PD-AAX-360

ROCAP ACTION PLAN

FY 1988 - FY 1989

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ACRONYMS

CABEI	Central American Bank for Economic Integration
CATIE	Tropical Agricultural Research and Training Center
EARTH	Regional Agriculture School for the Humid Tropics
FEDEPRICAP	Private Enterprise Federation of Central America and Panama
ICAITI	Central American Industrial Research Institute
IICA	Interamerican Institute for Agricultural Cooperation
INCAE	Central American Business Administration Institute
INCAP	Nutrition Institute for Central America and Panama
LAAD	Latin American Agribusiness Development Corporation
LANL	Los Alamos National Laboratory
NRECA	National Rural Electric Cooperative Association
SIECA	Secretariat for Central American Integration
ZAMORANO	Panamerican Agricultural School

I. STRATEGY AND POLICY

I. Strategy and Policy

A. Strategy Summary

In keeping with the recommendations of the National Bipartisan Commision on Central America (NBCCA), which recognized the importance of regional approaches to the development of Central America, A.I.D.'s regional program reinforces and complements the bilateral programs in seeking to achieve the basic goals for the Central American Initiative (CAI). ROCAP's strategic focus remains basically unchanged from that described in last year's Action Plan. With the exception of efforts to mobilize new capital resources through a strengthened Central American Bank for Economic Integration (CABEI), the ROCAP progam is directed entirely toward addressing CAI goals 2 and 3: basic structural reforms leading to rapid and sustained economic growth and a wider sharing of the benefits of growth (see Table I).

This strategy, which has undergone considerable scrutiny over the past year, was endorsed by the Administrator with certain modifications. In the Spring of 1986, the General Accounting Office (GAO) issued a report on Central American regional programs which recommended that "AID resolve the long-standing controversy over regional programs and ROCAP," and that "the Administrator of AID examine the priority and role of regional assistance programs in Central America and the need to maintain ROCAP." At approximately the same time, the Agency was faced with responding to both the Secretary of State's directive to reduce worlwide overseas staff levels and deep FY 1987 budget cuts dictated by Gramm-Rudman-Hollings legislation.

Both prior and subsequent to the ROCAP FY 1987-88 Action Plan review in mid-June 1986, the Agency undertook a thorough review of regional programs and the role of ROCAP. Several options were considered, including relocating to Miami or Washington, eliminating ROCAP and restructuring its management under the aegis of a bilateral program, and revising the role and mandate of the Mission. These options, plus the results of the Action Plan review, were discussed with the Administrator and a decision was reached to revise ROCAP's role. The main conclusions were that ROCAP should: (a) continue to address selected regional development problems identified in the NBCCA report; (b) continue with the development of the longer-run institutional capabilities of the key regional institutions; (c) continue within funding availabilities to carry out analyses, studies and evaluations needed to better inform bilateral missions and AID/W of cross-national development issues in Central America and Panama; and (d) reduce technical support services to bilateral USAIDs. Consistent with the newly defined role and staff reductions, it was also agreed to defer certain new activities proposed in the FY 1987-88 ROCAP Action Plan.

In addition to the recognition that regional cooperation on technical and economic matters continues to have significant implications for the region and relevance to the CAI, the Agency's decision to retain ROCAP was heavily influenced by the recent resurgence of interest by Central American democracies in strengthening regional cooperation.

TABLE I

ROCAP - SUMMARY STRATEGY FRAMEWORK

NBCCA GOAL	LAC OBJECTIVE CATEGORY	CDSS GOALS
Short-term Economic Stabilization	Stabilize Financial Structures	Encourage the resumption of external capital flows to the region.
Basic Structural Reforms Leading to Rapid and Sustained Economic Growth.	Increase Agricultural Production	Improve policy incentives, technical assistance and applied research for the increased production of non-traditional export crops and domestic food crops.
		Expand professional human resource base with practical and educational experience.
	Promote Exports	Remove key investment, marketing, management and financial constraints to agroindustry and nontraditional export growth using regional financial and technical assistance mechanisms.
	Preserve and Manage 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.
	Expand and Improve the Infrastructure	(Not addressed in CDSS)
	Develop and Conserve Energy Resources	Improve energy efficiency in regional industries and reduce consumption of imported petroleum through the use of indigenous alternative energy resources.
Wider Sharing of the Benefits of Growth	Reduce Infant and Child Mortality	Reduce infant mortality and improve child and maternal health and nutrition through research, training and technical assistance to the Central American countries.
	Improve Housing	Improve the living conditions of lower income families in Central America.
	Increase Participant Training	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.

In response to this clarification of ROCAP's role, the Mission has embarked upon a process of more sharply focusing its program direction, in close coordination with the bilateral AID Missions in the region, which will culminate in the presentation of a CDSS covering the FY 89-92 period. In order to maximize the complementarity of on-going projects as well as identify those priority development constraints which lend themselves to either a regional or a combined regional/bilateral approach, ROCAP prepared detailed briefing books on its activities in each Central American country (a consolidated version of which has been distributed in AID/W); met with the senior staff of each bilateral AID Mission to discuss outstanding issues and potential areas for greater complementarity; and hosted a Central America, Panama and Belize Deputy Directors' meeting in April 1987. Responses to a questionnaire on ROCAP-bilateral AID Mission complementarity, circulated together with the country-specific briefing books, and follow-up discussion at the Deputy Directors' meeting yielded a number of valuable insights on both the current Action Plan and the upcoming CDSS preparation process. There was unanimous agreement among the bilateral AID Missions that ROCAP has a legitimate role in: a) undertaking projects with regional institutions to address development constraints which lend themselves to a regional and/or combined regional/bilateral approach; b) undertaking studies and analysis of common development issues, policies or development constraints; and c) providing technical support services to bilateral AID Missions. Specifically on point (c), bilateral Missions expressed their desire for expanded technical services in a broad range of technical specialties. ROCAP's proposed FY 1986 new start (Technical Consultants and Training) proposed to do just that, however, last year's Action Plan review resulted in a decision to restrict ROCAP's role in this regard and defer development of that project. As a part of the CDSS process, ROCAP will examine more precisely the demand for technical support services and recommend alternative courses of action for AID/W review. This possible technical support role could become an important factor in a regional strategy which anticipates the evolution of AID's development assistance to Central America, especially in light of probable declines over time in the staffing levels of the Missions in Costa Rica, Panama and Belize.

The bilateral AID questionnaire responses were also unanimously affirmative to the question of whether ROCAP's current portfolio is addressing priority needs in the region. This finding contradicts statements in the 1986 GAO report cited above. A similar contradiction occurs with respect to the question of whether ROCAP's portfolio duplicates AID country programs. The ROCAP survey found that only isolated instances of duplication exists. Three out of five Missions felt no duplication existed at all. The issue of overlapping roles for Zamorano and EARTH was a particular issue for USAID/Honduras. Most Missions, however, felt that ROCAP was not doing an adequate job of keeping them informed of ROCAP activities. While the briefing books and country visits were welcomed, it was suggested that the briefing books be updated periodically, that Deputy Directors' meetings be held on a semi-annual basis and that ROCAP contractors improve the coordination of their country visits.

With respect to ROCAP new start and PP amendment proposals, the Agricultural Technology Networks project (596-0127), which will begin in FY 1987, and the Coffee Pest Control PP Amendment both received a favorable reaction. The Watershed Management PP Amendment and the Industrial Outreach and Growth project, both proposed for FY 1989, were viewed largely as being of less priority. In the latter case, several issues were raised which ROCAP will examine carefully in the CDSS process and prior to making a definite decision to proceed with the design of this project.

Finally, regarding bilateral AID Mission responses to which LAC objective categories were most appropriate for determining the future program direction for ROCAP in its CDSS, definite preferences were expressed for: (a) increase agricultural production; (b) strengthen the private sector; (c) promote exports; and (d) preserve and manage natural resources. These areas of concentration coincide closely with ROCAP's own preliminary strategy formulation, with the possible addition of the health/nutrition area.

