares financial reports, and provides financial information and advice to project managers, contractors and grant/loan recipients.

(4) Voucher Examiner

Responsible for review and payment of operating expense, loan, and grant vouchers. Verify that appropriate authorizations and certifications are present, and that valid supporting documentation is attached. Post disbursements to computerized accounting system.

C. Project & Planning Design

(3) Secretaries

Serve as general secretaries for the office. Type, take shorthand, and file as well as maintaining log book for cables and project documentation. Prepare monthly reports and perform other secretarial functions as required.

D. Project Management

(1) Administrative Assistant

Performs all administrative activities required to operate the Costa Rica office.

(1) Secretary

Working in Costa Rica office. Serves as general secretary for the office. Types, takes shorthand, and files as well as maintaining log book for cables and project documentation. Prepares monthly reports and performs other secretarial functions as required.

(1) Clerk/Steno

Working in Costa Rica office. Serves as general secretary for the office. Types, takes shorthand, and files as well as maintaining log book for cables and project documentation. Prepares monthly reports and performs other secretarial functions as required.

(1) Chauffer

Working in Costa Rica office. Responsible for driving and maintaining official vehicle.

(1) Driver/Messenger

Working Costa Rica Office. Cleans offices, collects and distributes correspondence and operates Xerox machine. Also substitutes for chauffer as needed.

(3) Secretaries

Working in Guatemala office. Serves as general secretary for the office. Types, takes shorthand, and files as well as maintaining log books for cables and project documentation. Prepares monthly reports and performs other secretarial functions as required.

(1) Program Specialist

Various consultative, advisory, monitoring, information, collecting, and evaluation services in the field of employer's recognized specialty in support of a major AID program in the Central American region.

E. Executive Officer

(1) Assistant Switchboard Operator/Recepticnist

Job description self evident.

(1) Roving Secretary

Provides secretarial assistance to the various offices where positions are vacant or incumbents on leave.

integration - including highway networks, interconnecting telephone and telegraph services, a regional power grid, standardization of weights and measures, integrated air traffic and air control systems and a regional development bank. As the physical requirements for regional integration were gradually met, ROCAP and the regional institutions turned their attention to cooperation in addressing the longer-term problems of economic and social development - agricultural research, health and nutrition programs, education, institutional and human resource development, and the introduction of new and improved technologies.

Today, in the midst of political conflict and economic uncertainty, the Central American countries still support and use a handful of regional institutions which assist their members to address these pressing common problems.

The NBCCA report recognized the continuing interest of Central Americans in seeking regional approaches to deal with the development constraints which their countries share, and made specific recommendations on elements of regional cooperation which were then included in the Central American Initiative. In the two year period since the Initiative began, ROCAP developed the strategy described here.

Summary of ROCAP Strategy

ROCAP's strategy as set out in the CDSS presented in 1984, addresses two of the four goals stated in the NBCCA recommendations:

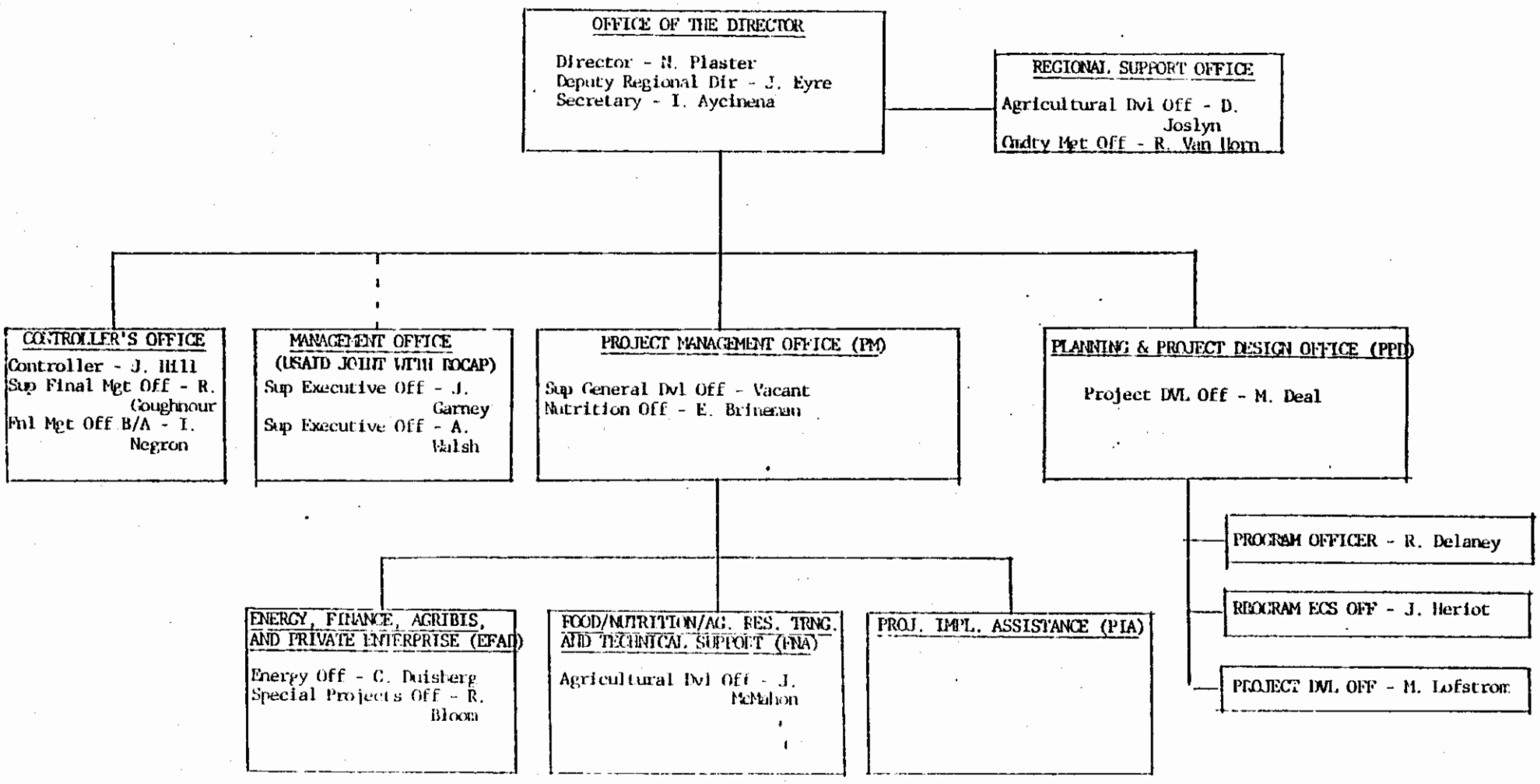
- Laying the Basis for Long-term Growth; and
- Increasing Equity and Broad Participation in Development.

Under the Jackson Plan Goal of Laying the Basis for Long-term Growth, in the LAC objective category of Stabilizing Financial Structures, ROCAP's strategic aim is to mobilize domestic capital in the area and encourage the resumption of external resource flows to the region, working through public and private financial institutions, such as the Central American Bank for Economic Integration (CABEI), the Latin American Export Bank (BLADEX) and a proposed Trade and Development Corporation for FY 1988, to accomplish this aim. ROCAP projects emphasize institutional strengthening, investment promotion and leveraging financial resources through co-financing requirements, encouraging extra- regional country involvement and attracting the return of Central American capital which has left the region in recent years.

The CDSS goal which relates to the LAC export promotion objective category calls for the removal of key investment, marketing, management and financial constraints to agroindustry and nontraditional export growth using regional financial and technical assistance mechanisms. Short-term trade credit is being made available through BLADEX, while CABEI and LAAD will

REGIONAL OFFICE FOR CENTRAL AMERICAN PROGRAMS

Functional Organizational Chart



Effective March 1, 1986
for 90 days

Non-Expendable Property
Procurement Plan FY 1987 and 1988

All Non-expendable property being procured is to replace current equipment. No procurement of new or additional items is contemplated during this Action Plan period.

FUNC-TION CODE	ITEM AND QUANTITY	1987 COST	1987 ROCAP 40%	1988 COST	1988 ROCAP 40%
310 - OFFICE FURNITURE					
U504	Wangs - 8 at 3,500	28,000	11,200	28,000	11,200
U504	Software - 8 at 300	2,400	960	2,400	960
U504	PC, printer & software 4 at 5,200	20,800	8,320	20,800	8,320
U504	Telephone system	80,000	32,000	--	--
U504	Secretarial Desk - 8 at 300	2,400	960	--	--
U504	Secretarial Chairs - 8 at 120	960	384	--	--
U504	Typewriters - 8 at 400	3,200	1,280	--	3,200
U504	Desks for computers/Wangs - 12 at 300	3,600	1,400	--	3,600
U504	Chairs for computers/Wangs - 12 at 120	1,440	576	--	1,440
		142,800	57,120	59,440	23,776
311 - RESIDENCIAL FURNITURE					
U405	2 Sets of ea. furniture - 2 at 12,000	24,000	9,600	24,000	9,600
U405	40 Rugs at 400 ea. (20 in 88)	16,000	6,400	8,000	3,200
U405	6 Refrigerators at 600	3,600	1,440	3,600	1,440
U405	6 Washers at 350	2,100	840	2,100	840
U405	6 Dryers at 350	2,100	840	2,100	840
U405	40 Lamps at 50	2,000	800	2,000	800
U405	2 Microwaves at 400	800	320	--	--
U405	Carpet for offices 4,000 sq. ft.	4,000	1,600	--	--
		54,600	21,840	41,800	16,720
319 - EQUIPMENT					
U506	10 Radios at 1,750	17,500	7,000		
312 - VEHICLES					
U505	Truck for warehouse	60,000	24,000		
		77,500	31,000		

Evaluation Plan
Narrative

The ROCAP evaluation schedule for FY 87 and FY 88 represents a selection of the most essential evaluations which need to be carried out over that time frame in terms of prudent project management. Lower priority evaluations have either been deferred or consolidated into broader assessments. In addition, as in the past, all evaluations will focus not only on specific project outputs and end-of-project conditions, but on broader program and sector goals as well.

An example of a past broad-scope assessment is the regional agriculture sector assessment being carried out by Coopers and Lybrand as of this writing and scheduled for completion by June 1986. This assessment is proving to be a useful device in helping ROCAP to reorient its rural development and agriculture activities more closely to priorities of the Central American Initiative, to reassess ROCAP Action Plan goals in this sector, and to coordinate the ROCAP rural development/agriculture program with those of bilateral AID missions in the region.

A second example is the regional private sector assessment carried out under contract by A.D. Little in FY 1985. This exercise also proved helpful in guiding ROCAP thinking toward identification of some of the major private sector constraints which ROCAP could address at the regional level future years.

In FY 1985, ROCAP also financed a study by Checchi of the BLADEX export credit project which examined various components of the loan, but included the broader issue of credit demand for financing of nontraditional exports. The same organization performed an evaluation of the feasibility of revitalizing intraregional trade through the Central American Common Market Fund (CACMF). One element of this latter study also looked at the broad question of exchange rate adjustment throughout the region and found it to be the key factor in impeding intraregional trade as well as nontraditional export growth. The evaluation caused a reconsideration of the project proposal for CACMF assistance in revitalizing trade and found the proposal to be inadequate to accomplish that aim.

In the future, such broad - scale assessments and studies which are regional in scope will be carried out under the Technical Consultants and Training project. This will be one major purpose of this project, which will be initiated in late FY 1986.

All evaluations scheduled for FY 87 and FY 88 will be addressing simultaneously both project level objectives and broader level sector or program goals. For example, the initial evaluation (1st quarter, FY 87) of the Regional Economic Recovery project through the Central American Bank for

Economic Integration (CABEI), as a major part of its overall task, will gauge the extent to which the project is contributing to the ROCAP Action Plan goal of encouraging external capital flows to the region.

The initial evaluation of the Nontraditional Export Support project (2nd quarter, FY 88) will assess the extent to which the project is contributing to an actual increase in nontraditional agricultural exports. Baseline data will be established by the project team, which will begin work in mid-1986. The team will work with national export federations, and combined with more subjective judgement and analyses, will develop the basis for this aspect of the project evaluation. The statistical data will be reviewed with representative exporters, and they, in turn, will offer explanations and specific examples of how the activities carried out under the project enabled them to increase exports. They will also indicate the nature and effect of other factors, apart from the project activities, that stimulated or impeded exports.

An example of an evaluation which will look into cross-cutting issues, in addition to reviewing more narrowly focused project level questions, is the Integrated Pest Management evaluation (1st quarter, FY 87). This evaluation will examine the broad environmental impact of the project and its sustainability beyond the project completion date, over and above a review of progress in meeting project outputs. An example of an even broader cross-cutting evaluation is the one planned as an in-depth examination of CATIE's progress towards institutionalization of ROCAP priority programs in higher education, farming systems research, integrated pest management, watershed management, and tree crop production (1st quarter, FY 88). This assessment will be carried out as part of the initial evaluation of Regional Higher Education project and will complement more narrowly focused evaluations of the Pest Management, Watershed Management, and Tree Crop Production projects.

List of Planned Evaluations

ROCAP FY 1988 Action Plan

Project	Last Eval. completed (Mo./Yr.)	FY 86 Start (Qtr.)	FY 87 Start (Qtr.)	FY 88 Start (Qtr.)	Purpose/Issues
Integrated Pest Management (CATIE), 596-0110	-	-	1st	3rd	PACD: 6/89. Purpose of FY 87 Interim evaluation is to assess progress since initiation of project and formulate any necessary changes. In addition, evaluation will examine cross-cutting issues of sustainability and environmental impact as suggested in State 074166. FY 88 evaluation will assess progress since FY 87 evaluation.
Oral Rehydration Therapy, Growth Monitoring and Education (INCAP), 596-0115	-	4th	-	4th	PACD: 11/89. Purpose of late FY 86 evaluation will be to evaluate progress under Phase I: review project planning, coordination, and management; INCAP and country team organization and preparations for Phase II; baseline information for evaluating country programs; Phase II implementation plans and progress on research activities. FY 88 evaluation will examine progress under Phase II, i.e. progress of activities under each component, project management, the appropriateness of technical assistance, training, technical information dissemination and operations research activities and progress being made by the countries in extending use of ORT, Growth Monitoring and Associated Education.

Project	Last Eval. completed (Mo./Yr.)	FY 86 Start (Qtr.)	FY 87 Start (Qtr.)	FY 88 Start (Qtr.)	Purpose/Issues
Regional Economic Recovery (CABEI), 596-0114	-	-	1st	1st	PACD: 8/88. Interim evaluation to assess progress in implementing infrastructure component of project and in working with IFIs to carry out agro-industry component. Also assess implementation of organization and management reforms and financial status of CABEI. FY 88 evaluation will be end-of-project evaluation which will also serve as guidance and basis for development of follow-on project with CABEI (Regional Industrial Expansion).
Food Assistance Support (INCAP), 596-0116	-	-	1st	-	PACD: 3/90. Evaluate progress under Phase I: review project planning, implementation and management, INCAP and country team organization and project coordination with donors, PVOs and national planners and program managers. Also, progress on operations research activities as well as policy and programming considerations in each country. The evaluation will in the latter case make recommendations on the country programs which seem to offer the best prospects for success.
Regional Industrial Energy Efficiency (ICAITI), 596-0095	11/85	-	2nd	-	PACD: 7/87. FY 86 evaluation assessed progress toward implementing recommendations of Oct. 1984 evaluation. FY 87 evaluation will be end-of-project evaluation to determine whether end-of-project conditions have been achieved.

Project	Last Eval. completed (Mo./Yr.)	FY 86 Start (Qtr.)	FY 87 Start (Qtr.)	FY 88 Start (Qtr.)	Purpose/Issues
Watershed Management (CATIE), 596-0106	10/85	-	2d	4th	PACD: 7/88 Interim evaluation in FY 87 and final evaluation in FY 88. FY 87 evaluation will assess the extent to which end of project status indicators have been met, particularly related to CATIE's institutional capability to provide appropriate training and technical assistance in watershed management to CA/P institutions, the degree of coordination among national institutions involved in watershed management, and the enhanced awareness of the part of policy makers of the need for sound natural resource management. This evaluation will further examine the need/potential for a second phase ROCAP funded watershed/natural resource management project.
Coffee Rust (IICA), 596-0090	9/84	-	2d	-	PACD: 5/86 PACD has been extended to 5/87; consequently, final evaluation will be deferred to 2d quarter of FY 87. Final evaluation will determine overall development impact of project and whether end-of-project conditions have been achieved.
Fuelwood and Alternative Energy Sources, 596-0089 (ICAITI Component)	10/84	-	3d	-	PACD: 6/87 Final evaluation will focus on end-of-project conditions to determine whether dissemination and institutional strengthening objectives were attained.
Export Management (INCAE), 596-0124	-	-	4th	-	PACD: 12/90. Interim evaluation.

Project	Last Eval. completed (Mo./Yr.)	FY 86 Start (Qtr.)	FY 87 Start (Qtr.)	FY 88 Start (Qtr.)	Purpose/Issues
Regional Agricultural Higher Education (CATIE), 596-0129	-	-	-	1st	PACD: 12/89. Interim evaluation to assess progress in recruiting faculty, construction planning and curriculum development at CATIE. This will be carried out as part of a broader assessment cutting accross several projects to measure CATIE's progress in institutionalizing priority programs in farming systems research, integrated pest management, watershed management, tree crop production, and reinforced Masters level and technical training. This assessment would assess CATIE's performance and capability in the following areas: provision of Masters degree and short-term technical training; maintenance of outreach efforts/relationships with national institutions in CA/P; production and dissemination of publications for research, training and extension institutions; provision of technical assistance to CA/P institutions; development of effective linkages with research and training institutions both within and outside the region; and the conduct of specialized functions (i.e. data base systems, diagnostic facilities, fund raising office, alumni relations).
Central America Energy Resources (Los Alamos), 596-0134	-	6/86	-	1st	PACD: Present 12/86, proposed 12/91. FY 1986 evaluation will be first evaluation undertaken of project since its inception in FY 85. As such, it will be comprehensive in nature covering all components. Evaluation results will be utilized for proposed project amendment of $10 million. FY 88 evaluation will assess results attained under proposed amendment.

PART IV - ANNUAL BUDGET SUBMISSION

Project	Last Eval. completed (Mo./Yr.)	FY 86 Start (Qtr.)	FY 87 Start (Qtr.)	FY 88 Start (Qtr.)	Purpose/Issues
Agricultural Export Support, 596-0108	-	-	-	2nd	PACD: 6/91. Interim evaluation. The project's goal is to increase the export of non-traditional agricultural products in the CA/P region. The evaluation will not only evaluate progress toward achievement of the project purpose but also attempt to measure the extent to which project activities undertaken were responsible for any increase in nontraditional exports. The evaluation will use initial baseline data, established by the project technical assistance team in conjunction with the national export federations and ROCAP technical personnel, as benchmark criteria for measuring any increase in exports. The evaluation will also assess progress in strengthening private sector capabilities in the production, post-harvest handling, and marketing of non-traditional agricultural export products.
Export Agribusiness Development (LAAD), 596-0123	-	-	-	2nd	PACD: 8/91. Initial evaluation will focus particularly on agribusiness exports generated and new jobs created under project.
Tree Crop Production (CATIE), 596-0117	-	-	-	4th	PACD: 8/91. Interim evaluation. The evaluation will involve not only an assessment of progress toward meeting outputs, end-of-project conditions, purpose and goals, but also will determine the extent to which CATIE, national forestry agencies and other participating organizations of the region have performed and strengthened their capacity and effectiveness in carrying out their respective implementation activities.

Priotity Ranking of Evaluations

A. FY 87

1. Regional Economic Recovery (CABEI), 596-0114
2. Oral Rehydration Therapy, Growth Monitoring and Education (INCAP), 596-0115
3. Food Assistance Support (INCAP), 596-0116
4. Export Management Training (INCAE), 596-0124
5. Integrated Pest Management (CATIE), 596-0110
6. Regional Industrial Energy Efficiency (ICAITI), 596-0095
7. Wastershed Management (CATIE), 596-0106
8. Coffee Pest (IICA), 596-0090

B. FY 88

1. Regional Economic Recovery (CABEI), 596-0114
2. Export Agribusiness Dev. (LAAD), 596-0123
3. Agricultural Export Support, 596-0108
4. Central America Energy Resources (Los Alamos), 596-0134
5. Regional Agric. Higher Education (CATIE), 596-0129
6. Oral Rehydration Therapy, Growth Monitoring and Education (INCAP), 596-0115
7. Tree Crop Production (CATIE), 596-0117
8. Watershed Management (CATIE), 596-0106

C. GRAY AMENDMENT

Over 10% of contract and procurement actions in FY 1984 were awarded to Gray Amendment firms. In FY 1985 ROCAP awarded 16.5% of contract and procurement actions to Gray Amendment firms. As detailed in the chart below, during the first six months of FY 1986 only a few contracts or procurement actions have been awarded to qualifying firms.

It will be extremely difficult for ROCAP to meet the target of contracting a minimum of 10% of all contracted dollars with Gray Amendment firms over the Action Plan period because of a unique situation that has arisen. For some 15 years, ROCAP's relationship with the Central American Institute for Business Administration (INCAE) was through the medium of Handbook 3 Grant Agreements. This year, the Regional Contracts Officer determined that ROCAP funded activities with INCAE are contractual in nature. This necessitated the use of a contract for $6.6 million for a five year program to strengthen the institution's ability to offer export management training. This new interpretation of our relationship with INCAE will require, in effect, a minimum of $200,000 per year in contracts with Gray Amendment firms since the INCAE funding will be at the rate of about $2 million per year. Given the nature of the contract and the project, this seems to set an artificially high target for ROCAP to meet.

The utilization of Gray Amendment firms is considered in all contracting and procurement actions. ROCAP procurements are largely conducted through regional institutions as host country contracts. Project Managers frequently remind the regional institutions of our interest in contracting with contractors who would qualify under the Gray Amendment.

FY-85

ROCAP (Project Funded Only)

Gray Amendment - Mission Issued

	Contract No.	Contractor	Gray Amendment	Amount
1.	0108-C-5087	Devres	Women Owned	$93,840
2.	0089-O-5206	Development Technologies, Inc.	Minority	8,500
			SUB-TOTAL	$102,340
		GRAY AMENDMENT AID/W ISSUED		
3.		Eliacer Fernández	Minority	1,850
4.	LAC-CA-1353	Angel Chiri (funding added 2/7/86)	Minority	$132,176
5.		Armando Boaquín	Minority	481
6.		Manuel Miranda	Minority	800
7.	OTR-0000-I-00 3371-00	Birch and Davis (Paul Stroh)		10,383
			SUB TOTAL	$145,690
			TOTAL	$248,030

TOTAL PROCUREMENT FY-85 (Mission Issued) $619,871
GRAY AMENDMENT FY-85 (Mission Issued $102,340 (16.5%)
TOTAL PROCUREMENT FY-85 (AID/W Issued UNKNOWN
GRAY AMENDMENT FY-85 (AID/W Issued $145,690

FY-86

ROCAP (Project Funded Only)

Gray Amendment - Mission Issued

(October 1, 1985 to March 31, 1986)

	Contract No.	Contractor	Gray Amendment	Amount
1.	0000-O-6173	I.M.C.C.	Minority	$15,000

GRAY AMENDMENT AID/W ISSUED

NONE

TOTAL	$15,000

TOTAL PROCUREMENT FY-86 (Mission Issued)	$2,800,095*
GRAY AMENDMENT FY-86 (Mission Issued)	$ 15,000
TOTAL PROCUREMENT FY-86 (AID/W Issued)	UNKNOWN
GRAY AMENDMENT FY-86 (AID/W Issued)	NONE TO DATE

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* This amount includes Contract No. 596-0124-C-00-6063 INCAE $6,590,000 ($2,400,000 obligated in FY-86), upgrading business education in the region, particularly in non-traditional export areas.

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT ($000)
Country ROCAP

	FY 1985 ACTUAL	FY 1986 ESTIMATE	--FY 1987-- CP ESTIMATE	FY 1988 AAPL	---PLANNING PERIOD--- 1989	1990	1991	1992
1. Agriculture, Rural Dev. and Nutrition								
Totals	12103	15200	20612	12225	10000	10000	10000	10000
Grants	5303	5600	12225	12225	10000	10000	10000	10000
Loans	6,800	9600	8387	-	-	-	-	-
2. Health								
Totals	11350	2425	2575	1075	3000	3000	3000	3000
Grants	11350	2425	2575	1075	3000	3000	3000	3000
Loans	-	-	-	-	-	-	-	-
3. Education								
Total	800	2400	2125	1275	2000	2000	2000	2000
Grants	800	2400	2125	1275	2000	2000	2000	2000
Loans	-	-	-	-	-	-	-	-
4. Selected Dev. Activities								
Total	8632	3800	9150	19900	21975	19475	19475	19475
Grants	3432	3800	9150	11900	10000	10000	10000	10000
Loans	5200	-	-	8000	11975	9475	9475	9475
5. Total DA Account								
Total	32885	23825	34462	34475	36975	34475	34475	34475
Grants	20885	14225	26075	26475	25000	25000	25000	25000
Loans	12000	9600	8387	8000	11975	9475	9475	9475
6. Economic Support Funds								
Total	46120	200	33500	45000	48500	50500	50500	50500
Grants	46120	200	13500	9000	18500	20500	20500	20500
Loans	-	-	20000	36000	30000	30000	30000	30000

	FY 1985 ACTUAL	FY 1986 ESTIMATE	—FY 1987— CP ESTIMATE	FY 1988 AAPL	——PLANNING PERIOD—— 1989	1990	1991	1992
7. DA and ESF Total								
Total	79005	24025	67962	79475	85475	84975	84975	84975
Grants	67005	14425	39575	35575	43500	45500	45500	45500
Loans	12000	9600	28387	44000	41975	39475	39475	39475

ROCAP

FY 1988 ANNUAL BUDGET SUBMISSION
(In thousands of dollars)

TABLE IV - PROJECT BUDGET DATA

CT NUMBER AND TITLE	G L	OBLIGATION DATE INIT	FIN	TOTAL COST AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	EXPEND-ITURES	MORTGAGE END OF FY 86	---FY 1987---- OBLIG-ATIONS	EXPEND ITURES	----FY 1988-- PROPOSED
ULTURE, RURAL DEV. AND NUTRITION													
00.3 Program Development and Support	G	75	C	-	-	8867	20	350	350	-	225	225	225
83 Small Farm Production Systems (CATIE)	G	79	85	8155	8155	8155	284	-	284	-	-	-	-
39 Fuelwood and Alternative Energy Sources (CATIE, (ICAITI)	G	79	85	8800	8800	8800	1544	-	1000	-	-	544	-
90 Coffee Rust and Pest Control (IICA)	G	81	85	3500	3500	3500	1620	-	1000	-	-	258	-
94 Central American AG Secretariat (IICA)	G	81	83	850	850	850	533	-	533	-	-	-	-
04 Regional Nutrition Tech. Outreach (INCAP)	G	81	82	792	792	792	100	-	100	-	-	-	-
06 Watershed Management (CATIE)	G	83	87	2000	2000	-	-	-	-	2000	2000	2000	-
08 Agricultural Export Support	G	86	89	8000	8000	-	-	2000	1000	6000	2000	1500	2000

BEST AVAILABLE

ROCAP

FY 1988 Annual Budget Submission
(In thousands of dollars)

Table IV - Project Budget Data

ROJECT NUMBER AND TITLE	G L	OBLIGATION DATE INIT	FIN	TOTAL COST AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	EXPEND-ITURES	MORTGAGE END OF FY 86	---FY 1987---- OBLIG-ATIONS	EXPEND ITURES	----FY 1988-- PROPOSED
GRICULTURE, RURAL DEV. AND NUTRITION													
960000.3 Program Development and Support	G	75	C	-	-	8867	20	350	350	-	225	225	225
960083 Small Farm Production Systems (CATIE)	G	79	85	8155	8155	8155	284	-	284	-	-	-	-
960089 Fuelwood and Alternative Energy Sources (CATIE, (ICAITI)	G	79	85	8800	8800	8800	1544	-	1000	-	-	544	-
960090 Coffee Rust and Pest Control (IICA)	G	81	85	3500	3500	3500	1620	-	1000	-	-	258	-
960094 Central American AG Secretariat (IICA)	G	81	83	850	850	850	533	-	533	-	-	-	-
960104 Regional Nutrition Tech. Outreach (INCAP)	G	81	82	792	792	792	100	-	100	-	-	-	-
960106 Watershed Management (CATIE)	G	83	87	2000	2000	-	-	-	-	2000	2000	2000	-
960108 Agricultural Export Support	G	86	89	8000	8000	-	-	2000	1000	6000	2000	1500	2000

BEST AVAILABLE

PROJECT NUMBER AND TITLE		G L	OBLIGATION DATE INIT	FIN	TOTAL COST AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	EXPEND-ITURES	MORTGAGE END OF FY 86	---FY 1987---- OBLIG-ATIONS	EXPEND ITURES	---FY 1988-- PROPOSED
5960109	Export Promotion Fund (BLADEX)	L	82	84	11400	8000	11400	3400	-	-	-	-	-	-
5960110	Pest Management (CATIE)	G	84	88	6750	6750	1700	1101	1550	1500	3500	1500	2000	1500
5960114	Reg. Economic Recovery (CABEI)	L	85	88	9800	9800	6800	6800	3000	3000	-	-	4000	-
5960117	Tree Crop Production (CATIE)	G	85	89	9000	9000	1195	1195	1700	1000	6105	3000	2000	4500
5960123	Export Agribus. Develop. and Promotion (LAAD)	L	86	87	-	14987	-	-	6600	2000	8387	8387	6000	-
5960127	Reg. Agric. Technology Networks	G	86	89	-	10000	-	-	-	-	-	3500	2000	4000
5960129(A)	Reg. Agric. Higher Educ. (CATIE)	G	85	92	200	200	200	200	-	150	-	-	50	-
APPROPRIATION														
	TOTAL				69247	90834	52259	16797	15200	11767	25992	20612	20577	12225
	GRANT				48047	58047	34059	6597	5600	6767	17605	12225	10577	12225
	LOAN				21200	32787	18200	10200	9600	5000	8387	8387	10000	-