A summary overview of ROCAP-Bilateral AID Mission complementarity by LAC Objective categories is provided in Table II. Based on the discussions and analysis undertaken to date, it is clear that regional cooperation enhances and deepens the development process at the national level for several objectives: increasing agricultural production, strengthening the private sector, stabilizing financial structures, promoting exports, preserving and managing natural resources, improving housing, reducing infant and child mortality and increasing participant training. In a few selected cases, such as expanding and improving the infrastructure, and developing and conserving energy resources, ROCAP is supporting national level programs which largely do not receive bilateral AID Mission assistance. Likewise, there are objectives such as family planning, improving educational opportunities (primary level) and strengthening democratic institutions, where bilateral Missions are active but ROCAP is not. ROCAP and the bilateral Missions agree that continued efforts to enhance complementarity will result in a much more effective USG assistance program in the region.

Within its overall strategic framework, ROCAP has singled out the need for greater emphasis on institution strengthening per se, as opposed to purchasing services, in order to address the long-run viability of regional organizations. While these organizations are recognized as centers of excellence in the region because of the calibre and continuity of staff as well as the technical standards of their physical plants and facilities, they are vulnerable in a number of areas. Through internal discussions, dialogue with the regional organizations themselves, and the assistance of outside consultants, the Mission has developed a preliminary institution building strategy, which will be further refined for inclusion in the CDSS (see Section III.D. Evaluation Plan). Several activities which form a part of this strategy are already in place for CABEI (Regional Economic Recovery, 596-0114) and CATIE (Agricultural Higher Education, 596-0129 A), while others will begin during the Action Plan period primarily through non-project assistance.

TABLE II

ROCAP - BILATERAL MISSION COMPLEMENTARITY
BY LAC OBJECTIVE 1/

	OBJECTIVE	GUATEMALA	EL SALVADOR	HONDURAS	COSTA RICA	PANAMA	BELIZE
1.	Increase agricultural production	X O	X O	X O	X O	X O	X O
2.	Strengthen the private sector	X O	X O	-	X O	X O	X O
3.	Stabilize financial structures	X O	X O	X O	X O	-	X
4.	Increase GDP	-	-	-	-	X O	-
5.	Promote exports	X O	X O	X O	X O	X O	X O
6.	Preserve and manage natural resources	X O	O	X O	O	X O	O
7.	Expand and improve the infrastructure	O	O	O	X O	O	X O
8.	Family planning	X	X	X	X	-	X
9.	Improve health and health services	-	X O	X	X	-	X
10.	Reduce infant and child mortality	X O	O	X O	O	O	X O
11.	Improve housing	X O	X O	X O	X O	X	-
12.	Improve educational opportunities	X	X	X	X O	-	X O
13.	Increase participant training	X O	X O	X O	X O	X O	X O
14.	Strengthen democratic institutions	X	-	X	X	X	-
15A.	Develop and Conserve Energy Resources	O	O	O	O	O	-
15B.	Employment	-	-	X O	X O	-	-

KEY: X = Bilateral only; O = ROCAP only; X O = both ROCAP and Bilateral

1/ In some cases, activities under an objective category reflect a secondary rather than a primary focus.

MATRIX OF COUNTRY SPECIFIC GOALS AND OBJECTIVES

OBJECTIVES	GOALS: SHORT-TERM ECONOMIC STABILIZATION	BASIC STRUCTURAL REFORMS LEADING TO RAPID AND SUSTAINED ECONOMIC GROWTH	WIDER SHARING OF THE BENEFITS OF GROWTH	STRENGTHENING DEMOCRATIC INSTITUTIONS
1. Increase agricultural production		(X)	X	
2. Strengthen the private sector		X		
3. Stabilize financial structures	(X)			
4. Increase GDP		X		
5. Promote exports		(X)		
6. Preserve and manage natural resources		(X)		
7. Expand and improve the infrastructure		(X)		
8. Increase access to voluntary family planning services			X	
9. Improve health and health services			X	
10. Reduce infant and child mortality			(X)	
11. Improve housing			(X)	
12. Improve educational opportunities		X	X	
13. Increase participant training		X	(X)	X
14. Strengthen democratic institutions				X
15. Other (Develop and conserve Energy Resources)		X	(X)	X

C. Progress and Plans

Over the past year, ROCAP's program has added four new projects and a major amendment to a fifth. Two of the new projects work directly through and for the private sector and fall under the objective of promoting exports (Export Agribusiness Development and Promotion, 596-0123, with the Latin American Agribusiness Development Company - LAAD - and Non-Traditional Agricultural Export Support, 596-0108). In a very short time, both of these projects are demonstrating quick impact and a high demand/receptivity to the investment and technical services being offered. Despite operating in an area where CA/P bilateral AID programs are also quite active, these projects represent an excellent example of how regional and bilateral initiatives can be highly complementary and serve to deepen the development process. These new projects join ongoing ROCAP projects with INCAE and CABEI in export management training and agribusiness credit, respectively, which also support the export promotion objective. Major studies of the region's transportation constraints and capital market development were also undertaken this past year. Planned follow-up activities on both country and regional levels are expected to identify various possible interventions which impact directly on the region's capacity to tap export markets.

New efforts in housing (the Central American Shelter and Urban Development project, 596-0143, with CABEI) and rural electrification (Central American Rural Electrification Support, 596-0146, with the National Rural Electric Cooperative Association) were developed and are expected to initiate operations in the third quarter of FY 1987. These projects represent ROCAP's only activities in the objective categories of improve housing and expand and improve the infrastructure, respectively. The implementing institutions involved have considerable experience in their areas of expertise. CABEI has channeled approximately $240 million for housing projects to the region over the past 20 years, the majority of which has been directed through private sector housing institutions. It is clear that regional as well as bilateral initiatves will be necessary if the CAI objective of increasing the production of shelter solutions and the coverage of basic services by 25% is to be met. NRECA's broad experience worldwide in rural electrification, spanning nearly 50 years, includes substantial rural electric development in Central America since 1963.

Under the Mission's objective category of develop and conserve energy resources, ROCAP has prepared and authorized a $10 million amendment with the Los Alamos National Laboratory under the Central American Energy Resources project, 596-0134, which will extend project activities in energy planning, geothermal resource and end-use assessments and peat and mineral resource assessment until June 1989. The extension will also place greater emphasis on the invest/discard decision-making process for more effective national energy planning. ROCAP is the only Mission in the region which is active in the energy sector and results to date demonstrate impressive successes:

- technologies transferred under the Fuelwood project will have resulted in total fuel savings of over 1.0 million cubic meters of wood, a large portion of which corresponds to the particularly vulnerable mangrove stands along the Pacific coast;

- the Fuelwood project has helped create numerous small industries by introducing innovative technologies such as solar fruit drying and ceramic stoves; and

- over 450,000 barrels of petroleum had been saved by December 1986 by industries participating in ICAITI's Industrial Energy Efficiency project.

ROCAP's efforts to support the Goal of Short-term Economic Stabilization are concentrated in the three-year Regional Economic Recovery project with CABEI. Through addressing the Bank's short-term liquidity crisis and supporting its internal reorganization process, this project will facilitate CABEI's return to a role as a major player in mobilizing external resources to the region. A number of positive measures have been taken to restore the longer range financial viability of the Bank and, although the level of extra-regional capital attracted to date is below the rather ambitious levels projected, negotiations with several new funding sources are expected to be concluded in the near future.

Institution strengthening and technology transfer at both the national and regional levels is a key focus of the ROCAP program in support of increased agricultural production and natural resource preservation and management. CATIE's graduate and short-term training capabilities as well as technical expertise and networking functions with national institutions are being strengthened in the areas of integrated pest management, watershed management and tree crop production. Results obtained to date under the Coffee Pest Control project are perhaps the most significant. Information on high yielding rust resistent varieties and sharply lower pesticide use is being transferred to over 30,000 small farm coffee producers regionwide. Through further dissemination efforts under the proposed FY 1988 project extension, yields for this important export crop will increase dramatically, thus allowing marketing quotas to be met while at the same time reducing the area planted and encouraging greater diversification into basic food or non-traditional export crops.