JECT NUMBER AND TITLE	G L	OBLIGATION DATE INIT	FIN	TOTAL COST AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	EXPEND-ITURES	MORTGAGE END OF FY 86	---FY 1987---- OBLIG-ATIONS	EXPEND ITURES	----FY 1988-- PROPOSED
LTH													
0000.8 Program Development and Support	G	75	C	-	-	120	92	75	75	-	75	75	75
0115 ORT, Growth Monitoring, and Education	G	85	87	8000	8800	8000	7854	-	3000	-	800	3000	-
0116 Food Assistance Support	G	85	87	5600	6300	3250	3203	2350	2000	-	700	2000	-
0110 Pest Management	G	84	89	-	3000	-	-	-	-	-	1000	500	1000
ROPRIATION													
TOTAL				13600	15100	11370	11149	2425	5075	-	2575	5575	1075
GRANT				13600	15100	11370	11149	2425	5075	-	2575	5575	1075
LOAN				-	-	-	-	-	-	-	-	-	-

BEST AVAILABLE

PROJECT NUMBER AND TITLE		G L	OBLIGATION DATE INIT	FIN	TOTAL COST AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	EXPEND-ITURES	MORTGAGE END OF FY 86	---FY 1987---- OBLIG-ATIONS	EXPEND ITURES	----FY 1988-- PROPOSED
EDUCATION AND HUMAN RESOURCES														
5960000	Program Development and Support	G	75	C	-	-	134	116	-	-	-	-	75	-
5960124	Export Management Training (INCAE)	G	86	88	5650	5650	-	-	2400	500	3250	2125	2000	1275
(5970001)	Central America Peace Scholarships (ROCAP) NON-ADD	G	85	93	(6000)	(6000)	-(800)	-(800)	(1600)	(1000)	(5200)	(1600)	(1200)	(1600)
APPROPRIATION														
	TOTAL				5650	5650	134	116	2400	500	3250	2125	2075	1275
	GRANT				5650	5650	134	116	2400	500	3250	2125	2075	1275
	LOAN													

BEST AVAILABLE

ROJECT NUMBER AND TITLE	G L	OBLIGATION DATE INIT	FIN	TOTAL COST AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	EXPEND-ITURES	MORTGAGE END OF FY 86	---FY 1987---- OBLIG-ATIONS	EXPEND ITURES	----FY 1988-- PROPOSED
ELECTED DEVELOPMENT ACTIVITIES													
960000.06 Program Development and Sup.	G	75	C	-	-	2152	1099	750	950	-	750	950	750
960095 Regional Indust. Energy Efficiency (ICAITI)	G	82	88	5850	5850	3950	1684	1000	1000	900	900	900	-
960106 Watershed Management (CATIE)	G	83	92	4000	14000	3100	2497	900	1300	1000	-	1000	2650
960114 Reg. Economic Recovery (CABEI)	L	85	88	5200	5200	5200	5200	-	2000	-	-	2500	-
960128 Ind. Quality Control, Productivity and Management (ICAITI)	G	87	89	-	6000	-	-	-	-	-	3000	1000	2000
960143 C.A. Shelter and Urban Development(CABEI)	G	87	89	-	4000	-	-	-	-	-	1000	500	2000
960145 Tech. Consultancies and Training	G	86	88	-	6000	-	-	1000	-	5000	3500	2000	1500
960144 Trade and Development Corp.	L	88	90	-	22500	-	-	-	-	-	-	-	8000
960144 Trade and Development Corp.	G	88	90	-	5000	-	-	-	-	-	-	-	2000
960124 Export Management Training (INCAE)	G	86	88	1150	1150	-	-	150	-	1000	-	-	1000

BEST AVAILABLE

PROJECT NUMBER AND TITLE	G L	OBLIGATION DATE INIT	OBLIGATION DATE FIN	TOTAL COST AUTH	TOTAL COST PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	----FY 1986--- EXPEND-ITURES	MORTGAGE END OF FY 86	---FY 1987---- OBLIG-ATIONS	---FY 1987---- EXPEND ITURES	----FY 1988-- PROPOSED
APPROPRIATION													
TOTAL				16200	69700	14400	10480	3800	5250	7900	9150	8850	19900
GRANT				11000	42000	9200	5280	3800	3250	7900	9150	6350	11900
LOAN				5200	27700	5200	5200	-	2000	-	-	2500	8000
FUNCTIONAL ACCOUNT													
TOTAL				104697	181284	78163	38542	23825	22592	37142	34462	37077	34475
GRANT				78297	120797	54763	23142	14225	15592	28755	26075	24577	26475
LOAN				26400	60487	23400	15400	9600	7000	8387	8387	12500	8000

ROJECT NUMBER AND TITLE	G L	OBLIGATION DATE INIT	FIN	TOTAL COST AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	EXPEND-ITURES	MORTGAGE END OF FY 86	--FY 1987---- OBLIG-ATIONS	EXPEND ITURES	----FY 1988-- PROPOSED
CONOMIC SUPPORT FUND													
960000 Program Development and Support	G	75	C	-	-	1695	1270	200	775	-	500	650	-
960114 Regional Economic Recovery (CABEI)	G	85	88	35000	35000	35000	35000	-	25000	-	-	10000	-
960123 Export Agribusiness Dev. and Promotion (LAAD)	L	86	88	-	10000	-	-	-	-	10000	10000	2000	-
960129 (A) Reg. Agric. Higher Educ. (CATIE)	G	85	87	6800	6800	4000	4000	-	3200	2800	2800	3600	-
960129 (B) Reg. Agric. Higher Educ. (EARTH)	G	85	92	(26400)	(26400)	(7000)	(7000)	-	-	(19400)	2200	-	5000
960134 Central America Energy Resources (Los Alamos)	G	85	88	10200	20200	10200	8859	-	7000		3500	3000	3500
960143 C.A. Shelter and Urban Development (CABEI)	L	87	89	-	30000	-	-	-	-		10000	2000	10000
960144 Trade and Dev. Corp.	L	88	90	-	22500	-	-	-	-	-	-	-	6000
960147 Regional Industrial Expansion (CABEI)	L	88	90	-	49000	-	-	-	-	-	-	-	20000
6-0147 Regional Industrial Expansion (CABEI)	G	88	89	-	1000	-	-	-	-	-	-	-	500
6-0146 C.A. Rural Electrification Support (NRECA)	G	87	87	-	5000	-	-	-	-	-	5000	-	-

BEST AVAILABLE

ROJECT NUMBER AND TITLE	G L	OBLIGATION DATE INIT	FIN	TOTAL COST AUTH	PLAN	OBLIG THRU FY 85	FY 85 PIPE-LINE.	----FY 1986--- OBLIG-ATIONS	EXPEND-ITURES	MORTGAGE END OF FY 86	---FY 1987---- OBLIG-ATIONS	EXPEND ITURES	---FY 1988-- PROPOSED
PPROPRIATION													
TOTAL				45000	186700	57695	55929	200	35955	12800	33500	21250	45000
GRANT				45000	75200	57695	55929	200	35955	2800	13500	17250	9000
LOAN				-	111500	-	-	-	-	10000	20000	4000	36000
OUNTRY TOTAL													
TOTAL				149697	367984	135858	94471	24025	58547	49942	67962	58327	79475
GRANT				123297	195997	112458	79071	14425	51547	31555	39575	41827	35475
LOAN				26400	171987	23400	15400	9600	7000	18387	28387	16500	44000

AID PROGRAM IN FY 1987
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT 596 ROCAP

RANK	PROJECT	TITLE	NEW CONT	LOAN/ GRANT	PROGRAM FUNDING ($000) APPROP	INCR	CUM
1	0108	Agricultural Export Support	0	G	FN	2000	2000
2	0123	Export Agribusiness Dev. (LAAD)	0	L	FN	8387	10387
	0123	Export Agribusiness Dev. (LAAD)	0	L	ES	10000	20387
3	0110	Pest Management (CATIE)	0	G	FN	1500	21887
4	0117	Tree Crop Production (CATIE)	0	G	FN	2000	23887
5	0106	Watershed Management (CATIE)	0	G	FN	2000	25887
6	0116	Food Assistance Support (INCAP)	0	G	HE	700	26587
7	0115	ORT, Growth Monitoring and Education (INCAP)	0	G	HE	800	27387
8	0124	Export Mgt. Training (INCAE)	0	G	EH	2125	29512
9	0095	Regional Indust. Energy Efficiency (ICAITI)	0	G	SD	900	30412
10	0001	Central America Peace Scholarships	0	G	ES	(1600)	
11	0129	Reg. Agric. Higher Education (A) (CATIE)	0	G	ES	2800	33212
12	0145	Tech. Consultancies and Training	0	G	SD	3500	36712
13	0129	Reg. Agric. Higher Education (B) (CATIE)	0	G	ES	2200	38912

RANK	PROJECT	TITLE	NEW CONT	LOAN/ GRANT	PROGRAM FUNDING ($000) APPROP	INCR	CUM
14	0143	C.A. Shelter and Urban Development (CABEI)	N	G	ES	1000	39912
	0143	C.A. Shelter and Urban Development (CABEI)	N	L	ES	10000	49912
15	0128	Ind. Technology, Quality Control and Productivity (ICAITI)	N	G	SD	3000	52912
16	0127	Agric. Technology Networks	N	G	FN	3500	56412
17	0117	Tree Crop Production (Amendment) (CATIE)	N	G	FN	1000	57412
18	0134	C.A. Energy Resources (Amendment) (Los Alamos)	N	G	ES	3500	60912
19	0110	Pest Management (Amendment) (CATIE)	N	G	HE	1000	61912
20	0146	C.A. Rural Electrification Support (NRECA)	N	G	ES	5000	66912

AID PROGRAM IN FY 1988
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT 596 ROCAP

RANK	PROJECT	TITLE	NEW CONT	LOAN/ GRANT	PROGRAM FUNDING ($000) APPROP	INCR	CUM
1	0108	Agricultural Export Support	0	G	FN	2000	2000
2	0143	C.A. Shelter and Urban Development (CABEI)	0	G	SD	2000	4000
	0143	C.A. Shelter and Urban Development (CABEI)	0	L	ES	10000	14000
3	0117	Tree Crop Production (CATIE)	0	G	FN	4500	18500
4	0110	Pest Management (CATIE)	0	G	FN	1500	20000
	0110	Pest Management (amendment) (CATIE)	0	G	HE	1000	21000
5	0124	Export Mgt. Training (INCAE)	0	G	EH	1275	22275
	0124	Export Mgt. Training (INCAE)	0	G	SD	1000	23275
6	0145	Tech. Consultancies and Training	0	G	SD	1500	24775
7	0127	Agric. Technology Networks	0	G	FN	4000	28775
8	0128	Ind. Technology, Quality Control and Productivity (ICAITI)	0	G	SD	2000	30775
9	0001	Central America Peace Scholarships	0	G	SD	(1600)	-
10	0129	Reg. Agric. Higher Educ. (B) (EARTH)	0	G	ES	5000	35775

RANK	PROJECT	TITLE	NEW CONT	LOAN/ GRANT	PROGRAM FUNDING ($000) APPROP	INCR	CUM
11	0134	C.A. Energy Resources (Los Alamos)	O	G	ES	3500	39275
12	0147	Regional Industrial Expansion (CABEI)	N	L	ES	20000	59275
	0147	Regional Industrial Expansion (CABEI)	N	G	ES	500	59775
13	0144	Trade and Dev. Corp.	N	L	SD	8000	67775
	0144	Trade and Dev. Corp.	N	G	SD	2000	69775
	0144	Trade and Dev. Corp.	N	L	ES	6000	75775
14	0106	Watershed Management	N	G	SD	2650	78425

TABLE VIII - FY 1986
OPERATING EXPENSE SUMMARY

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR BUDGET	TRUST FUNDED	TOTAL BUDGET	UNITS	UNIT COSTS
U.S. DIRECT HIRE	U100	xxx		0.0			
U.S. CITIZENS BASIC PAY	U101	110	885.8	0.0	885.8	16.0	55.4
PT/TEMP U.S. BASIC PAY	U102	112	18.1	0.0	18.1	1.0	18.1
DIFFERENTIAL PAY	U103	116	122.0	0.0	122.0		
OTHER AID/W FUNDED O.C.11	U104	119	3.8	0.0	3.8		
OTHER MISSION FUNDED O.C. 11	U105	119	15.0	0.0	15.0		
EDUCATION ALLOWANCES	U106	126	25.0	0.0	25.0	14.0	1.8
RETIREMENT - U.S.	U107	120	75.4	0.0	75.4		
LIVING ALLOWANCES	U108	128	0.0	0.0	0.0		
OTHER AID/W FUNDED O.C. 12	U109	129	19.6	0.0	19.6		
OTHER MISSION FUNDED O.C. 12	U110	129	7.5	0.0	7.5		
POST ASSIGNMENT - TRAVEL	U111	212	12.5	0.0	12.5	4.0	3.1
POST ASSIGNMENT - FREIGHT	U112	22	36.0	0.0	36.0	4.0	10.0
HOME LEAVE - TRAVEL	U113	212	10.5	0.0	10.5	8.0	1.3
HOME LEAVE - FREIGHT	U114	22	6.0	0.0	6.0	8.0	.8
EDUCATION TRAVEL	U115	215	2.4	0.0	2.4	3.0	.8
R AND R TRAVEL	U116	215	7.0	0.0	7.0	7.0	1.0
ALL OTHER CODE 215 TRAVEL	U117	215	5.0	0.0	5.0	4.0	1.3
FOREIGN NATIONAL DH	U200			0.0			
BASIC PAY	U201	114	167.7	0.0	167.7	18.5	10.5
OVERTIME, HOLIDAY PAY	U202	115	8.0	0.0	8.0	1.0	8.0
ALL OTHER CODE 11 - FN	U203	119	3.0	0.0	3.0		
ALL OTHER CODE 12 - FN	U204	129	19.0	0.0	19.0		
BENEFITS FORMER FN PERS.	U205	13	3.0	0.0	3.0		
CONTRACT PERSONNEL	U300						
PASA TECHNICIANS	U301	258	0.0	0.0	0.0	0	0
U.S. PSC - SALARY/BENEFITS	U302	113	2.1	0.0	2.1	0.3	7.0
ALL OTHER U.S. PSC COSTS	U303	255	0.0	0.0	0.0		
F.N. PSC SALARY/BENEFITS	U304	113	68.6	0.0	68.6	23.2	3
ALL OTHER F.N. PSC COSTS	U305	255	3.8	0.0	3.8		
MANPOWER CONTRACTS	U306	259	57.4	0.0	57.4	10.8	5.3
JCC COSTS PAID BY AID/W	U307	113	0.0	0.0	0.0	0	0
HOUSING	U400						
RENT	U401	235	21.1	0.0	21.1	1.3	16.2
UTILITIES	U402	235	5.6	0.0	5.6		
RENOVATION AND MAINT.	U403	259	3.0	0.0	3.0		
QUARTERS ALLOWANCE	U404	127	128.3	0.0	128.3	14.7	8.7
PURCHASES RES.FURN/EQUIP.	U405	311	0.0	0.0	0.0		
TRANS./FREIGHT-CODE 311	U406	22	0.0	0.0	0.0		
SECURITY GUARD SERVICES	U407	259	3.6	0.0	3.6		
OFFICIAL RESIDENCE ALLOW.	U408	254	1.2	0.0	1.2		
REPRESENTATION ALLOWANCE	U409	252	1.0	0.0	1.0		

TABLE VIII - FY 1986
OPERATING EXPENSE SUMMARY

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR BUDGET	TRUST FUNDED	TOTAL BUDGET	UNITS	UNIT COSTS
OFFICE OPERATIONS	U500						
RENT	U501	234	59.6	0.0	59.6		
UTILITIES	U502	234	15.4	0.0	15.4		
BUILDING MAINT/RENOV.	U503	259	13.0	0.0	13.0		
OFFICE FURN/EQUIP.	U504	310	2.5	0.0	2.5		
VEHICLES	U505	312	0.0	0.0	0.0		
OTHER EQUIPMENT	U506	319	21.0	0.0	21.0		
TRANSPORTATION/FREIGHT	U507	22	3.0	0.0	3.0		
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	28.0	0.0	28.0		
COMMUNICATIONS	U509	230	36.2	0.0	36.2		
SECURITY GUARD SERVICES	U510	259	23.0	0.0	23.0		
PRINTING	U511	24	11.0	0.0	11.0		
RIG/II OPERATIONAL TRAVEL	U512	210	0.0	0.0	0.0	0	0
SITE VISITS-MISSION PERS.	U513	210	54.1	0.0	54.1	50.0	1.1
SITE VISITS-AID/W PERS.	U514	210	16.0	0.0	16.0	12.0	1.3
INFORMATION MEETINGS	U515	210	19.2	0.0	19.2	36.0	.5
TRAINING ATTENDANCE	U516	210	4.7	0.0	4.7	2.0	2.4
CONFERENCE ATTENDANCE	U517	210	8.0	0.0	8.0	12.0	.8
OTHER OPERATIONAL TRAVEL	U518	210	2.0	0.0	2.0	1.0	2.0
SUPPLIES AND MATERIALS	U519	26	60.0	0.0	60.0	-	
FAAS	U520	257	30.0	0.0	30.0		
CONSULTING SVCS - CONT.	U521	259	0.0	0.0	0.0		
MGT/PROF.SVCS - CONT.	U522	259	0.0	0.0	0.0		
SPEC.STUDIES/ANALYSIS CONT.	U523	259	0.0	0.0	0.0		
ALL OTHER CODE 25	U524	259	0.0	0.0	0.0		
TOTAL O.E. BUDGET			2,154.8	0.0	2,154.8		
RECONCILIATION			1,154.8	0.0	1,154.8		
OPERATING BUDGET REQUIREMENTS			1,000.0	0.0	1,000.0		
636C REQUIREMENTS	U600	32	0.0	0.0	0.0		
TOTAL ALLOWANCE REQUIREMENTS	U000		1,000.0	0.0	1,000.0		
LOCAL COST SUPPORT COST DATA							
F.N. PSC - SALARY/BENEFITS	U304	113	68.6	0.0	0.0		
ALL OTHER F.N. PSC COSTS	U305	255	3.8	0.0	0.0		
MANPOWER CONTRACTS	U306	259	56.0	0.0	0.0		
SITE VISITS - RIG PERSONNEL	U512	210	0.0	0.0	0.0		
SITE VISITS - MISSION PERSONNEL	U512	210	70.0	0.0	0.0		

OTHER INFORMATION:

Dollar requirement for local currency costs (Guatemala) $460.0
Exchange rate used (as of February 28, 1986) (Guatemala) Q2.70 to US$1.00
Dollar requirement for local currency costs (Costa Rica) $38.3
Exchange rate used (as of February 28, 1986) (Costa Rica) Col 55.5 to US$1.00

Estimated Wage Increases -FY 1985 to FY 1986 20%
Estimated Price Increases -FY 1985 to FY 1986 10% to 20%

TABLE VIII - FY 1987
OPERATING EXPENSE SUMMARY

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR BUDGET	TRUST FUNDED	TOTAL BUDGET	UNITS	UNIT COSTS
U.S. DIRECT HIRE	U100	xxx		0.0			
U.S. CITIZENS BASIC PAY	U101	110	901.9	0.0	901.9	16.4	55.0
PT/TEMP U.S. BASIC PAY	U102	112	18.1	0.0	18.1	1.0	18.1
DIFFERENTIAL PAY	U103	116	118.0	0.0	118.0		
OTHER AID/W FUNDED O.C.11	U104	119	3.8	0.0	3.8		
OTHER MISSION FUNDED O.C. 11	U105	119	15.0	0.0	15.0		
EDUCATION ALLOWANCES	U106	126	38.1	0.0	38.1	22.0	1.7
RETIREMENT - U.S.	U107	120	76.5	0.0	76.5		
LIVING ALLOWANCES	U108	128	0.0	0.0	0.0		
OTHER AID/W FUNDED O.C. 12	U109	129	19.9	0.0	19.9		
OTHER MISSION FUNDED O.C. 12	U110	129	11.7	0.0	11.7		
POST ASSIGNMENT - TRAVEL	U111	212	12.0	0.0	12.0	3.0	4.0
POST ASSIGNMENT - FREIGHT	U112	22	36.0	0.0	36.0	3.0	12.0
HOME LEAVE - TRAVEL	U113	212	21.0	0.0	21.0	15.0	1.4
HOME LEAVE - FREIGHT	U114	22	14.3	0.0	14.3	15.0	.9
EDUCATION TRAVEL	U115	215	3.0	0.0	3.0	3.0	1.0
R AND R TRAVEL	U116	215	17.4	0.0	17.4	15.0	1.2
ALL OTHER CODE 215 TRAVEL	U117	215	5.0	0.0	5.0	4.0	1.3
FOREIGN NATIONAL DH	U200			0.0			
BASIC PAY	U201	114	226.6	0.0	226.6	19.0	11.9
OVERTIME, HOLIDAY PAY	U202	115	11.0	0.0	11.0	1.0	11.0
ALL OTHER CODE 11 - FN	U203	119	4.0	0.0	4.0		
ALL OTHER CODE 12 - FN	U204	129	26.3	0.0	26.3		
BENEFITS FORMER FN PERS.	U205	13	0.0	0.0	0.0		
CONTRACT PERSONNEL	U300						
PASA TECHNICIANS	U301	258	0.0	0.0	0.0	0.0	0.0
U.S. PSC - SALARY/BENEFITS	U302	113	0.0	0.0	0.0	0.0	0.0
ALL OTHER U.S. PSC COSTS	U303	255	0.0	0.0	0.0		
F.N. PSC SALARY/BENEFITS	U304	113	168.2	0.0	168.2	27.0	6.2
ALL OTHER F.N. PSC COSTS	U305	255	3.8	0.0	3.8		
MANPOWER CONTRACTS	U306	259	46.0	0.0	46.0	10.8	4.3
JCC COSTS PAID BY AID/W	U307	113	0.0	0.0	0.0		
HOUSING	U400						
RENT	U401	235	15.0	0.0	15.0	1.0	15.0
UTILITIES	U402	235	6.7	0.0	6.7		
RENOVATION AND MAINT.	U403	259	3.6	0.0	3.6		
QUARTERS ALLOWANCE	U404	127	159.0	0.0	159.0	15.0	10.6
PURCHASES RES.FURN/EQUIP.	U405	311	21.8	0.0	21.8		
TRANS./FREIGHT-CODE 311	U406	22	4.4	0.0	4.4		
SECURITY GUARD SERVICES	U407	259	28.3	0.0	28.3		
OFFICIAL RESIDENCE ALLOW.	U408	254	1.2	0.0	1.2		
REPRESENTATION ALLOWANCE	U409	252	1.0	0.0	1.0		

TABLE VIII - FY 1987
OPERATING EXPENSE SUMMARY

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR BUDGET	TRUST FUNDED	TOTAL BUDGET	UNITS	UNIT COSTS
OFFICE OPERATIONS	U500						
RENT	U501	234	59.6	0.0	59.6		
UTILITIES	U502	234	18.5	0.0	18.5		
BUILDING MAINT/RENOV.	U503	259	21.6	0.0	21.6		
OFFICE FURN/EQUIP.	U504	310	57.1	0.0	57.1		
VEHICLES	U505	312	24.0	0.0	24.0		
OTHER EQUIPMENT	U506	319	7.0	0.0	7.0		
TRANSPORTATION/FREIGHT	U507	22	6.2	0.0	6.2		
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	42.0	0.0	42.0		
COMMUNICATIONS	U509	230	55.3	0.0	55.3		
SECURITY GUARD SERVICES	U510	259	33.6	0.0	33.6		
PRINTING	U511	24	13.2	0.0	13.2		
RIG/II OPERATIONAL TRAVEL	U512	210	0.0	0.0	0.0	0.0	0.0
SITE VISITS-MISSION PERS.	U513	210	65.0	0.0	65.0	70.0	.9
SITE VISITS-AID/W PERS.	U514	210	16.0	0.0	16.0	12.0	1.3
INFORMATION MEETINGS	U515	210	23.0	0.0	23.0	39.0	.6
TRAINING ATTENDANCE	U516	210	8.0	0.0	8.0	4.0	2.0
CONFERENCE ATTENDANCE	U517	210	10.0	0.0	10.0	15.0	.7
OTHER OPERATIONAL TRAVEL	U518	210	12.0	0.0	12.0	15.0	.8
SUPPLIES AND MATERIALS	U519	26	90.0	0.0	90.0		
FAAS	U520	257	30.0	0.0	30.0		
CONSULTING SVCS - CONT.	U521	259	0.0	0.0	0.0		
MGT/PROF.SVCS - CONT.	U522	259	0.0	0.0	0.0		
SPEC.STUDIES/ANALYSIS CONT.	U523	259	0.0	0.0	0.0		
ALL OTHER CODE 25	U524	259	9.2	0.0	9.2		
TOTAL O.E. BUDGET			2,639.9	0.0	2,639.9		
RECONCILIATION			1,168.1		1,168.1		
TOTAL ALLOWANCE REQUIREMENTS			1,471.8		1,471.8		

OTHER INFORMATION:

Dollar requirement for local currency costs (Guatemala) $656.0
Exchange rate used (as of February 28, 1986) (Guatemala) Q2.70 to US$1.00
Dollar requirement for local currency costs (Costa Rica) $46.0
Exchange rate used (as of February 28, 1986) (Costa Rica) Col 55.5 to US$1.00

Estimated Wage Increases -FY 1986 to FY 1987 20%
Estimated Price Increases -FY 1986 to FY 1987 10% to 20%

BEST AVAILABLE

TABLE VIII - FY1988
OPERATING EXPENSE SUMMARY

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR BUDGET	TRUST FUNDED	TOTAL BUDGET	UNITS	UNIT COSTS
U.S. DIRECT HIRE	U100	xxx		0.0			
U.S. CITIZENS BASIC PAY	U101	110	895.3	0.0	895.3	16.2	55.3
.T/TEMP U.S. BASIC PAY	U102	112	18.1	0.0	18.1	1.0	18.1
DIFFERENTIAL PAY	U103	116	112.2	0.0	112.2		
OTHER AID/W FUNDED O.C.11	U104	119	3.8	0.0	3.8		
OTHER MISSION FUNDED O.C. 11	U105	119	15.0	0.0	15.0		
EDUCATION ALLOWANCES	U106	126	41.7	0.0	41.7	22.0	1.9
RETIREMENT - U.S.	U107	120	75.7	0.0	75.7		
LIVING ALLOWANCES	U108	128	0.0	0.0	0.0		
OTHER AID/W FUNDED O.C. 12	U109	129	20.0	0.0	20.0		
OTHER MISSION FUNDED O.C. 12	U110	129	7.1	0.0	7.1		
POST ASSIGNMENT - TRAVEL	U111	212	8.0	0.0	8.0	2.0	4.0
POST ASSIGNMENT - FREIGHT	U112	22	24.0	0.0	24.0	2.0	12.0
HOME LEAVE - TRAVEL	U113	212	13.0	0.0	13.0	10.0	1.3
HOME LEAVE - FREIGHT	U114	22	6.8	0.0	6.8	10.0	.7
EDUCATION TRAVEL	U115	215	3.0	0.0	3.0	3.0	1
R AND R TRAVEL	U116	215	9.6	0.0	9.6	16.0	.6
ALL OTHER CODE 215 TRAVEL	U117	215	5.0	0.0	5.0	4.0	1.3
FOREIGN NATIONAL DH	U200			0.0			
BASIC PAY	U201	114	271.9	0.0	271.9	19.0	14.3
OVERTIME, HOLIDAY PAY	U202	115	10.0	0.0	10.0	1.0	10.0
ALL OTHER CODE 11 - FN	U203	119	4.0	0.0	4.0		
ALL OTHER CODE 12 - FN	U204	129	31.0	0.0	31.0		
BENEFITS FORMER FN PERS.	U205	13	0.0	0.0	0.0		
CONTRACT PERSONNEL	U300						
PASA TECHNICIANS	U301	258	0.0	0.0	0.0	0.0	0.0
U.S. PSC - SALARY/BENEFITS	U302	113	0.0	0.0	0.0	0.0	0.0
ALL OTHER U.S. PSC COSTS	U303	255	0.0	0.0	0.0		
F.N. PSC SALARY/BENEFITS	U304	113	201.8	0.0	201.8	27.0	7.5
ALL OTHER F.N. PSC COSTS	U305	255	3.8	0.0	3.8		
MANPOWER CONTRACTS	U306	259	55.2	0.0	55.2	10.8	5.1
JCC COSTS PAID BY AID/W	U307	113	0.0	0.0	0.0		
HOUSING	U400						
RENT	U401	235	15.0	0.0	15.0	1.0	15.0
UTILITIES	U402	235	8.1	0.0	8.1		
RENOVATION AND MAINT.	U403	259	4.3	0.0	4.3		
QUARTERS ALLOWANCE	U404	127	158.5	0.0	158.5	15.2	10.4
PURCHASES RES.FURN/EQUIP.	U405	311	16.7	0.0	16.7		
TRANS./FREIGHT-CODE 311	U406	22	3.3	0.0	3.3		
SECURITY GUARD SERVICES	U407	259	34.0	0.0	34.0		
OFFICIAL RESIDENCE ALLOW.	U408	254	1.2	0.0	1.2		
REPRESENTATION ALLOWANCE	U409	252	1.0	0.0	1.0		