To complement bilateral AID Mission activities to reduce infant and child mortality, ROCAP is assisting INCAP to facilitate donor coordination and provide technical support for CA/P country child survival plans, particularly in control and management of diarrheal disease, promotion and monitoring of adequate fetal, infant and child growth and promotion of adequate maternal-infant feeding practices. The effectiveness of country maternal-infant, school feeding and emergency/displaced persons programs is also being improved through INCAP-provided technical assistance, training, operations research and donor coordination.

Finally, a revised CAPS training plan was prepared and approved for the ROCAP program, resulting in a narrowed focus on vocational agricultural education (both short and long-term) and public fiscal management. This program addresses critical needs in terms of qualified personnel in agricultural production and in establishing greater accountability and integrity in the public fiscal management systems of the CA/P governments.

9 ect.

1A. MISSION INDICATORS/UNITS OF MEASURE

1) Disbursements under CABEI's public sector investment program (project funds).

2) Rehabilitation of CABEI's private sector portfolio (No. of projects and value).

3) Employment generated under CABEI's public sector investment program.

4) Mobilization of extra-regional capital or concessional rate lending from other donors by CABEI.

5) Positive net flow of resources to Central American countries from CABEI (disbursements minus repayments).

2A. PERFORMANCE UNDER MISSION INDICATORS (Abbreviate above Indicators)

	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
1) Public Sector Investment (project funds - $ million)	N/A	N/A	20.0	19.0	11.0	-	-
2) Private Sector Portfolio Rehabilitation (No. of Projects)	N/A	N/A	-	-	0	9	18 (cum)
(Value $ millions)	N/A	N/A	-	-	0	10.1	21.2(")
3) Employment Generation (No. of jobs)	N/A	N/A	900	900	1050	-	-
4) Extra-Regional Capital Mobilized ($ million)	N/A	N/A	50.0	20.0	100	150	-
5) Net Resource Flow ($ millions) (CABEI Fiscal year)	1984/85 (23.0)	1985/86 (32.9)	1986/87 (25.7)		1987/88 (7.7)	1988/89 (15.2)	1989/90 22.1

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

- CABEI successfully negotiated a new Club Loan with 34 international commercial banks.

- CABEI's technical assistance teams are in place; Robert Nathan Assoc. (Private Sector Rehabilitation portfolio), Chemonics (Agribusiness lending), Arthur Young, Inc. (Accounting), Clapp and Mayne, Inc. (personnel evaluation system).

- CABEI has obtained $20 million from extra-regional donors. $50 million was goal. Presently there is an additional $85 million under negotiation.

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

- Donor confidence levels rise in general and respond to CABEI initiatives and/or impact of contributions made under this project by providing additional capital resources.

- Central American governments continue to give priority to CABEI within their overall debt service obligation and remain current on their repayment schedule to the Bank.

- Private sector borrowers in arrears responsive to CABEI's private sector portfolio rehabilitation strategy.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

Quarter/Year

On a continuing basis, the Regional Economic Recovery project supports policy dialogue between CABEI and extra-regional donors, Central Banks, intermediate Credit Institutions (ICI), international lending institutions and the Central American governments:

- to bring new members and capital into CABEI;
- to establish a viable export lending policy throughout C.A.

ROCAP's direct policy dialogue with CABEI urges the Bank:

- to hold to Bank policies such as not lending to countries in arrears;
- to assist CABEI to achieve and maintain a viable liquidity position;
- to encourage CABEI to maintain an acceptable inflow of regional and extra-regional capital;
- to establish market interest rates for end borrowers.

Existing conditionality under the Regional Economic Recovery Project calls for CABEI to have raised $50 million in extra-regional capital by August 31, 1986 (a target CABEI has not yet met). Additional conditions to further disbursements of AID funds under the public sector investment component require $100 million and $150 million in extra-regional capital (cumulative) by August 1987 and August 1988 respectively.

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD	Quarter/Year
. CABEI's net resource flow to the region turns positive	1/89
. CABEI meets its target of raising $50 million in extra regional capital	3/88
. CABEI reorganization plan implemented.	4/87
. CABEI management information system (MIS) implemented	1/89
. CABEI personnel evaluation system T.A. in place	4/89

7. PRO :TS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	FY 1987	FY 1988	FY 1989
Regional Economic Recovery*	596-0114	O	ESF	35,000	G	35,000	-	-	-
TOTAL				35,000		35,000			

*The $15 million agribusiness loan component to this project is reported under objective category #5 (Promote Exports).

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

8. NARRATIVE:

To achieve 1980 per capita income levels by 1990, the NBCCA estimated that $21 billion in aggregate external financing would be needed for the region during the 1984-90 period. The NBCCA report recognized that about half of the external financing required would need to be met from sources other than AID, such as the IBRD, IDB, Mexico, Venezuela, the European countries and Japan. The report also recognized that commercial banks must play an important role in providing external financing, initially by rescheduling part of their existing debt and later by providing fresh capital. CABEI has played an important role in mobilizing external resources in the past and in channeling investments to meet the region's development needs. CABEI, historically, has mobilized almost 20% of the external financing flowing to the region and has accounted for 13% of total public investment since its inception in the early 1960's. The NBCCA report recognized the important role that CABEI has played in the region's development and its potential importance in achieving stabilization and growth with equity.

The Regional Economic Recovery Project was designed to help the Bank address its serious short-term liquidity problem, consolidate its overall administrative reforms and strengthen its capabilities to rehabilitate its direct loan private sector portfolio. Project conditionality was negotiated to reinforce the Bank's efforts to improve its creditworthiness and ability to attract external financial resources from new extra-regional members, MDBs, bilateral donors and commercial sources. Thus far, CABEI has demonstrated remarkable success. Member countries have paid in $40 million in new capital and $38 million in arrears to meet initial CPs. These countries have also maintained their accounts with the Bank current, thus remedying one of the critical factors debilitating the Bank's financial health at the time the project was designed. CABEI also successfully negotiated a new $170 million Club Loan with 34 international commercial banks. As a result, the Bank's short-term liquidity situation has improved considerably, from $6.5 million in unrestricted liquidity in 1985 to $32.6 million today. While CABEI has fallen behind in meeting the targets set in the PP for mobilizing extra-regional capital and concessional rate borrowing from other donors, it has raised a total of $20 million to date and is currently negotiating an additional $85 million. The World Bank has sent a technical team to CABEI to investigate the possibility of a new loan to CABEI.

Internally, a major reorganization plan has been approved by the Board of Directors in order to decentralize operations and improve the Bank's efficiency. A management information system is being designed as well as a personnel evaluation system. These developments are very positive in improving the Bank's image and restoring its role as a major player in the region's development process. A major evaluation has been scheduled for the fourth quarter of FY 87 to review the Bank's overall financial viability and the adequacy of the extra-regional capital targets incorporated in the original project design. ROCAP has become closely involved with the Bank's promotion efforts with the donor community and is contemplating various measures to help strengthen CABEI's efforts in this regard.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. OBJECTIVE #1 : Increase Agricultural Production

LAC INDICATORS/UNITS OF MEASURE:

A. Real growth of value added in Agriculture (percentage change)

B. Volume of Production (MT) of Selected Domestic - Consumption Crops.

2. PERFORMANCE UNDER LAC INDICATORS

1984 Actual	1985 Actual	1986 Project.	1986 Actual	1987 Project.	1988 Project.	1989 Project.

No attempt has beem made by ROCAP to aggregate national level statistical data.

1A. MISSION INDICATORS/UNITS OF MEASURE

a) CATIE capacity expanded to provide appropriate and cost-effective training and technical assistance in integrated pest management (IPM).

b) National and regional institutions' capabilities for development and implementation of IPM programs strengthened, (regional pest diagnostic network established), (IPM technologies developed in collaboration with CATIE and disseminated), and (IPM units developed in national institutions).

c) Coffee Pest control experiments and field trials, high yielding rust resistant varieties reproduced and disseminated, and pesticide residues analyzed and standards for use established.

d) CATIE's graduate and short-term training capabilities strengthened in animal crop sciences and natural resource management (development office, collaborative programs and regional higher education network established).

e) Agricultural technology network established for bananas and plantains.