OPERATING EXPENSE BUDGET
FISCAL YEAR 1988

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR BUDGET	TRUST FUNDED	TOTAL BUDGET	UNIT	UNIT COSTS
OFFICE OPERATIONS	U500						
RENT	U501	234	59.6	0.0	59.6		
UTILITIES	U502	234	22.2	0.0	22.2		
BUILDING MAINT/RENOV.	U503	259	25.9	0.0	25.9		
OFFICE FURN/EQUIP.	U504	310	23.8	0.0	23.8		
VEHICLES	U505	312	0.0	0.0	0.0		
OTHER EQUIPMENT	U506	319	0.0	0.0	0.0		
TRANSPORTATION/FREIGHT	U507	22	4.8	0.0	4.8		
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	50.4	0.0	50.4		
COMMUNICATIONS	U509	230	66.5	0.0	66.5		
SECURITY GUARD SERVICES	U510	259	40.3	0.0	40.3		
PRINTING	U511	24	15.8	0.0	15.8		
RIG/II OPERATIONAL TRAVEL	U512	210	0.0	0.0	0.0	0.0	0.0
SITE VISITS-MISSION PERS.	U513	210	65.0	0.0	65.0	70.0	.9
SITE VISITS-AID/W PERS.	U514	210	16.0	0.0	16.0	12.0	1.3
INFORMATION MEETINGS	U515	210	23.0	0.0	23.0	39.0	.6
TRAINING ATTENDANCE	U516	210	8.0	0.0	8.0	4.0	2.0
CONFERENCE ATTENDANCE	U517	210	10.0	0.0	10.0	15.0	.7
OTHER OPERATIONAL TRAVEL	U518	210	12.0	0.0	12.0	15.0	.8
SUPPLIES AND MATERIALS	U519	26	108.0	0.0	108.0	-	
FAAS	U520	257	30.0	0.0	30.0		
CONSULTING SVCS - CONT.	U521	259	0.0	0.0	0.0		
MGT/PROF.SVCS - CONT.	U522	259	0.0	0.0	0.0		
SPEC.STUDIES/ANALYSIS CONT.	U523	259	0.0	0.0	0.0		
ALL OTHER CODE 25	U524	259	11.1	0.0	11.1		
TOTAL O.E. BUDGET			2,670.5	0.0	2,670.5		
RECONCILIATION			1,155.1		1,155.1		
TOTAL ALLOWANCE REQUIREMENTS			1,515.4		1,515.4		

OTHER INFORMATION:

Dollar requirement for local currency costs (Guatemala) $858.7
Exchange rate used (as of February 28, 1986) (Guatemala) Q2.70 to US$1.00
Dollar requirement for local currency costs (Costa Rica) $56.0
Exchange rate used (as of February 28, 1986) (Costa Rica) Col 55.5 to US$1.00

Estimated Wage Increases -FY 1987 to FY 1988 20%
Estimated Price Increases -FY 1987 to FY 1988 10% to 20%

OPERATING EXPENSE NARRATIVE
SECTION A

MANAGEMENT IMPROVEMENTS

During FYs 1985 and 1986 the overall program levels of both USAID and ROCAP more than quadrupled. The configuration of the staff, plant and equipment needed to implement activities over FYs 1987 and 1988 is already fully determined and mostly in place. A concerted effort has been made to improve both the efficiency and effectiveness of Mission management while controlling the expansion of personnel levels and physical facilities. Productivity in the work place will be enhanced through better space utilization of existing facilities and improved word processing and telecommunications. Specific programs are outlined below:

(1) An extensive training program for all secretaries and drafters in basic and advanced word processing and for technicians courses in Lotus and D-Base. This training will increase the productivity of all personnel. It will also provide the Agency with a group of computer-literate Americans at a cost approximately one-fourth of what similar training would average in the U.S.

(2) Computerization of the non-expendable property records to help control an inventory of $1,517,434. This program will provide three cost savings benefits: A. Allow daily balancing of inventory rather than the current annual reconciliation. This will permit us to quickly pinpoint any pilferage and so contain losses. B. Highlight when stocks are getting low or in excess permitting us to order more or sell surplus to keep inventory at minimal levels. C. Save approximately three workmonths a year formerly required to do manual reconciliation of 8,816 pieces of property assigned to 246 people/locations.

(2b) Computerization of the expendable property records. This program will have three cost saving features: A. Generate in minutes orders based on six month useage figures rather than the days it now takes to manually inspect each stock card and handwrite orders. B. Print reports of items no longer being requested so they can be disposed of generating cash and freeing warehouse space. C. Allow secretaries to order supplies through the computer and after GSO approval and issuance automatically debit the issuances from stock thus eliminating two manual posting.

(2c) Computerization of vital personnel records particularly for FSNs and contractors to allow the disposal of inactive files and reduction of files cabinets. Records for American employees will also be computerized, not to duplicate the RAMPS system, but to provide better service on passport and visa renewals and requests for such information as state of residence, etc.

(3) Accommodate more people and computer equipment within existing office space by reducing size of offices and eliminating unnecessary files and file cabinets. Adding additional office space is prohibitive in cost because of the need for security enhancements, extra guards and expansion of phone and computer systems.

(4) Installation of a telex system which will help relieve the overburdened switchboard, reduce international long distance charges, and provide a written record of the voluminous business conducted by Procurement with U.S. suppliers.

USAID/ROCAP cannot reduce FAAS services as we are now receiving only basics: cable and pouch service, health room, security features and the Washington mandated FSN personnel classification and compensation plan assistance.

By increasing the effectiveness and productivity of employees, and providing better communications via telex and an improved telephone system, we believe we can cope with the program demands generated by the Central American Initiative within the workforce ceilings described in the Action Plan. Undoubtedly it will be necessary to contract on a short term basis for various specialists.

OPERATING EXPENSE NARRATIVE
SECTION B
JUSTIFICATION FOR FUNDING CHANGES BETWEEN FISCAL YEAR OF 10% OR MORE

FY86-87
FUNCTION CODE

U 200 — Foreign National DH - Increase of 33% from FY86 to FY 87 primarily due to two (2) factors: (1) an estimated salary increase of 20%, and (2) the hiring of 3 employees at the end of FY86, which caused an increase of 2.8 units of FNDH workyears.

U 300 — Contract Personnel - Costs increase of 65.2% from FY86 to FY87 caused by: (1) the 20% salary increase as with U200 above, (2) the addition of five (5) PSC'S at the end of FY86, and (3) the loss of forward funding gained by the devaluation of the Quetzal utilized for amendments to existing contracts.

U400 — Housing - Costs increase by 47.2% from FY86 to FY87 primarly due to an increase in rental and utility costs, and the new requirement to provide residencial security to Mission personnel.

U500 — Office Operations - Costs increase of 47.9% from FY86 to FY87 caused by trhe procurement of NXP (and related costs), the 20% estimated proce increase, and the office space added during the second sand third quarters of FY86.

FY87-88
FUNCTION CODE

U200 — Foreign National DH - Costs increase of 19.5% due to estimated salary increase of 20%.

U300 — Contract Personnel - Increase of 19.7% from FY87 to FY88 also due to estimated salary increase of 20%.

OPERATING EXPENSE NARRATIVE
SECTION C

Trust Funds. Due to the Regional nature of the ROCAP program, the probability of obtaining Trust Funds is non-existent.

TABLE VIII (a)
INFORMATION ON U.S. PSC COSTS

POSITION TITLE/DESCRIPTION	FY 1986	FY 1987	FY 1988
Inventory Clerk	1.4	0	0
Inventory Clerk	.7	0	0

TABLE VIII (b)
ALL OTHER CODE 25 DETAIL - FY 85 - 87

NONE

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

ITEM AND EXPLANATION	FY 1986	FY 1987	FY 1988
1. Capital Investment			
A. Purchase of Hardware Purchase of automation equipment by the Mission; such as WANG VS mini-computer, WANG OIS System, WANG WP equipment and micro-computers and their associated workstations and terminals, printers and telecommunications modems. List on one line, each item of equipment separately, by vender name, name of item and model number. Show cost of acquisition under appropriate fiscal year.	1.1	19.5	19.5
B. Purchase of Software Purchase of software by the Mission to operate existing or new automation equipment (hardware) such as CP/M, Multiplan, DBASE and Microstat, LOTUS 1-2-3, etc. List on one line, each item of software separately, by vender name, name of item and brief description. Show cost of acquisition under appropriate fiscal year.	0.4	1.0	1.0
C. Site Facility Cost of proposed site construction to prepare for setting up a WANG VS or WANG OIS automation system, such as raised floors, walls, air conditioning and un-interruptible power sources.	4.4	0.8	0.4
SUBTOTAL	5.9	21.3	20.9
2. Personnel Mission will provide requirements below for personnel involved in the information technology functions, such as systems dev-development and operation, and the percentage of management and secretarial personnel also involved. Personnel that use systems will not be included			
A. Compensation, Benefits and Travel	19.9	23.9	28.7
B. Workyears	2.4	2.4	2.4

TABLE VIII(c)
(Continued)

ITEM AND EXPLANATION	FY 1986	FY 1987	FY 1988
3. Equipment Rental, Space and Other Operating Costs			
A. Lease of Equipment Obligations for lease and maintenance of non-government owned equipment (rented equipment).	-	-	-
B. Space Obligations for lease of space to house automation equipment, office space for personnel (direct-hire and contractor) involved in the information technology function (See 2A & 2B) including basic utilities and house-keeping services.	0.6	0.6	0.6
C. Supplies and Other Material Obligations for supplies and software rental (not included in a rental contract for equipment).	8.9	10.7	12.8
D. Non-Commercial Training Obligations for planning and conducting government operated training to prepare users to make effective use of resources.	-	-	-
SUBTOTAL	9.5	11.3	13.4
4. Commercial Services This includes obligations for services where payments are made to private industry.			
A. Computer Time Obligations to fund contracts with a private firm to provide computer time to the Mission.	-	-	-
B. Leased Telecommunications Services Obligations for leased telephone lines and other telecommunications services to obtain data from other computers or to transmit data. For Missions, where applicable include, but identify separately, the lease of local telephone lines and modems to reach the American Embassy's Office of Communications for the purpose of transmission of data to and from AID/W.	0.5	1.5	2.0

TABLE VIII(c)
(Continued)

ITEM AND EXPLANATION	FY 1986	FY 1987	FY 1988
C. Operations and Maintenance			
(1) Operations Include funds to be obligated for contractor services to operate a WANG VS computer or an OIS System (System administrator and staff, not workstation operators).	-	-	-
(2) Maintenance Include obligations for contracts to maintain government-owned equipment (hardware) and software that is currently in place and that is to be acquired in 1A and 1B above.	28.3	34.1	37.7
D. Systems Analysis and Programming Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing systems.	-	-	-
E. System Design and Engineering (NOT REQUIRED BY AID MISSIONS)			-
F. Studies and Other Obligations for management and feasibility studies, requirement definitions, and commercial training.	4.0	5.2	6.0
SUBTOTAL	32.8	40.8	45.7
5. TOTAL DOLLARS	68.1	97.3	108.7
TOTAL WORKYEARS (From item 2A)	2.4	2.4	2.4
6. MISSION ALLOWANCE LEVELS			
A. Amounts included in Mission allowances for existing systems (includes 2A, 3, and 4). (Services for equipment in place only.)	48.7	59.7	68.9
B. Amounts included in Mission allowances for new or expanded systems (includes 1, 2A, 3, and 4.) (Equipment and services for new efforts beginning during the FY.)	19.4	37.6	39.8

B. Purchase of Software	FY 1986	FY 1987	FY 1988
- 1 Spelling Verifier from Wang Labs	0.4		
The following software will be purchased at an average cost of $420 per program:			
- 5 LOTUS 123 from GSA; provides graphics, spreadshiit, and info mgnt. in one interactive pkg.		0.5	
- 1 DBASE III from GSA; Relational database and command-language applications generator		0.2	
- 1 Business Graphics from Wang Labs; Stand alone graphics pkg which presents business information in graph from		0.2	
- 1 Microsoft Chart from GSA; Stand alone graphics pkg. which presents business info in graph form with direct link to LOTUS 123 and DBASE III.		0.1	
- 1 Harvard Project Mgr. from GSA; Project planner.			0.2
- 1 Quick-Plan from Wang Labs; Sophisticated executive project planning system. Uses CPM.			0.2
- 1 Superproject Plus from GSA; Manage people, projects, budgets and resources.			0.1
- 1 Pertmaster 1500 Events from GSA; Project planning system using PERT.			0.1
- 2 IBM Operating Systems from GSA; Operating system version 3.0 for IBM PC.			0.2

TABLE VIII(c) SUPPLEMENT

ROCAP

1. Capital Investment A. Purchase of Hardware	FY 1986	FY 1987	FY 1968
- 1 IOP Daughterboard from Wang Labs	0.4		
- 2 WANG PC Matrix Printers 160 CPS 132 (PC-PM016) from Wang Labs	0.7		
- 8 Workstations 4230VS 64K DP/WP from Wang Labs (both FY87 and FY88)		11.2	11.2
- 2 Wang PC's (PC-XC4-2) from Wang Labs with the following accessories (Both FY87/88): - Keyboard UNI/KBD-WL - Wang Grafics Card PC-PM002 - Wang Monochrome Monitor PC-PM004 - Memory Expansion card 512KB - World Lang. 928-Conn. 195-2840-9 - Single Board Local Comm. PC-PM141-VS - Matrix Printer 160 CPS 132 PC-PM016 - Wang/IBM Emul. Monitor Card PC-PM101		4.3	4.3
- 2 IBM PC's XT w/360 KB Disk from Frederick Computer Products with the following Accessories (Both FY87 and FY88): - Monochrome Monitor 310-A - Epson Printer FX-185 - Hercules Board - AST Exp. Card, Six Pack w/640 KB Mem. - Parallel Cable		4.0	4.0
SUB-TOTALS	1.1	19.5	19.5

- 1 DOC-Exchange from Systems Comp. Corp.; Transfers word processing documents between Wang OIS and VS and IBM PC's and compatibles.			0.1
- 1 Sideways from GSA; Prints wide spreadsheets sideways.			0.1
SUB-TOTALS	0.4	1.0	1.0

(NOTE: The above figures actually represent 40% of the purchase price, as ROCAP and AID Guatemala share all common Mission expenses, 40% ROCAP and 60% AID).

ANNEXES

Benchmark Status: FY 1986-FY 1987 Action Plan

A. Laying Basis for Long-Term Growth

1. Objective Category: Stabilize Financial Structures

CDSS Goal: Encourage the resumption of external capital flows to the region.

Projects:

Export Promotion Fund (BLADEX) 596-0109
Regional Economic Recovery (CABEI) 596-0114

Benchmark: BLADEX loan fully disbursed and 2:1 co-financing target of $37 million successfully met by 3/31/86.

Status: Co-financing target has been difficult to attain because of lagging demand for pre-export and export financing. With AID/W in concurrence, a new 1:1 co-financing target was set for 3/31/86. The 2:1 target was postponed until 3/31/87. The 1:1 target was successfully met as scheduled with a cumulative loan disbursement total of $ 170 million.

Benchmark: Loan Agreements signed with CABEI and LAAD for FY 85 and FY 86 projects respectively; CABEI obtains commitments for $40 million from external sources as new capital flows;

Status: The Project Agreement with CABEI was signed in September 1985. By March 31, 1986, CABEI met its goal of securing an additional $40 million of paid-in capital from its member countries in addition to $38 million in payment of arrearages. A condition precedent for obtaining an additional $50 million of concessional rate financing from external sources was set for August 1986. CABEI appears to be on track for complying with this Condition Precedent.

The LAAD PID was approved by AID/W in May 1986 and it is anticipated that the ProAg will be signed in August.

Benchmark: Approximately $10 million in AID funds disbursed by CABEI for public sector infrastructure projects.

Status: A total of $15 million had been disbursed as of March 31, 1986.

2. Objective Category: Promote Exports

CDSS Goal: Remove key investment, marketing, management and financial constraints to agroindustry and non-traditional export growth.