2A. PERFORMANCE UNDER MISSION INDICATORS (Abbreviate above indicators)

	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
a) CATIE capacity in IPM (MS curriculum expanded)	N/A	N/A	x	x	-	-	-
(pest diagnostic center)	N/A	N/A	1	1	-	-	-
(IPM information center)	N/A	N/A	1	0	1	-	-
b) National institutions IPM capabilities strengthened:							
(pest diagnostic network)	N/A	N/A	0	9	1	-	-
(IPM technologies)	N/A	N/A	0	0	30	40	30
(IPM units - cumulative)	N/A	N/A	1	1	2	3	4
c) Coffee Pest Control (experiments and field trials)			97	97			
(rust resistant varieties undergoing research)			2-3	1	1		
(pestivide residue analysis and standards)			1	1			
d) CATIE Educ. Programs strengthened							
(development office)	N/A	N/A	1	0	1	-	-
(collaborative programs)	N/A	N/A	23	23	20	20	20
(regional education network)	N/A	N/A	1	1	-	-	-
e) Banana/Plantain network established	N/A	N/A	N/A	N/A	N/A	x	x

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

A. Regional pest diagnostic and information center is operational at CATIE and M.S. program in pest management at CATIE was improved as planned.

B. Technical assistance missions, short-term training and pest diagnoses conducted surpassed projections. Five country-level pest diagnostic assessments were completed, and quarterly newsletter and IPM journal initiated. Publications on IPM were produced in conjunction with training and promotional activities.

C. Training modules on IPM, pest control guidelines and technical publications based on research findings were not accomplished due to time constraints and other priority activities. The project is focusing efforts based on mid-term evaluation findings to achieve these outputs in FY 87-89.

D. Life of project research strategy developed.

E. Information on the epidemiology of coffee rust and the effectiveness of selected fungicides has been developed in four countries and is being disseminated through the national coffee associations in each country.

F. Integrated pest management programs on chemical and cultural practices for control of coffee bean borer are being developed in three countries and will be completed by May 31, 1987.

(continued on next page)

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

A. CA/P governments provide funding support to national institutions involved in crop pest management.

B. CA/P government policies are conducive to conducting programs in integrated pest management.

C. Governments continue to support national research programs and place priority on control of coffee pests.

D. Coffee farmers are receptive to the new technologies developed.

E. Public and private sector donors are willing to contribute to the sustainability of CATIE's research and educational programs.

F. National and regional institutions and national governments support collaboration with agricultural research/higher educational programs.

3. (Continued)

G. The Plant Health Offices in the region with IICA's support and assistance have established standards for use and registration of coffee pesticides.

H. A coffee genetic improvement program has been established at CATIE.

I. A methodology on appropriate technological options for small coffee farmers has been developed and is being validated successfully in Guatemala, El Salvador and Honduras. In Guatemala, where no small farmers were receiving assistance before the project, over 8,000 small growers now are being trained and applying the new systems of production.

J. Twelve CA/P technicians completed their training in genetics improvement of coffee rust resistant varieties in Portugal and Brazil, and more than 50 national techicians have received on-the-job training on coffee rust control, coffee bean borer, technological options for coffee production and pesticide residue analysis.

K. A new computer-maintained bibliography of coffee publications containing 6,000 references with summaries of research findings has been developed.

L. A screening method has been developed to test new insecticides for efficiency in controlling the coffee bean borer in the laboratory. Over forty fungicides have been tested to date. This process greatly speeds up the elimination of ineffective fungicides.

M. MS degree program curriculum has been strengthened, master plan for facilities expansion was completed and construction program inititated. Currently twelve faculty houses, student housing and a classroom/office building are under construction. Computer center construction will begin in late FY 87.

N. A consultancy on fund raising prospects and proposed activities has been completed. Development office will be established and fund raising staff hired in late FY 87.

O. Twenty-three linkages between CATIE and other research/training institutions have been established.

P. A graduate studies coordinator and nine new professors hired at CATIE.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD | Quarter/Year

NOT APPLICABLE.

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD

		Quarter/Year		
		4/87	4/88	4/89
A.	Short-term training provided in integrated pest management (IPM) and related areas (No. participants)	385	300	150
B.	Training modules developed and disseminated on IPM (No.)	7	20	10
C.	MS graduates in IPM and related areas (No.)	4	2	6
D.	Technical publications produced and disseminated (No.)	30	20	20
E.	Crop pest control guidelines developed and disseminated on IPM (No.)	30	40	30
F.	Regional IPM Database established.	X	-	-
G.	Analysis of pesticides residues and establishment of standards for their use.	1st. Qtr. '88		
H.	Research to develop and reproduce high-yielding rust resistant varieties suitable to the Central American environment.	1st. Qtr. '88		
I.	Development and adaptation of appropriate technologies for small coffee farmers.	1st. Qtr. '88		
J.	Short-term post-graduate training provided (No.)	110	100	100
K.	Increase in MS graduates at CATIE over 30/year * (No.)	0	20	30
L.	Increase in short-term training at CATIE over capacity prior to initiation of Project	875	875	875
M.	Collaborative programs between CATIE and CA/P, U.S. and international research and educational institutions.	23	20	20
N.	Funding generated by CATIE's development office (amount $000)	0	350	450

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	FY 1987	FY 1988	FY 1989
INCREASE AGRICULTURAL PRODUCTION									
Integrated Pest Mgmt.	596-0110	O	DA	6,750	G	3,250	1,500	2,000	-
Coffee Pest Control	596-0090	O	DA	6,000	G	3,500	-	1,000	1,500
Ag. Higher Education (CATIE)	596-0129A	O	DA/ESF	7,000	G	4,200	1,200	1,100	500
Ag. Higher Education (EARTH)	596-0129B	O	DA/ESF	26,400	G	7,000	-	2,600	11,000
Ag. Technology Netwks.	596-0127	N	DA	2,500	G	N/A	380	1,000	1,120
TOTAL				48,650		17,950	3,080	7,700	14,120

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

8. NARRATIVE:

Agriculture contributes one-fifth to one-fourth of the GNP of all Central American countries; accounts for one-fourth to five-eights of the region's labor force and supports three-fifths of the population. Also, a large portion of industrial employment (particularly food processing and textiles) is directly linked to the agricultural sector. As the economies of the region cope with recent crises and move toward a strategy of growth driven by exports, and as increases in population and income expand the demand for food, the agricultural sector will maintain a significant role in Central America.

Recent trends raise the question of the region's ability to meet future demands for basic foods and industrial and export crops. For example, total agricultural production in the region has been declining annually at a 1.2 percent rate for the past decade, and per-capita food production has been falling at a minus 2.0 percent during the same period. Production continues to be characterized by low yields, pest and disease problems and natural resource degradation. Average yields for basic foods and traditional exports as well as livestock are extremely low, ranging from 20 to 40 percent of developed country averages. Agricultural development in the region has traditionally been hampered by: (1) ineffective and inefficient use of the region's agricultural base; (2) lagging generation of technologies; (3) little adaptation of technologies developed by the International Agricultural Research Centers and other research institutions; (4) lack of efficient national technology transfer mechanisms; (5) poor communication, coordination and colaboration among national research and extension programs; and (6) a weak professional cadre for the generation, adaptation, dissemenation and adoption of production oriented technologies. In response to these circumstances, each of the countries in the region has developed an agricultural strategy and plan which is designed to ensure food security, diversify the agricultural base and increase exports.

Key members of the ROCAP staff have recently visited each of the bilateral USAID Missions in the region to present ROCAP programs and strategies and discuss ways in which ROCAP is supporting those Missions' goals and objectives. In most of the Missions, increasing agricultural production is a major objective for the planning period. For example, the USAID Missions in Honduras and Guatemala have emphasized the development and dissemination of appropriate technologies as a key element in their agricultural strategies, recognizing that technology is the active vehicle for agricultural development and increasing production.

ROCAP's agricultural program also emphasizes increasing regional agricultural production as a major objective for the planning period. ROCAP addresses this objective in two ways. The first is through implementing activities which are important to the countries in the region but which, by their nature, either require a regional approach or for which a regional approach provides significant economies of scale. Secondly, ROCAP approaches the objective through programs which strengthen the regional technical institutions either indirectly, by using these institutions to implement ROCAP-financed and sponsored activities, or directly, by using ROCAP projects to finance institutional strengthening activities.