Projects:

Regional Economic Recovery (CABEI) 596-0114
Export Promotion Fund (BLADEX) 596-0109
Agric. Export Support, 596-0108
Export Management Training (INCAE), 596-0124
Export Agribusiness Dev. (LAAD), 596-0123

Benchmark: Agribusiness component of FY 85 CABEI loan fully functional and technical assistance training plan for ICIs developed; approximately $1 million of new non-traditional exports generated; 1366 new jobs created under agribusiness and infrastructure components.

Status: This component has been slow in getting started due to delays in negotiating arrangements with member country central banks regarding foreign exchange risk guarantees. Honduras has already signed an agreement and final details are being negotiated with Guatemala. It is expected that CABEI will finalize these negotiations and meet all Conditions Precedent to initial disbursement under this component by June 30, 1986.

Benchmark: BLADEX loan fully disbursed and revised co-financing target met; approximately $138 million in the financing of credit requirements for non-traditional exports have been achieved, 1850 new jobs created.

Status: The decision to deobligate $3.4 million of the BLADEX loan was taken largely because original demand estimates for short-term pre-export credit far exceeded actual demand, especially considering new sources of credit made available since 1982. Decision as to whether any further steps will be necessary to modify the original terms of the loan will depend on BLADEX meeting revised co-financing targets. BLADEX met the revised 1:1 co-financing target of 3/31/86 with a cumulative total of $ 170 million in loan disbursements. A 2:1 target was set for 3/31/87. Once this new target is met, credits disbursed for both ROCAP and BLADEX co-financing of cumulative non-traditional export credit requirements will total approximately $300 million.

Benchmark: Placement in the region of a team of specialists in non-traditional agricultural exports, to work with private national level export producer/exporter associations on production, market and technical information problems. Define specific training needs and programs in three CA/P countries for non-traditional agricultural export development.

Status: The "Non-Traditional Agricultural Export Support" project was authorized on December 23, 1985, and contractor selection is in process. Activities under the project will begin o/a August 1, 1986. A determination as to the placement of the export promotion team, the definition of specific training needs in three CA/P countries, and delays in PP finalization because of the Mission's heavy overall design schedule, required the rescheduling of PP authorization for the first half of FY 86.

Benchmark: Export management support module developed and incorporated into INCAE graduate curriculum.

Status: The project contract with INCAE was not signed until 12/31/85, approximately four months later than what was anticipated in last year's Action Plan. Export management support materials are being developed for incorporation into INCAE's graduate curriculum. The process should be completed by end of FY 86.

Benchmark: 15 new regional export "cases" developed and 3 INCAE staff members trained.

Status: Only 10 new regional export cases have been developed, again due to late signing of project contract. Three INCAE staff members are currently in training in the United States.

Benchmark: 25 teachers from regional business schools at INCAE.

Status: The first Central American Teachers Program (teacher training at INCAE for teachers from other business schools in the region) will take place in July-August, 1986.

3. Objective Category: Increase Agricultural Production

CDSS Goal: Improve policy incentives, technical assistance and applied research for the increased production of non- traditional export crops and domestic food crops; and contribute to increasing agricultural productivity by expanding the professional human resource base with practical and educational experience at the undergraduate and graduate levels.

Projects:

Agricultural Secretariat, 596-0094
Small Farm Production Systems, 596-0083
Pest Management, 596-0110
Agricultural Higher Education, 596-0129
Coffee Rust Control, 596-0098

Benchmark: Completion and presentation to the Council of Ministers of Agriculture of Central America (CORECA) of policy studies on Food Security and Promotion of Agricultural Exports.

Status: The two policy studies were completed in November 1985, and reviewed by the technical committee for the coordination of the agricultural policy studies on December 4-6, 1985. Policy options as a result of these studies were presented to the Council of Ministers at the meeting held April 28-29, 1986 in Panama.

Benchmark: Two additional meetings of CORECA Ministers of Agriculture.

Status: No meetings of CORECA were held during 1985. The one scheduled for December 1985 was postponed until April 1986 and took place as scheduled.

Benchmark: Publication of complete set of Small Farm Production Systems project research results.

Status: A complete set of documents has been published and disseminated throughout the region, including: (1) Farming Systems Research Methodology Manuals, (2) Extrapolation Methodology Manuals, (3) On-farm research site characterizations, (4) Improved technology packages, and (5) component research results. As a result of the final project evaluation, additional funding and an extension of the PACD (to September, 1986) were granted to allow time to publish ten additional documents and to disseminate project research results.

Benchmark: Expansion of Integrated Pest Management project activities to El Salvador and Honduras.

Status: Formal agreements between CATIE and the Government of Honduras and El Salvador have been negotiated and signed for participation in the "Integrated Pest Management" project. CATIE has hired project staff for these two countries (in addition to Guatemala, Costa Rica, and Panama), and project activities designed and approved for CY 1986. This brings the IPM project to full

Benchmark: Regional Pest Diagnostic and Information Center established at CATIE.

Status: The building to house the Regional Pest Diagnostic and Information Center at CATIE has been completed and equipped, and the project staff is in place. Insect/disease collections have been established within the laboratory facilities. The information center is currently collecting and disseminating information on pest management throughout the region, but full functioning of this center is constrained by a delay in hiring the information specialist.

Benchmark: Two rust-resistant coffee varieties developed and tested throughout CA/P.

Status: Trials have been established at CATIE and in counterpart countries using approximately 46 seed varieties from Portugal and Brazil to develop and reproduce rust resistant varieties. At least two varieties are expected to be ready for distribution to coffee producers by the PACD of May, 1987.

Benchmark: Coffee genetics improvement program established at CATIE.

Status: The coffee genetics program is now fully functioning at CATIE.

Benchmark: Local currency trust fund operating for CATIE.

Status: The local currency trust fund is established in COFISA, and CATIE is implementing the campus renovation, construction, and other improvements according to schedule.

Benchmark: Master plan for CATIE campus established and curricula designed for M.S. specialties.

Status: The master plan for CATIE campus was completed in May 1986, and major construction projects will begin (dormitories, housing, office building) in June 1986. Curricula designed under the "Fuelwood and Alternative Energy Sources", "Tropical Watershed Management", "Small Farm Production Systems", and "Integrated Pest Management" projects are all being used in CATIE's M.S. program.

Benchmark: Under the Agriculture Secretariat project, Reciprocal Technical Assistance Fund (COTER) and operating procedures approved by CORECA, and ROCAP obligations for COTER fully disbursed.

Status: Operating procedures for the reciprocal technical cooperating activities were approved by CORECA. Forty-one reciprocal technical cooperation activities took place during the period March - September 1985, and approximately 50% of the obligated funds for COTER were disbursed.

4. Objective Category: Manage and Preserve Natural Resources

CDSS Goal: Improve the management and use of the region's natural resource base with emphasis on technical assistance and technology transfer to small and medium sized farms and industries.

Projects:

Tree Cropping, 596-0117
Watershed Management, 596-0106

Benchmark: Technical information on most promising fast-growing fuelwood species published, and disseminated through numerous extension media in each CA/P country.

Status: Technical information on the ten (1) most promising fast growing tree species from the 140 species screened during the 5-year project research program has been published and disseminated widely through scientific journals, numerous extension publications produced in each country, the M.S. curriculum at CATIE, and articles for newspapers. 85 publications were produced over LOP. All project targets for information dissemination were met or surpassed by PACD. A final evaluation will survey the extent of usage of the published information.

Benchmark: Pilot watershed demonstration area established at Rio Tuis, Costa Rica.

Status: The watershed management demonstration and research area at Rio Tuis, Costa Rica, is established and functioning. Its use for formal and informal training by CATIE is on the increase, and expanded research activities are planned. Following advice provided by an interim evaluation carried out in 1985, the Rio Tuis Demonstration Area will be administered with more emphasis on training than was initially planned, with lesser emphasis placed on research activities.

Benchmark: Priority watersheds identified and action plans devised and initiated in each CA/P country.

Status: Priority watersheds and action plans for research and training activities have been identified and approved in Panama,

Costa Rica, and Honduras. A lesser level of effort will begin in mid-1986 in El Salvador and Guatemala.

Benchmark: Full technical assistance team in place for Watershed Management project, providing services to institutions in five CA/P countries.

Status: The interim evaluation of the "Watershed Management" project made significant recommendations on staffing and organizational changes needed to better accomplish the project purpose. By September 1986, all staffing changes will have been made and the full technical assistance team will be in place. The El Salvador and Guatemala activities will be managed by a field coordinator who will be hired by September 1986.

5. Objective Category: Develop Local Energy Resources

CDSS Goal: Improve energy efficiency in regional industries and reduce industrial consumption of imported petroleum through use of indigenous alternative energy sources.

Projects:

Regional Industrial Energy Efficiency, 596-0095
Fuelwood and Alternative Energy Sources, 596-0089

Benchmark: Regional industrial usage of energy decreased through energy-saving equipment and practices developed as result of:

59 level I and II industrial audits.
60 promotional conferences.
18 promotional/technical publications.
25 energy seminars.

Status: Achieved or exceeded on all components.

Benchmark: All appropriate energy technologies and applications are fully developed and team members trained in their use.

Status: No further development work is being conducted on the renewable energy technologies. All emphasis is currently being given to application, dissemination and training.

Benchmark: Publications and other promotional materials on alternative energy sources distributed to counterpart organizations. Alternative energy technology dissemination effort transferred to national cooperating organizations.

Status: Publication and promotional materials are being distributed extensively and generating demand for additional workshops and training by national cooperating organizations.

B. Equity and Broad Participation in Development

1. Objective Category: Reduce Infant Mortality, Alleviate Malnutrition

CDSS Goal: Reduce infant mortality and improve child and maternal health and nutrition through research, training and technical assistance to the Central American countries.

Projects:

Oral Rehydration, Growth Monitoring and Education, 596-0115
Food Assistance Support, 596-0116

Benchmark: preliminary national strategies for oral rehydration therapy (ORT), growth momitoring (GM) and health and nutrition education programs in CA/P developed by December, 1985.

Status: Preliminary National ORT Strategies were developed by December 1985 and were presented to donors and other Central American Countries in January 1985.

Benchmark: Development of preliminary national action plans for improving food assistance programs in CA/P completed by December, 1985.

Status: Delayed at the request of the member countries to allow more time in preparing plans.

Benchmark: Terms of reference for studies to be carried out by INCAP for development of technology packages for ORT, GM and Education project approved and studies begun.

Status: 4 out of 5 terms of reference have been developed and 3 studies have begun. A fourth is expected to begin in March 1986.

Benchmark: Regional Information Dissemination Center and activities expanded to cover the ORT, GM, education and Food Assistance program subjects.

Status: Achieved for ORT. Further expansion to cover Food Assistance program subjects was delayed pending INCAP contracting of long-term personnel responsible for these activities.

Benchmark: Technical assistance, training and information dissemination activities under Regional Nutrition Technical Outreach project completed.

Status: A total 434 technical assistance missions were carried out, seven training courses developed and 3 nutrition planning seminars held by project end. In addition, eleven newsletters were distributed and 3196 individuals trained through seminars, individual training and in-country training.

ANNEX B

BILATERAL-ROCAP COMPLEMENTARITY MATRIX

I. AG. SECTOR CLUSTER

GOAL No. 2: LAYING THE BASIS FOR LONG-TERM GROWTH

LAC Objective (No. 1): Increase ag production

NBCCA Recommendations

No. 22 Accelerate ag development
No. 22.1 credit for land purchases
No. 22.2 land holding study
No. 22.3 title registration/property rights
No. 22.4 working capital credit
No. 22.5 pricing policies
No. 22.6 agrarian reform
No. 22.8 rural research and extension
No. 22.9 halt deforestation/environmental degradation
No. 22.10 Support for coops

LAC Objective (No. 7): Manage and Preserve Natural Resources

NBCCA Recommendation

No. 22.9 (above)

II. PRIVATE SECTOR CLUSTER

A. GOAL No. 1: ECONOMIC STABILIZATION

LAC Objective (No. 4): Stabilize Financial Structures

NBCCA Recommendations

No. 7 provide trade credit guarantees

LAC Objective (No. 5): Promote Exports

NBCCA Recommendations

No. 13 H.C. economic policy reforms
No. 16 access duty-free trade with other countries
No. 17 review U.S. non-tariff barriers
No. 18 promote exports and energy

B. GOAL No. 2: LAYING THE BASIS FOR LONG-TERM GROWTH

LAC Objective (No. 2): Increase Industrial Production

NBCCA Recommendations

No. 19 venture capital company
No. 20 expand OPIC insurance coverage

LAC Objective (No. 3): Strengthen the Private Sector

NBCCA Recommendations

No. 2 increase private sector involvement
No. 20 expand OPIC insurance coverage
No. 21 promote small business
No. 24.4 business and public admin. educ. programs
No. 24.5 IESC

LAC Objective (No. 5): Promote Exports

(See Goal No. 1)

LAC Objective (No. 9): Increase Employment

NBCCA Recommendations

No. 6 housing and infrastructure
No. 19 VCC
No. 21 small business
No. 22 accelerate ag development

C. GOAL No. 3: EQUITY AND BROAD PARTICIPATION IN DEVELOPMENT

LAC Objective (No. 9): Increase Employment

(See Goal No. 2)

III. HEALTH, POPULATION AND NUTRITION CLUSTER

A. GOAL No. 3: EQUITY AND BROAD PARTICIPATION IN DEVELOPMENT

LAC Objective (No. 10): Reduce Growth of Population

NBCCA Recommendation

No. 26 Continue Population and Family Planning programs

LAC Objective (No. 12): Improve Health Care and Services

NBCCA Recommendations

No. 25 Expand health and nutrition programs
No. 25.1 T.A. for health programs
No. 25.2 eradicate vector borne diseases
No. 25.3 ORT and immunization
No. 25.4 train primary health care workers
No. 25.5 public investments in primary health care, preventive and environmental interventions.