ROCAP has focused its efforts to increase agricultural production in three projects: (Integrated Pest Management, Coffee Pest Control and Higher Education). A new project will be obligated in late FY 1987 (Agriculture Research Technology Networks). Two of the on-going projects, Integrated Pest Management and Coffee Pest Control, have recently been evaluated and found to be highly successful in contributing substantially to increases in regional production. The first, Integrated Pest Management, is designed to strengthen regional and national institutional capabilities to develop and implement effective integrated pest management activities in Central America and Panama, and contributes directly to increasing agricultural production for basic food and export crops in five of the region's countries. The

(Continued)

8. NARRATIVE:

(.....Cont.)
Project, which is being implemented through CATIE, emphasizes applied research, professional training and technical assistance support services. This Project, as stated in the evaluation conducted in early FY 1987, is a recognized regional priority and is demonstrating a significant impact on living standards of rural, small farm families.

The Regional Coffee Pest Control Project, 596-0090, focuses on coffee pest problems, particularly coffee rust, and how the effects of these pests can be best controlled. The Project has resulted in a significant expansion of the number of national researchers and information transfer agents in the region working in coffee. The regional information transfer work conducted through the Project has greatly improved the efficiency of transfer of new information and its adoption by over 30,000 coffee producers regionwide. This Project was also found to be extremely successful in meeting stated objectives and, although the PACD is December 31, 1987, a three-year project extension will add sufficient resources and time to place greater emphasis on dissemination of research findings.

Skilled agricultural professionals are, without question, a basic ingredient of success in reaching significant increases in agricultural production in the region. To date, little effort has been placed on developing a quality human resource base with theoretical knowledge and practical understanding of regional agriculture. ROCAP's Regional Agricultural Higher Education Project, 596-0129, will help alleviate this situation by strengthening CATIE as a research and training institution. During the life of the project, CATIE will double the number of master level graduates in agriculture from 30 to 60 per year, and will increase the number of people receiving short-term training by 875 per year beginning in 1988.

The Agriculture Technology Networks Project (596-0127), to be obligated late in FY 1987, will increase research output and promote the use of improved technologies in basic food commodities through the networking of scientific activities in Central American countries and Panama and focus technology applications on specific problems. As stated earlier, food self-sufficiency consistently appears as a top priority among agriculture sector goals throughout the region. The basic premise of the Technology Networks project is that independent and uncoordinated country-by-country approaches to planning and conducting research are not effective in increasing agricultural production. The Project is a priority due to the institutional weaknesses in national agricultural research systems and the region's limited resources. The development of strong networks, with the International Agricultural Research Centers (IARCs) and other agricultural research institutions in the region 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 initial network will be established for bananas and plantains, a major export crop with significance for domestic consumption, as well.

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STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. OBJECTIVE # 5: Promote Exports

LAC INDICATORS/UNITS OF MEASURE:

A. Value of non-traditional exports (millions of U.S. dollars) - Total

1. Agricultural

(see Mission Indicators)

2. PERFORMANCE UNDER LAC INDICATORS

1984 Actual	1985 Actual	1986 Project.	1986 Actual	1987 Project.	1988 Project.	1989 Project.

1A. MISSION INDICATORS/UNITS OF MEASURE

A. Credit funds lent to finance new start-up or expand agribusiness projects in Central America and Panama per year.

B. Jobs created in agribusiness enterprises per year.

C. Increased investments promoted in non-traditional agricultural export enterprises.

D. New non-traditional agricultural products in the region achieve commercially viable export volumes.

E. Increased value of non-traditional agricultural exports from the region.

F. Percentage of bad quality product arriving in the U.S. reduced.

G. Improved U. S. distribution of non-traditional agricultural products (measured by three new U.S. ports receiving a minimum of 5% of the products from the region).

H. Training of Central American University faculty in export management will lead to improved curricula in university business schools.

I. INCAE graduates occupying key export management positions in public and private sector.

2A. PERFORMANCE UNDER MISSION INDICATORS (Abbreviate above indicators)	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
A. Credit funds to new or expanded agribusiness project ($ millions)	-	-	$10.0	0	$16.0	$20.5	$4.0
B. New Jobs created	-	-	-	-	1,800	2,200	1,900
C. Increased investments in non-traditional agricultural export products in the region 1/ (millions)	N.A.	N.A.		N.A.	$2.0	$3.0	$5.0
D. New non-traditional agricultural products in the region achieve commercially viable export volumes (Number)	N.A.	N.A.		N.A.	-	-	8
E. Increased value of non-traditional agricultural exports from the region. 1/ (millions)	N.A.	N.A.		N.A.	-	$20	$25

(continued)

1/ To be revised based on baseline study being conducted.

2 A. PERFORMANCE UNDER INDICATORS (continued)	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
F. Reduced percentage of U.S. arrival of bad quality product from 6% - 2%. (%)	N. A.	N. A.		N. A.	-	-	4%
G. Improved U.S. distribution of non-traditional agricultural products measured by three new U.S. ports receiving a minimum of 5% of the products.	N. A.	N. A.		N. A.	-	1	2
H. Improved curricula incorporated by C.A. business schools	N. A.	N. A.	0	0	1	2	2
I. INCAE graduates employed in export related field	N. A.	N. A.	15	15	20	20	25

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

A. Project Agreement was signed with LAAD on Sept. 30, 1986, and all CP's to disbursement were met on Dec. 15, 1986.

B. LAAD has, in the first 5 months of project implementation, approved 11 projects totaling $3.2 million.

C. The $10 million CABEI Agribusiness lending component did not initiate activities as planned due to CABEI's protracted negotiations with Central Banks concerning foreign exchange risk.

D. Technical assistance to ICI's under CABEI Agribusiness component has begun in Honduras.

E. Five of the six long-term contract team members under the Non-traditional Ag. Export Support project arrived in Guatemala by January 1, 1987. The Marketing Specialist resigned, prior to his scheduled arrival in mid-December 1986. His re- placement is expected to be in the field by the end of May 1987.

F. Memoranda of Understanding (MOUs) have been signed with each of the ag. export associations in the five countries.

G. The Export Management Training project with INCAE targeted 15 case studies, 25 seminars, 1,250 participants and 5 summer interns. Targets were generally exceeded. Under the project's Central American business schools component, assistance was targeted to five diagnostic/needs assessments, training of 40 Central American teachers, and graduating 5 MBA graduates. Targets were exceeded. INCAE's Center of Applied Economic and Policy studies targeted 5 seminars and held 11, targeted 250 participants for the seminars and because of INCAE's excellent reputation in the region, had 625 participants. Two journals were targeted and one has been printed. Seven newsletters were targeted but were not produced. The newsletter element is now on track. The institutional support component targeted 10 low income scholarships and 3 INCAE faculty members trained. Targets, in general, were greatly exceeded.

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

- Central American/Panama governments will support policies which will be favorable for export. Such policies include: facilitating access to foreign exchange from the central banks for purchase of inputs and reducing red tape involved in obtaining export licenses.

- Private sector will continue to invest in Central America.

- INCAE's Center for Applied Economics and Policy Studies will obtain a level of credibility in the region which allows it to influence regional export policy in the region.

- That the policy environment for exports can be improved through a better understanding of policy constraints and through constructive intersectoral dialogue.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD — Quarter/Year

- The Non-traditional Ag. Export Support project will not be directly involved in policy dialogue. However, the technical assistance provided to the national export associations will assist them in their policy dialogue activities with their governments on policy issues such as access to foreign exchange to purchase inputs, reducing red tape for export licenses, transportation costs, etc.

- ROCAP's Regional Export Management Training Project (596-0124) is supporting the development of a Center for Applied Economics and Policy Studies at INCAE. During the Action Plan period, the Center will continue to support intersectoral policy dialogue seminars each year in each country of the region. These seminars will bring together top level public, private and labor sector leaders to review the current economic situation in the country and the CA/P region. Using the case study methodology, INCAE will facilitate discussion of alternative economic strategy options for stimulating economic development. The seminars seek to produce strategy proposals for the country, incorporating suggested political economic and social policy changes, which will increase exports, generate employment, improve infrastructure and provide a higher standard of living for its citizens.