LAC Objective (No. 13): Reduce Infant Mortality

NBCCA Recommendations

No. 25.3 (see above)
No. 25.4 " "
No. 25.5 " "

LAC Objective (No. 14): Alleviate Malnutrition

NBCCA Recommendation

No. 23 emergency food aid educ. and training

LAC Objective (No. 18): Promote the Integration of Women

B. GOAL No. 4: DEMOCRATIC INSTITUTIONS AND HUMAN RIGHTS

LAC Objective (No. 18): Promote the Integration of Women

IV. EDUCATION AND TRAINING CLUSTER

A. GOAL No. 2: LAYING THE BASIS FOR LONG-TERM GROWTH

LAC Objective (No. 15): Improve Educational Opportunities

NBCCA Recommendations

No. 24 increase funding for training and education

No. 24.3 technical and vocational education
No. 24.6 10,000 scholarships
No. 24.7 strengthen universities
No. 24.8 translation, publication and distribution of educational materials

B. GOAL No. 3: EQUITY AND BROAD PARTICIPATION IN DEVELOPMENT

LAC Objective (No. 16): Increase literacy rates

NBCCA Recommendation

No. 24 (see above)

LAC Objective (No. 17): Increase participant training

NBCCA Recommendation

No. 24.6 (see above)

C. GOAL No. 4: DEMOCRATIC INSTITUTIONS AND HUMAN RIGHTS

LAC Objective (No. 15): Improve educational opportunities

NBCCA Recommendations

(see Goal No. 2)

LAC Objective (No. 16): Increase literacy rates

(see above)

LAC Objective (No. 17): Increase participant training

(see above

V. ECONOMIC ANALYSIS CLUSTER

GOAL No. 1: ECONOMIC STABILIZATION

LAC Objective (No. 4): Stabilize financial structures

NBCCA Recommendations

No. 8 Revitalize CACM
No. 9 U.S. should join CABEI
No. 13 H.C. economic policy reforms

VI. MISCELLANEOUS CLUSTER

A. GOAL No. 2: LAYING THE BASIS FOR LONG-TERM GROWTH

LAC Objective (No. 6): Develop local energy resources

NBCCA Recommendation

No. 18 promote exports and energy

LAC Objective (No. 8): Expand and improve the infrastructure

NBCCA Recommendation

No. 22.7 improve and expand rural infrastructure, e.g. roads, storage facilities and rural electrification

B. GOAL No. 3: EQUITY AND BROAD PARTICIPATION IN DEVELOPMENT

LAC Objective (11): Expand access to improved housing

NBCCA Recommendation

No. 6 more emphasis on housing and infrastructure

LAC Objective (No. 19): Promote development institutions

NBCCA Recommendation

No. 14 CADO

C. GOAL No. 4: DEMOCRATIC INSTITUTIONS AND HUMAN RIGHTS

LAC Objective (No. 19): Promote Development Institutions

NBCCA Recommendations

No. 14 CADO
No. 15 promote democracy
No. 15.1 community organizations and democratic institutions

I. AG. SECTOR CLUSTER

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Costa Rica	1/c		Coffee Technif. & Divers.		$20.0	1	22
	0227	G	ACDI OPG	85	0.8	1	22.10
	0145	G	Natural Resources Conserv.	79	1.8	1	22.9
	0145	L	Natural Resources Conserv.	79	8.0	1	22.9
	0148	L	Agrarian Settl. & Productivity	80	9.5	1	22.6
	0148	G	Agrarian Settl. & Productivity	80	0.5	1	22.6
	0226	G	Agric. Services & Union Dev.	85	1.0	1	
	0224	G	Dev. Community-Based Ag. Enterp.	85	0.07	1	
El Salvador	0303G	G	Water Management	85	18.75	1	22.9
	0307	G	Ag. Reform Sector Financing	86	-	1	22.4
	0267	1/c	Livestock Improvement		-	1	22.
	0267	1/c	Forestry Dev/Water Basin Mgmt.		-	1	22.9
	0265	G	Ag Reform Sector Support	83	13.5	1	22.3
	0265	L	Agrarian Reform Sector Support	83	38.5		
	0312	G	Technoserve - OPG (Rural Small E.)	86	4.0	1	22.10
	0300	G	Save the Children - OPG	85	3.6	1	22
	0267	1/c	National Cadastral Program		-	1	22.6
	0289	G	AIFLD - OPG (Agrarian Reform)	85	5.0	1	22.10
Guatemala	0255	L	Small Farmer Diversif.	81	5.5	1	22.8
	0255	G	Small Farmer Diversif.	81	3.7	1	22.8
	0274	G	Highlands Ag. Dev.	83	1.5	1	22.5
	0274	L	Highlands Agric. Develop.	83	10.5	1	22
	0286	G	Coop Strengthening	86	8.0	1	22.10
	0286	L	Coop Strengthening	86	3.0	1	22.10
	0278	G	Comm. Land Markets	86	12.0	1	22.1
	0343	G	Pilot Comm. Land Markets II	85	1.0	1	22.1
	0233	L	Small Farmer Development	76	16.0	1	22
	0238	L	Small Farmer Marketing System	78	3.4	1	22

I. AG. SECTOR CLUSTER (Cont'd)

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Guatemala	0245	G	Rural Enterprises Dev.	79	1.2	1	22
	0245	L	Rural Enterprises Dev.	79	6.0	1	22
	0287	G	Land Market Support	87	3.0	1	22.1
	0287	L	Land MArket Support	87	2.0	1	22.1
	0290	G	Small Fish Pond Dev.	81	0.34	1	-
	0317	G	Ixcan Cardamom Cultiv. - OPG -	84	0.3	1	-
	0330	G	Pilot Commercial Land Market	84	1.0	1	22.1
Honduras	0157	G	Rural Technologies	79	9.0	1	22.8
	0168	G	Nat. Resource Mgmt	80	3.7	1	22.9
	0168	L	Nat. Resource Mgmt	80	12.3	1	22.9
	0176	G	Small Farmer Coffee Improv.	81	4.25	1	22.4
	0176	L	Small Farm Coffee Improv.	81	14.0	1	22.4
	0209	G	Sm. Farmer Livestock	86	3.0	1/5	18/22
	0209	L	Small Farmer Livestock	83	10.0	1/5	18/22
	0249	G	Ag. Research Foundation	84	20.4	1	22.8
	0251	G	Small Scale Livestock - OPG -	78	0.44	1	22.2
	0252	G	Farm Org. Strength.	85	2.4	1	22.1
	0271	G	Agr. MArketing	86	5.0	1	22.5
	0139	G	Agricultural Research	78	2.75	1	22.8
	0150	G	Agricultural Sector II	79	4.0	1	22
	0150	L	Agricultural Sector II	79	21.0	1	22
	0177	G	Cooperative Development - OPG -	78	0.5	1	22.10
	0178	G	Agricultural Credit	82	1.0	1	22.4
	0203	G	Anach. Regional Coop. Dev.	78	0.2	1	22.10
	0227	G	Small Farm Agric. Dev. - OPG -	83	0.5	1	22
	0283	1/c	Ag Credit (Land Sales)		-	1	22.4
	0173	G	Small Farm Titling	82	2.75	1	22.3
	0173	L	Small Farm Titling	82	12.0	1	22.3
	0300	G	Model Coop Dev. - OPG	84	0.4	1	22.10
	0268	G	Irrigation Development	86	5.0	1	22
	0268	L	Irrigation Development	86	15.0	1	22
Panama	0180	G	Ag Techn. Devel.	79	2.2	1	22.8
	0180	L	Ag. Technical Devel.	79	9.0	1	22.8
	0227	G	Ag Techn. Transfer	82	1.5	1	22.8
	0227	L	Ag. Techn. Transfer	82	6.0	1	22.8

I. AG. SECTOR CLUSTER (Cont'd)

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Panama	0247	G	Agr. Policy Formulation and Mgmt	86	5.0	1	22.5
	0248	G	Natural Resources Mgmt	86	6.6	1	22.9
	0248	L	Natural Resources Mgmt	86	23.4	1	22.9
	0257	G	Natural Resources Educ.-OPG	84	1.0	1	22.9
	0266	G	Nat. AG Extension	87	14.0	1	22.8
	0266	L	Nat. Agric. Diversification	87	16.0	1	22.8
	0222	G	Ag Coop. Mktg	84	2.3	1	22.10
	0222	L	Agric. Coop. Mktg	84	5.9	1	22.10
	0269		Ag Education	84	-	1	24
	0278		Land Titling		-	1	22.3
	0185	L	Rural Growth and Service Center	78	10.0	1	22
	0186	L	Integrated Rural Dev.	77	9.7	1	22
	0191	L	Watershed Management	79	9.7	1	22.9
Belize (505)	0008	G	Ag Prod./Diversification	85	6.8	5	18
	0016	G	Farm Systems for Milpa Farmers	86	2.5	5	18
	0023	G	Accelerated Cocoa Production	84	0.615	5	18/21
	0006	L	Livestock Production	83	1.9	1	22.4
	0012-A	G	Livestock Production	83	1.35	1	22.8
	0030	G	Best - Casa Program - OPG -	86	0.4		
ROCAP (596)	0106	G	Watershed Management	83	6.0	1	22.9
	0083	G	Small Farm Prod. Systems	79	8.2	1	22.8
	0089	G	Fuelwood & Alt./Energy	79	8.8	1	22.8
	0090	G	Coffee Rust	81	3.5	1	22.8
	0110	G	IPM	84	6.75	1	22.8
	0117	G	Tree Cropping	85	9.0	1	22.9
	0127	G	Ag Research Networks	87	10.0	1	22.9
	0094	G	Central American Ag. Secretariat	81	0.85	1	22
C.A. Regional (597)	0009	G	Dairy Production	86	2.0	1	22

II. PRIVATE SECTOR CLUSTER

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Costa Rica	0194		Private Inv. Corp. (PIC)		$ 21.0	4	19
	0187	L	Priv. Sect. Export Credit (COFISA)	82	10.0	4	-
	0223	L	Ag and Ind Reactivation	86	20.95	4	-
	1/c		Cent. Bank Rediscount		150.0	4	-
	-		TCIP		100.0	4	7
	1/c		CODESA Divestiture		240.0	4	13
	1/c		Priv. Ag Adv. Council		0.852	5	2
	1/c		Priv. Invest/Exp. Council		8.75	5	2
	0212	G	Trg. for Priv. Sect. Devel.	84	5.0	3	24.4
	0189	G	Credit Union Strengthening (PVO)	82	0.6	4	-
	0204	L	Private Investment Corp.	84	5.0	4	19
	0204	L	Private Investment Corp.	84	15.0	4	19
	0204	G	Private Investment Corp.	84	1.0	4	19
	0176	L	Private Sector Productivity	81	7.8	3	-
El Salvador	0310		Balance of Payments Support		$ 778.0	3	2
	0287		Industrial Recovery	84	34.5	5/3	18/21
	0316		Assoc. Strength. OPG	85	.4	5/3	18/21
	0229	G	Small Producer Develop.	80	0.75	3	21
	0229	L	Small Producer Development	80	7.0	1	22
	0302	G	IESC - OPG	85	0.5	3	24.5
	0304	G	Urban Small Business - OPG	85	3.0	3	21
	0305		Venture Capital Company	87	5.0	5	18
	0311	G	Empresarios Juveniles - OPG	85	1.0	3	21
	0267	1/c	P.S. Credit Expansion		-	3	2
	0267	1/c	SETEFE Working Capital		-	3	2
	0318	G	Small Business Assist.	87	5.0	3	21
Guatemala	0276	G	Agribusiness Dev.	85	3.0	5/3	2/18
	0337	G	Private Sector Dev. - OPG -	85	1.5	5	18
	0341	G	Small/Medium Business Dev.	87	2.0	3	21
	0341	L	Small/Medium Business Dev.	87	8.0	3	21
	0276	L	Agribusiness Devel.	85	9.5	4	-

II. PRIVATE SECTOR CLUSTER (Cont'd)

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Honduras	0207	G	Export Dev. Serv.	84	2.4+11.0 +8.1	5	18/13
	0207	L	Export Dev. Services	84	7.2+12.8	5	18
	0256	G	GEMAH Inst. Strength	78	1.0	3	24.4
	0283		Divestiture		-	3	2
	0283		Export Guarantee		-	5	18
	0283		P.S. Fund Init.		-	5	18
	0250	G	Artisan Prod. Mktg.	78	0.5	3	21
	0283		Employment Generation		-	9	6
	0289	G	Priv. of State-Owned Enter.	86	4.0	3	13
	0289	L	Priv. of State-Owned Enter.	86	11.0	3	2
	0311	G	Private Sector Prod. Enhanc.	87	4.0+2.0+ 3.0+6.0	3	-
	0205	G	Small Business Development	84	0.6	3	21
	0263	G	Funded Pan Am Dev. Found	85	0.1		
	0266	G	Furpriden Institutional Strengt.	85	0.5	3	2
Panama	0240	G	Small Business Devel.	84	3.0	3	21
	0240	L	Small Business Devel.	84	6.0	3	21
	0261	G	P.S. Export Finance	86	1.3	5	18
	0272		Product Dev & Productivity Imp.	87	-	5	18
	0280	G	Private Sector Support	87	5.0	3/5	2/18
	0280	L	Private Sector Support	87	4.6	3/5	2/18
	0225	G	Small Entreprenurial Dev.	80	0.8	3	21
	9999	G	Private and Vol. Org. - OPG -	84	0.5	-	-
	0261	L	Private S. Export Finance	86	18.0	5	18
	0239	G	CBI - National Inv. Council	83	0.2	5	18
	0239	L	CBI - National Inv. Council	83	3.8	5	18
Belize	0019	G	Small Business Dev. Export Inv. Credit	86	4.0	3	21
	0025	G	Export Prom. - OPG	83	0.2	5	18
	0027	G	Export Promotion	86	0.335	3/5	2/18
	0026	G	Pilot Guidance, Counciling & Promotion	84	0.08	-	-
	0005	L	Credit Discount Fund	83	5.0	4	-

II. PRIVATE SECTOR CLUSTER (Cont'd)

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
ROCAP	0108	G	Ag. Export Support	86	$ 8.0	5	18
	0123	L	Export Agribusiness. Dev.	86	25.0	5	18
	0114	L	Reg Econ Recovery (CABEI)	85	50.0	4	9
	0124	G	Export Mgmt. Training	86	7.5	5/3	18/24.4
	0128	G	Indus. Quality Control-ICAITI	87	6.0	5	18
	-	L/G	CABEI II	88	50.0	3	2
	0129	L	Export Promotion Fund	82	11.4	4	7
C.A. Regional	0004		Trade Credit Insurance Program			4	7

III. HEALTH, POPULATION AND NUTRITION CLUSTER

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Costa Rica	0168	G	Family Planning Self-Reliance	83	2.5	10	26
	0203	L	Health Services Support	83	10.0	12	25
	0203	G	Health Services Support	83	0.3	12	25
El Salvador	0281	G	Emerg. Program for Dipl. Fam.	82	72.5	14	23
	0291	G	Health Systems Vitalization I	83	12.225	12	25
	0291	L	Health Systems Vitalization	83	23.4	12	25
	0308	G	Health Syst. Mgmt Improvement	86	32.0	12	25.1
	0275	G	Salv. Demographic Assoc.-OPG	79	8.4	10	26
	0210	G	Population Dynamics	85	10.0	10	26
	0267	1/c	Suppl. Food & Nutrition		-	12	25
	0267	1/c	Nat. Plan Rural Sanitation		-	12	25.5
	0300	G	Save the Children - OPG -	85	3.6	13	-
Guatemala	0251		Comm. Based Health & Nutr. Syst.	80	1.27	12	25.5
	0251		Comm. Based Health & Nutr. Syst.	80	9.5	12	25.5
	0288	G	Expan. Fam. Plng.	82	14.2	10	26
	0335	G	Pot. Water and Sanitation - OPG -	85	1.0	12	25
	0336	G	Water, Women and Health - OPG -	85	0.5	12	25
	0339	G	Immun./Child Survival	85	9.7	13	25.3
	0342	G	ORT	86	11.4	13	25.3
	0345		Repr. Health Ed.		-	10	26
	0298	G	Rural and Potable Water and Sanitation - OPG -	84	0.5	12	25
Honduras	0153	G	Health Sector I	81	3.2	12	25
	0153	G	Health Sector I	80	13.0	12	25
	0153	L	Health Sector I	80	15.65	12	25
	0166	G	Rural Water & Sanitation	80	1.2	12	25
	0166	L	Rural Water & Sanitation	80	19.5	12	25
	0233	G	Bay Island Develop.-OPG	78	0.4	12	25
	0278		Mosquitia Relief		-	12	28
	0286	G	ASHONPLAFA Inst. Bldg -OPG -	85	9.8	12	25
	0303	G	Comm. Health Self-Act - OPG -	85	0.4	12	25
	0304	G	Mosquitia Health Care - OPG -	85	0.07	12	25
	0305	G	FUHRIL - OPG -	85	0.15	12	25
	0240	G	Leadership Population Education	78	0.32	10	26