First Panama Seminar	4/87
First Honduras Seminar	4/87
Second Round of Seminars held in all CA/P countries	4/88

The Center will also continue to support studies on applied economies and policy issues such as barriers to exports and export marketing.

Four studies completed	3/88
Five studies completed	3/89

Results of the applied economics and policy studies are published in a journal which will address such issues as import substitution as a development tool, the Costa Rican economic crisis and methodologies for increasing non-traditional exports from the region. Distribution of this Journal is to policy makers of Central America as well as public and private sector businesses and government entities.

4 Journals distributed	3/88
4 Journals distributed	3/89

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD	Quarter/Year
A. Export Management Training Project	
1. Twenty-five new case studies in export management will be produced assisting both companies and governments to better understand export policy.	3/89
2. Twenty export management seminars with 1,200 participants will take place, providing education in export mechanics and strategy which will raise the level of export management expertise in Central America.	3/88
3. Four intersectoral policy dialogue seminars with 220 participants will be held (one in each of the participating C.A. countries), which will bring together representatives of government, private sector and labor to analyze and discuss the ramifications of national export policies.	4/89
4. Fifty Central American teachers trained from schools of business administration, who will help strengthen export-oriented curricula in their respective universities.	4/89
5. MBA programs will produce 70 graduates, thus bringing increasing numbers of professionals into the export sector.	4/89
6. A quarterly journal will be published, disseminating economic and export policy information and analysis throughout the region.	2/88
7. A newsletter will be published 6 times/year, disseminating timely new developments in the export field.	2/89
8. 2 INCAE faculty members will receive Ph.D.-level training in the U.S., resulting in an increased level of professionalism in the INCAE teaching and working staff.	2/89
B. Non-traditional Ag. Export Support Project	
1. Project brochure completed.	3rd Qtr. '87
2. Procurement and installation of computer hardware and software required by each export association.	4th Qtr. '87
3. Operation and computer applications training for export associations' staff completed.	1st Qtr. '88
4. Two regional workshops held based on needs assessment.	1st Qtr. '88
5. Design and implementation of a Monitoring and Evaluation system.	1st Qtr. '88
6. Baseline data collection completed.	2nd Qtr. '88

(continued)

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD (continued)

7. List of major and minor priority crops finalized.	2nd Qrt. '88
8. Full historical price series for target crops assembled.	2nd Qtr. '88
9. Product information packages for at least 5 non-traditional products completed.	4th Qtr. '88
10. Measurable improvement in quality control achieved among target groups for at least 2 crops per country.*	1st Qtr. '89
11. Measurable increase in tonnage achieved for both air and sea transport.*	2nd Qtr. '89
C. Dissemination of Transportation and Capital Markets Study results.	4th Qtr. '87

*Quantification of targets will be added when baseline data survey is completed.

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	FY 1987	FY 1988	FY 1989
PROMOTE EXPORTS									
Reg. Economic Recovery	596-0114	0	DA	15,000	L	15,000	-		-
Ag. Export Support	596-0108	0	DA	8,000	G	2,000	2,000	3,224	776
Export Mgmt. Training	596-0124	0	DA	6,800	G	2,400	1,125	1,125	2,000
Export Agribusiness Dev.	596-0123	0	DA	15,000	L	6,600	6,149	2,251	-
Total				44,800		26,000	9,274	6,600	2,776

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

S. NARRATIVE:

ROCAP projects address a variety of constraints limiting the expansion of non-traditional exports, ranging from the lack of medium - and long-term development finance to management training, policy dialogue, market information and know-how and post-harvest handling. Two major studies on the subjects of transportation and capital markets were conducted in FY 1987, highlighting a number of regional as well as country-level interventions which could further improve Central America's ability to tap extra-regional export markets. Through follow-on workshops sponsored by ROCAP for AID personnel as well as for selected public and private sector leaders in the CA/P region, it is expected that specific activities will emerge for AID funding at the bilateral and/or regional level (see Annex A for proposed new regional initiatives). Based on discussions at the April 1987 CA/P Deputy Directors' meeting, general agreement was reached that export promotion was a key objective category for ROCAP to focus on in its upcoming CDSS. A specific role was seen for ROCAP to contract technical assistance in the trade area to assist the countries and AID Missions in the region to better understand the complex trade legislation in the U.S. and the implications of the various amendments to that legislation presently being considered by Congress.

In the area of development finance, both the Export Agribusiness Development and Promotion project with the Latin American Agribusiness Development Co. (LAAD) and the agribusiness component of the Regional Economic Recovery project with CABEI became active in recent months. The project with LAAD was signed in September 1986 and initial CPs were met in December. Over $3 million had been disbursed to finance eleven agribusiness projects by the end of the 1st quarter of FY 1987. The CABEI agribusiness program has encountered considerable delays in negotiating foreign exchange risk guarantees with the respective central banks. This situation is now resolved and conditions precedent to initial disbursement have been met. While only 18 months remain before the PACD for the CABEI project, recently updated demand estimates indicate that the $22.5 million in project resources will be fully disbursed in the time remaining. A major technical assistance team is now in place to assist CABEI in its efforts to streamline its second-story lending operations as well as strengthen its capacity and that of over 20 participating ICIs in export-oriented subloan identification, review and monitoring.

Through the Non-traditional Agricultural Export Support project, ROCAP will seek to create and/ or strengthen private sector capabilities in the provision of hands-on training and technical assistance in skills related to production and marketing technologies for non-traditional agricultural exports. The project directly supports the on-going efforts of the bilateral USAID missions in promoting and increasing exports of diversified agricultural products from the region by providing technical assistance, training and some commodities to key private sector export associations in each of the Central American countries including Panama and, at a later date, possibly Belize.

A Contract was signed with a consulting firm on September 30, 1986 to implement the project, which includes a six member team of long-term technicians in specialized areas of production, marketing, post-harvest/transportation, computer and training. One hundred and twenty person months of short-term technical assistance are also available under the contract. The team has established extensive contacts with the export associations and have met with USAID mission personnel to coordinate project activities.

Continued.

9. NARRATIVE: Cont'd.

A seminar on packing and quality control of melons was held in El Salvador in December 1986, which contributed significantly in reducing melon losses through timely "on the spot" recommendations to melon growers in that country. The computer specialist has also provided assistance to the Agricultural Export Association in El Salvador (ASPENT) on computerized market information networks and in Guatemala to the "GREMIAL" on electronic information systems. Several computer courses on how to access marketing information are scheduled to take place during the remainder of FY 87. In addition, computers and specialized soft-ware will be procured for each association under the project.

ROCAP is also promoting exports through its Regional Export Management Training project with INCAE. The INCAE Center for Applied Economics and Policy studies provides, in a systematic way, support for the study, discussion and analysis of economic and public policies which affect the export of non-traditional products from the CA/P region. The Center conducts intersectoral policy dialogue seminars and performs applied economics and policy research. During March 1987, the Center gave a regional analysis seminar (3 days) titled "Options for the Economic Recovery of Central America". The seminar took place in Costa Rica and was attended by public and private sector leaders from throughout Central America. Intersectoral policy dialogue seminars, discussed in the policy dialogue section were held in Guatemala, El Salvador and Costa Rica. Honduras and Panama are scheduled for later this year. The Costa Rica seminar was attended by the President and the Guatemalan seminar resulted in an economic strategy to be presented to the government for consideration. In Costa Rica, there is now a one-stop export office as a result of policy changes implemented by the GOCR in coordination with INCAE.

Under the Export Management Training component, export case studies on actual companies in Central America producing a range of specific products contribute to a growing base of information available to Central American exporters and their governments. Export Management Seminars known as "Competitive Productivity Seminars", which use case studies as the basis for discussions, have taken place in Honduras, El Salvador and Costa Rica (twice because of demand). Guatemala and Panama are scheduled for later this year. INCAE disseminates its findings from the foregoing activities through a journal and newsletter. INCAE, under this project, also trains Central American teachers in the export area and trains faculty from other Central American business schools. This process is leading to the gradual introduction of export management curricula in those business schools. MBA level training at INCAE, with project funds, will produce over 100 graduates, with over 50% of the graduates supported by low income scholarships. Subjects for the Export Management Seminars scheduled for this year include export marketing strategies, non-traditional export strategies, management, inventory and financial control systems, and managing human resources. Other subjects are scheduled for subsequent years.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. OBJECTIVE # 6 : PRESERVE AND MANAGE NATURAL RESOURCES.

LAC INDICATORS/UNITS OF MEASURE:

A. Hectares of agricultural land managed for sustainable yield.

B. Hectares of Forestry Land Managed Soundly or Protected.

2. PERFORMANCE UNDER LAC INDICATORS

	1984 Actual	1985 Actual	1986 Project.	1986 Actual	1987 Project.	1988 Project.	1989 Project.
A. N/A							
B. N/A							

1A. MISSION INDICATORS/UNITS OF MEASURE

a) Permanent capacity to provide appropriate and cost-effective training and technical assistance in watershed management is established at CATIE (MS curriculum expansion, watershed management data base and information center established, field laboratory established).

b) National and regional institutions' capacity to develop and implement watershed management programs enchanced and inter-institutional coordination improved (bankable watershed management plans and funding prepared, national and regional advisory committees established, improved plans being utilized and watershed management units developed in national institutions).

c) Permanent capacity to provide appropriate and cost-effective training and technical assistance in multi-use tree crops is established at CATIE (MS curriculum expanded to include emphasis on multi-use tree species, and regional management information system for renewable natural resources established.)
(continued on following page)

d) National institutions responsible for forest resources have sustainable programs in multi-use tree crops, regional data base on multi-use tree crops established, library collections on tree crops expanded, and improved technologies on multi-use tree crops are developed and disseminated).

e. Principal agriculture and livestock agencies include tree components in farming systems programs.

2A. PERFORMANCE UNDER MISSION INDICATORS (Abbreviate above indicators)	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
A) Permanent capacity at CATIE in Watershed Management:							
(MS curriculum expanded)	0	1	0	0	0	0	0
(Watershed management data base)	0	0	1	0	0	1	0
(Instructional materials and information center)	0	0	1	1	0	0	0
(Field laboratory)	0	0	1	1	0	0	0
B) National Institutions' capabilities in watershed management enhanced:							
(Advisory committees)	0	0	5	1	3	1	0
(Bankable watershed plans)	0	0	0	0	0	3	1
(Watersheds managed)*	0	4	25	25	25	35	40
(Watershed management units)*	0	0	2	2	3	4	5

* Numbers are cumulative and reflect involvement over the course of the project.
(continued on following page)

2.A (Continued)

	1984 Actual	1985 Actual	1986 Project	1986 Actual	1987 Project	1988 Project	1989 Project
C) Permanent capacity at CATIE in multi-use tree crops:							
(MS curriculum expanded)	0	0	x	x	0	0	0
(Management information system)	0	0	1	0	0	1	1
D) National institutions responsible for forest resources have sustainable programs in multi-use tree crops:							
1. (Forestry data base)	0	0	0	0	0	1	0
2. (Library collections)	0	0	0	0	1	1	0
e) Principal agriculture and livestock agencies include tree components in farming systems programs.	0	0	0	0	0	2	2

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

A. Establishment of watershed management field laboratory, instructional materials and project information office, and revision of M.S. program to include watershed management occurred as planned.

B. Short-term training and technical assistance missions in watershed management have exceeded projections but development of training modules was delayed due to personnel changes in project.

C. Establishment of regional watershed management data base is rescheduled for FY 88 due to delays in procurement of equipment and contracting of specialist. Initiation of activities at CATIE will begin in FY 87.

D. National watershed management advisory committees are being organized but thus far operational in only one country. Initiation of committee activities in three additional countries is planned for FY 87 with regional advisory committee to be formed in FY 88.

E. Tree Crop Production Project developed LOP research strategy and extension strategy. Field days were conducted at demonstration plots and research program continued.

F. Courses were added to MS curriculum in multi-use tree production. Short-term training was conducted as planned and various technical publications produced.

G. Regional data base in natural resources will be initiated in late FY 87 due to delays in procurement of computers.

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

A. CA/P governments provide funding support to national institutions involved in watershed management.

B. CA/P government policies are conducive to conducting programs in watershed management.

C. CA/P governments provide funding support to national institutions involved in multi-use tree crop research and dissemination.

D. CA/P government policies are conducive to conducting programs in multi-use tree crop production.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

Quarter/Year

A. The Watershed Management Project provides assistance to CA/P government agencies regarding watershed management, water resources development and land use planning issues. Establishment of national and regional committees representing institutions involved in watershed management, water resources and committees representing institutions involved in watershed management, water resources and land use should facilitate policy dialogue. Technical assistance and training efforts should also have an impact on government policy formulation related to watershed management. Examples of policy areas being addressed include,

1. Inter-institutional cooperation regarding planning and implementation of watershed or water resources projects, which promote multi-use development and cost effectiveness of programs. (all countries).

2. Inclusion in user fees of small amount to apply toward costs of watershed management and protection (hydro-electric power, potable water supplies, irrigation, etc.). (It is expected that by the end of the Action Plan period, this will have been accomplished in Costa Rica, Honduras and Panama).

4. Land use planning and classification. A land use capability methodology suited for the humid tropics is being perfected and promoted in Costa Rica which may serve as a model for other countries. (Guatemala, Panama and Costa Rica).

5. Legal reform. Legislation is being updated and complemented for improved watershed management (i.e. water law, soil, and water conservation law). (Costa Rica, Panama).

6. Designation of critical areas for protection as reserves or parks. (all countries)

B. Under the Tree Production Project, government policies regarding land use, provision of incentives to producers for tree crop production, and investment in small industries which manufacture wood products will be influenced.

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD	QUARTER/YEAR 1987 Target	1988 Target	1989 Target
A. Short-term training provided in watershed management and related areas (No. participants)	490	250	150
B. Training modules developed and disseminated on watershed management (No.)	10	6	0
C. MS and PhD graduates in watershed management and related areas (No.)	7	7	10
D. Regional Watershed Management data base established (No.)	0	1	0
E. Technical publications produced and disseminated on watershed management (No.)	7	20	10
F. National and regional watershed management committees established (No.)	3	1	0
G. Bankable watershed management plans developed for one priority watershed per country (No.)	0	3	1
H. Short-term training provided in multi-use tree crops and related areas (No.)	380	300	300
I. Training modules developed and disseminated on multi-use tree crops (No.)	3	3	3
J. BS and MS graduates in forestry and related areas (No.)	0	6	6
K. Regional forestry data base established (No.)	0	1	0
L. Technical publications produced and disseminated on multi-use tree crops (No.)	46	40	40
M. Library collections on tree crops at CATIE and in national intitutions expanded (No.)	1	5	0
N. Management information system in natural resource management developed at CATIE	0	1	0

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	FY 1987	FY 1988	FY 1989
PRESERVE NATURAL RESOURCES									
Watershed Management	596-0106	O	DA	6,000	G	4,500	1,500	0	1,000
Tree Crop Production	596-0117	O	DA	9,000	G	2,910	1,000	3,000	2,090
TOTALS				15,000		7,410	2,500	3,000	3,090

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

8. NARRATIVE: Central America is one of the world's most ecologically and hydrologically diverse regions, and the protection of key fragile lands is a pressing problem in the region. The water supplies for population centers, irrigation projects, hydroelectric reservoirs and other water resources must be secured. As demonstrated in the ROCAP Regional Environmental Profile, the most urgent problems affecting the region regarding the environmental degradation of Central America are deforestation and the resulting loss of unique and invaluable genetic resources.