III. HEALTH, POPULATION AND NUTRITION CLUSTER (Cont'd)

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Panama	0204	G	Population II	79	3.0	10	2/26
Belize	0018	G	Increased Prod. thru Health	85	7.0	12	25.2
	0024	G	Village Health Sanitation -OPG-	84	0.7	12	25.5
	0029	G	Breast is Best League -OPG -	85	0.05	12	25
	0012	1/c	Primary Health Care		-	12	25.4
	0012	1/c	Malaria Control		-	12	25.2
	0012	1/c	Water and Sanitation		-	12	25.2
ROCAP (596)	0116	G	Food Assist. Support	85	5.6	12	25
	0115	G	ORT	85	8.0	12	25.3
	0104	G	Regional Nut. Tech. Outreach	81	0.8	12	25
C.A. Regional (597)	0136	G	Essential Drugs and Malaria	85	7.0	12	25.2
	0005	G	Regional Child Survival/Imm.	86	6.2	12	25.3
	0006	G	Tech. Dev./Transfer Health	86	1.5	12	25

IV. EDUCATION AND TRAINING CLUSTER

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Costa Rica	-		CAPS		21.6	17	24.6
	0138	L	Science & Technology	79	2.0		
	0138	L	Science & Technology	79	2.5		
El Salvador	0295	G	Educ. Systems Revitalization	85	40.6	15	24
	596-130		Scholarship Program	85	27.4	17	24
	0267	1/c	Educ. Serv. Eastern Region		-	15	24
	0267	1/c	Adult Literacy		-	16	24
	0315	G	Training for Private Sector Dev.	87	15.0	3	24.4
Guatemala	0281	G	Non-Formal Education	82	0.85	15	24
	0281	L	Non-Formal Education	82	3.0	15	24
	0282	G	Rural Ed. Imp.	85	3.3	15	24
	0282	L	Rural Education Imp.	85	8.7	15	24
	0311	G	Adult Literacy Skills	85	0.7	16	24
	0312		Rural Scholarships		-	17	24
	0320	L	Prim. Ed. Mgmt	87	6.0	15	26
	597		CAPS		-	17	24.6
	0304	G	Altiplano Higher Educ.	86	5.0	15	24.7
Honduras	0167	G	Rur. Prim. Education	80	2.9	15	24
	0167	L	Rural Primary Education	80	16.8	15	24
	0257	G	Council on Hum. Res. Dev. -OPG -	78	1.6	15	24.3
	0273	G	Prim. Ed. Efficiency	86	14.0	15	24
	0273	L	Prim. Ed. Efficiency	86	6.0	15	24
	0283	1/c	Educ. Services		-	15	24
	0287	G	ITEC Inst. Strength.	85	0.5	15	24
	0295		Skills Trg. and Certification	87	-	15	24
	597		CAPS		-	17	24.6
	0234	G	Environmental Education II - OPG -	78	0.075		
Panama	0258	G	P.S. Scholarship Fund	84	1.75+0.75	15	24
	0281	G	PANAJURU Local Scholarships	85	0.5	15	24
	597		CAPS	85	100.0	17	24.6

IV. EDUCATION AND TRAINING CLUSTER (Cont'd)

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Panama	0285	G	PANAJURU - Zamorano School	78	0.3	15	24.3
	0209	L	Development Administration	81	0.8	-	-
	0219	G	Education for Rural Dev.	81	0.5	15	24
Belize	0020	G	Training for Employment	85	$ 5.0	15	24.3
	597		CAPS		-	17	24.6
	0012	1/c	Equipment-Schools		-	15	24
	0031	G	Family Life Education (PD&S)	86	0.03	10	26
	0033	G	Drug Awareness - OPG -	86	0.1	-	-
RCCAP	0129	G	Reg. Ag. Higher Education	85	7.0	15	24.7
	0001	G	CAPS	85	10.8	17	24.6
C.A. Regional (597)	0138	G	Training for Democracy	85	1.0	15	-

V. ECONOMIC ANALYSIS CLUSTER

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Costa Rica	0190	G	Policy Planning & Admin Improv.	83	1.0	4	13
	0190	G	Policy Planning & Admin Improv.	83	7.9	4	13
El Salvador	0260		Reform and Policy Planning		7.7	4	13
Honduras	0283		Ec. Stabilization Facility		-	4	2/13
	0207		Ex. Dev. Serv.		-	4	13
	0260		Policy Analysis		-	4	13
	0269	G	Strategic Planning & Tech Serv.	85	2.5+1.5	4	13
Panama	0255		Financial Stab. & Eco. Recovery		-	4	13
	0247		Agr. Policy Formulation & Mgmt		-	4	13
	0250	G	Devel. Policy Studies	85	3.0	4	13
ROCAP	0145	G	Technical Consultants & Trg.	86	10.0	4	13

VI. MISCELLANEOUS CLUSTER

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Costa Rica	-		AIFLD OPGs		2.7	19	15
	-		Reg. Admin. of Justice		11.6	19	15
	1/c		Cent. Mortgage Bank		50.0	11	6
	-		Housing Guaranty		20.0	11	6
	1/c		L.C. Shelter Activities		14.6	11	6
	0191	L	N. Zone Infrast. Devel.	83	14.2	8	6
	0191	G	N. Zone Infrast. Devel.	83	0.5	8	6
	1/c		Road Rehab. & Maint.		29.8	8	22.7
	0175	G	Energy Policy Development	81	1.0	6	18
	0188	G	Private Sector Low-Cost Shelter	83	0.3	11	6
El Salvador	0267	1/c	Community Infra. Devel.		-	8/19	15.1/ 22.7
	0267	1/c	Road Construction/Improv.		-	8	22.7
	0267	1/c	Urbanization Program		-	- 11	6
	0267	1/c	Paving Secondary Roads		-	8	22.7
	0296	1/c	Judicial Reform		-	19	27/15
	0267	1/c	Human Rights Prog.		-	19	15
	0267	1/c	Legal Assist. (Solicitor Gen)		-	19	15
	0301	G	Local Gov. Strengthening	87	10.0	19	15
	0321	G	AIFLD OPG	86	7.9	19	15.1
Guatemala	0332		Farm to Market Roads		-	8	22.7
	9999		Housing PVOs	86	-	11	6
	0344	G	Critical Power Reserve	85	7.0	6	18
	0261	G	Shelter Sector Dev. Prog	86	0.3	11	6
	0331	G	Local Economic Development	86	2.0	-	-
	0248	L	Rural Electrification	79	10.6	8	22.7
Honduras	0164	G	Rural Trails/Access Roads	80	0.73	8	22.7
	0164	L	Rural Trails/Access Roads	80	21.0	8	22.7
	0214	G	Rural Trails/Access Roads II	85	1.3	8	22.7
	0214	L	Rural Trails/Access Roads II	85	18.7	8	22.7
	0267		Rural Electrification		-	8	22.7
	0206	G	Shelter for Urb. Poor	85	0.5	11	6

VI. MISCELLANEOUS CLUSTER

Country	No.	Grant/ Loan	Title	Initial Year of Oblig.	LOP Amount ($Mn.)	LAC Objec. No.	NBCCA Recom. No.
Honduras	0283	1/c	Housing Fund		-	11	6
	0290		Low-cost Housing (FY 87)		-	11	6
	0296	G	Nat. Admin. of Justice	87	1.0	19	17
	0171	G	Rural Housing Improvement	81	0.2	11	6
	0171	L	Rural Housing Improvement	81	3.3	11	6
	0201	G	Commercial Retail Sales	78	1.2	-	-
	0165	L	Municipal Development Bank	80	3.0+1.0	19	15.1
	0165	G	Municipal Development Bank	80	0.3	19	15.1
	0174	G	Development Administration	82	2.5	19	-
Panama	0275	G	Indus. Relation Serv.-OPG	85	0.65	4	15.1
			Urban Dev. & Shelter Pol.		-	11	6
			Shelter & Urban Planning		$50.0	11	6
	0252	G	Shelter & Urban Planning	84	0.25	11	6
	0287	G	Strengthening Local Gov.	87	12.5	19	15
Belize	0007	G	Rural Access Roads & Bridges	83	6.15	11/8	6/22.7
	0028	G	Energy Sector Structural Adj.	87	0.5	6	18
	0012B	1/c	Rural Access Roads & Bridges		-	11	6
	0012	G	Various	85	1.0	11	6
	0012	L	Housing Devel.	85	13.0	11	6
ROCAP	0095	G	Reg. Indust. Energy Effic.	82	6.0	6	18
	0143	L	C.A. Shelter & Urban Devel.	87	30.0		
	-		CABEI Housing		-	11	6
	0143	G	C.A. Shelter & Urban Devel.	87	4.0	11	6
	0134	G	C.A. Energy Resources	85	10.2	6	18
	0010	G	C.A. Rural Elect. Support	87	5.0	8	22.7
C.A. Regional (597)	0131	G	Cooperative Housing In.	85	10.0	11	6
	0137	G	Business Women in C. A.	85	2.0	-	-
	0007	G	Regional Tech. Aids Center	86	4.0	24	24.8

CA/P Project Concentrations

Ag Sector Cluster

Research	16
Agrarian Reform/Land Titling	13
Cooperative Development	7
Natural Resource	4
Water Management	4
Livestock Improvement	4
Credit Production	3
Irrigation	2
Miscellaneous	20

Private Sector Cluster

Credit Lines	9
Small Business	7
Private Sector Organizations	5
Export Promotion	4
Divestiture	3
Financial Intermediaries	3
Management Training	1

Health, Population & Nutrition

Health Services (general)	7
Rural Sanitation	7
Family Planning	4
Immunization/Child Survival/ORT	3
Displaced Persons	1
Miscellaneous	9

Education and Training Cluster

Scholarships	10
Educational Systems	4
Vocational Techn. Education	3
Primary Education	3
Literacy	2
Rural Education	2

Education & Training Cluster (Cont'd)

Non-formal	1
Higher Education	3
Management Training	1
Miscellaneous	5

Miscellaneous Cluster

Housing	15
Infrastructure	11
Administration of Justice	5
Energy	5
Local Government	4
Miscellaneous	2

ANNEX C

Economic Overview

The countries of Central America [1] are still grappling with the worst economic crisis in their collective history. In 1980, after two decades of favorable economic performance marked by annual real GDP growth in the range of 5-6%, the region entered a prolonged recession from which it has not yet emerged. For three consecutive years, 1980-83, the region's GDP fell in absolute terms. In 1984, the economic slide was halted, but with only small increases in GDP; 1.7% in 1984, and .5% in 1985. For 1986, the region's GDP is projected to grow by 2%. In spite of this recent, modest recovery, real GDP in 1986 is projected to stand at the 1980 level.

While economic activity has remained stagnant, the region's population has continued to grow. During the first half of this decade, the population of Central America has grown by an estimated 3% annually. Consequently, per capita GDP has fallen by an estimated 17% between 1980-86.

For small, open economies, like those of Central America, stagnant growth inevitably brings problems of stabilization and adjustment in its wake. High and rigid levels of public sector spending and political resistance to increased taxation and exchange rate adjustments have made it very difficult for the countries of the region to adjust domestic demand to levels that are consistent with available external resources. The results of this failure have been growing pressure on exchange rates, higher rates of domestic inflation and increasing external debt and debt service problems.

The Crisis in its Historical Perspective

The present crisis could be viewed as a permanent disruption in the dynamic process that has driven the Central American economy for the past 25 years. The industrial boom that the region experienced during the 1960s, and to a lesser extent during the 1970s, was an important, although not the principal, source of Central America's economic growth. Favorable external terms of trade and strong flows of private external capital financed the industrial expansion and provided, through the income effect, strong growth stimuli of their own.

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[1] For the purpose of this discussion, Central America includes Belize, Guatemala, Honduras, El Salvador, Costa Rica and Panama.

But these factors all weakened in 1980. The external terms of trade sharply deteriorated in that year and private capital flows dried up with the political crisis sweeping across Nicaragua, El Salvador and Guatemala. Without these two stimuli, there was insufficient income to support high levels of demand for regional trade in manufactured goods and insufficient hard currency resources to finance such trade. As a result, trade within the Central American Common Market (CACM) fell by almost 20% in nominal terms, and by perhaps as much as 35% in real terms, between 1980 and 1984 creating high levels of excess capacity in the region's most dynamic and productive sector.

There is reason to believe that these factors have been substantially weakened for the long term as well. First, the external terms of trade will certainly improve for Central America, although the timing of this improvement is uncertain. Recently, coffee prices have risen and oil prices have fallen, but there is strong evidence that by the end of 1986 these two price movements will have reversed themselves somewhat. Over the medium and long-term, coffee will continue to be a volatile foreign exchange earner, and there are problems relating to sugar, bananas and beef. Second, it is apparent that the easy import substitution possibilities in the CACM have been exhausted and investments in industries to serve the regional market will not have the growth payoff that they had in the 1960's and the 1970's. Lastly, even though new investment opportunities are beginning to emerge with the continuing world economic recovery, political problems and government policies pose a significant constraint to the revival of long-term private capital flows to the levels that the region enjoyed in the 1960s and 1970s.

These considerations obviously have profound implications not only for engineering economic recovery in Central America, but also for charting the future course of economic development in the region. If the historic dynamic has been permanently disrupted, the Central Americans must adopt a new long-run growth strategy if they are to again achieve positive rates of growth in per capita GDP.

The Search for a New Strategy

Extraregional export diversification is the growth strategy that many external donors have been urging on the Central Americans for some time, even before the crisis hit the region. Although many Central Americans have recognized the need for an outwardly oriented growth strategy, the policy makers have been slow to embrace the policies required to bring it about. The transition from a policy matrix supporting an import substitution strategy to one supporting a more open economy is a difficult and painful one. The adjustment requires the abandonment of overvalued exchange rates and the adoption of more rational exchange rate regimes, the downward adjustment of nominal tariff levels, and, possibly, the streamlining of public and private sector administrative procedures to reduce non-price barriers to exporting.

Progress among the Central American countries toward these policy changes has been mixed. Whereas progress is most noteable in Costa Rica, the other countries, especially Honduras and Guatemala, have been very slow to adopt rational exchange rate regimes and to eliminate non-price barriers to exporting. Furthermore, all the countries of the region have adopted a new external tariff that, while possibly more efficient than the old, still may contain high effective rates of protection.

The success of the adjustment effort in Central America will depend in large part on achieving a consensus within each country on the gains to be achieved through the adoption of a new growth strategy. There remains considerable doubt in the region that such gains will exceed the losses that will be encountered in abandoning the old set of policies. On the margin, there may be further opportunities for import substitution, but the Central Americans are uncertain how to identify them and how to proceed. And they are uncertain as to how to turn excess manufacturing capacity outward to exploit third markets. Research on such issues is still incomplete and a greater effort in analysis and education lies ahead. The fruits of such investigations must be disseminated and discussed among the groups -- the private sector, academia and the public sector -- on which the success of this policy dialogue will depend.