The bilateral Missions throughout Central America and Panama have identified the current destructive use of the region's natural resources to be an extremely serious problem. Honduras, Guatemala and Panama have significant programs directed at natural resource management, including activities in small-scale irrigation systems, terracing, reforestation, etc. Nonetheless, due to the skewed distribution of arable lands in countries such as Guatemala, Honduras and Panama, many farmers have migrated and begun to utilize fragile lands which are inappropriate for agriculture. This has resulted in serious deforestation and soil erosion.

During the current planning period, most Central American USAID Missions have redirected their agricultural development programs to focus upon the production of more high-value, non-traditional export crops in a response to the President's Central American Initiative. This redirection implies the use of new technologies and the increased use of agricultural chemicals, many of which possess the potential to damage the natural resource base. Overcropping and indiscriminate use of agricultural chemicals have damaged water resources, and many small farmers, seeking opportunities to diversify their production, have increased the pressures being placed upon forest resources and fragile lands.

Unless significant efforts are made to stop the rapid degradation of the productive base of the agricultural and forestry sectors, the region will be unable to feed its population by the turn of the century. ROCAP's program includes as a major objective the management and preservation of the region's natural resources. While natural resource management goals are long term by nature, much can be accomplished in the short run through improved soil, watershed and forest management techniques. The ROCAP Watershed Management and Tree Crop Production Projects represent initiatives focusing on the important regional issues described above which strongly complement bilateral efforts and national programs.

The need for improved watershed and fragile lands management is an urgent problem common to all Central American countries and Panama, and is being effectively addressed on a regional basis through ROCAP's Watershed Management Project. The Project is improving the 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 identified 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 has been set up at CATIE.

Wood is an essential resource for most people in Central America and Panama, particularly for people living in rural areas. Wood resources in the region have become scarce due to rapid increases in populations and the growing demand for new settlements and land for production. Thus, the need for increased tree planting is an urgent problem in every country in the region. To address the need for more and better silviculture and market-oriented information related to tree crop production, to equip and train a qualified corps of tree crop technicians and to assure that findings and applications of forestry research are made available to users throughout the region, ROCAP initiated activities of the Tree Crop Production Project in 1985. This Project is effectively meeting the regional needs for strengthened capabilities in public and private forestry services in the region, educational institutions and extension organizations in tree crop production.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. OBJECTIVE # 7 : Expand and Improve the Infrastructure

LAC INDICATORS/UNITS OF MEASURE:

A. KM of Electric Power Lines Built Under AID-Supported programs.
B. Energy Output (Kw) from AID-supported programs.

2. PERFORMANCE UNDER LAC INDICATORS

1984 Actual	1985 Actual	1986 Project.	1986 Actual	1987 Project.	1988 Project.	1989 Project.

Central American Rural Electrification Support Project provides technical assistance and training only, and thus will not directly finance new investment in infrastructure.

1A. MISSION INDICATORS/UNITS OF MEASURE

A) Increase private-sector and total investment in rural electrification.
B) Increased percentage of rural population and number of isolated (off-grid) communities with access to electricity.
C) Increased number of rural electric units which are adequately motivated and managed.
D) Increased number of decentralized management entities for distribution established.
E) Increase in financial rates of return for rural electrification demonstrated.
F) National level tariffs for rural electrification raised to meet costs of service.
G) Rates of technical and administrative losses for rural electrification reduced.
H) Increased usage rates for rural electrification, especially for economic and productive uses.
I) Economic costs of rural electric systems reduced.

2A. PERFORMANCE UNDER MISSION INDICATORS (Abbreviate above Indicators)

1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target

The C.A. Rural Electrification Support (CARES) Project is scheduled to begin in May 1987. Phase I activities under the cooperative agreement with NRECA will help better define the Mission indicators and quantify performance targets.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

This objective category was not included in last year's Action Plan.

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

CA/P governments will be willing to work constructively with NRECA in improving policies related to rural electrification.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

Quarter/Year

Prior to initiating Phase II activities under the CARES Project, NRECA will be expected to submit the following to ROCAP: — 4/87

a) Well-defined CARES project description, including more precise definition of the problem, proposed activities, outputs and end-of-project status;

b) Quantifiable indicators for each component, including base-line data;

c) Detailed discussion of the current policy and institutional framework in each country which is contributing to the financial and economic inefficiencies of rural electrification programs. A plan will be submitted which describes recommended reforms and the approach the project will employ to encourage governments and utilities to adopt them;

d) Results of a general survey of rural electrification training needs in each country at all levels of management and operations;

e) A detailed discussion of on-going and planned power sector investments with other donor financing and NRECA's niche vis-a-vis these investments. Letters from other donors expressing their willingness to work collaboratively with NRECA under the CARES Project;

f) Memoranda of understanding with participating governments/utilities/regional organizations, which address: (i) willingness to participate in project; (ii) an understanding of project objectives, etc; (iii) commitment to cover host country costs related to project activities; and (iv) recognition of major policy and institutional areas needing reform and willingness to direct best efforts towards enacting needed reforms to be mutually agreed upon under the project.

One of the four CARES project components will address policy dialogue and institutional reform by providing technical assistance and training to strengthen the organizational and financial basis for rural electrification in each CA/P country. Examples of NRECA efforts are as follows: proposals for reorganizing the central administration of rural electrification based on successful models developed in other countries; proposals for establishing more efficient, decentralized management systems for rural electric distribution, including municipal utilities, cooperatives and other privately-managed entities; recommendations for legislative and regulatory reforms to promote private development of decentralized generation facilities; and recommendations for tariff policies commensurate with optional strategic load growth and improved system financial viability.

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD

		Quarter/Year
A.	Phase I Report complete	4/87
B.	Memoranda of Understanding with participating governments/utilities/regional organizations.	4/87
C.	Phase II activities commence.	4/88

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	Obligations FY 1987	Obligations FY 1988	Obligations FY 1989
Central American Rural Electrification Support	596-0146	N	DA	5,000	G	-	5,000	0	0
TOTAL				5,000			5,000	0	0

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

8. NARRATIVE:

The CARES Project responds to one of the NBCCA recommendations which calls for the expansion of rural infrastructure and electrification systems. A Central American Rural Electrification study commissioned by LAC/DR, completed in 1986 by NRECA, found that only 15 per cent of the Region's Rural population has access to electricity, and usage is very low. Despite the tremendous public investment in indigenous hydroelectric power sources, little has been done to date to make this energy source available in rural areas.

Central American Rural Electrification is presently trapped in a vicious circle arising from the basic financial and economic crises which have gripped the region during the better part of the past decade and whose roots, like many problems, rest in the energy crisis of the 1970s. The power sector has placed a considerable demand on the financial resources of countries in the region. The utilities, preoccupied with their own financial problems, have not been eager to engage in large investments in rural areas, which inevitably involve subsidies, in the early stages. Comparatively low consumer density in rural areas has created a financial disincentive to the utilities to promote rural electrification that, in turn, has resulted in low connection and consumption rates, and therefore, low financial return on investment. This keeps tariff rates high, since costs are largely fixed, which itself discourages demand. The CARES project will draw upon NRECA's experience in proven methods of interrupting this vicious circle, which involve correcting the specific problems of inefficiency, high costs and low return.

The CARES project will increase access to the benefits of existing and planned power sector investments by making rural electrification programs technically, financially and economically more efficient. Through technical assistance and training activities, NRECA will concentrate on four principal areas, (a) the adoption of policies and institutional reforms to strengthen the organizational and financial basis for rural electrification, (b) the reduction of technical and administrative losses and operating costs, (c) the adoption of standardized designs and specifications, and (d) promotion of productive use programs.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. OBJECTIVE # 10: Reduce Infant and Child Mortality

LAC INDICATORS/UNITS OF MEASURE:

A. Reduced Infant Mortality (0-1 years per 1,000 live births)

2. PERFORMANCE UNDER LAC INDICATORS

	1984 Actual	1985 Actual	1986 Project.	1986 Actual	1987 Project.	1988 Project.	1989 Project.
A. Reduced Infant Mortality (per 1,000)							
Costa Rica	18	16	16	N.A.	16	16	16
El Salvador	75 a/	68	65	N.A.	61	57	54
Guatemala (Sentinel Areas)*	80	78	75	N.A.	70	67	63
Honduras	78	70	72	70	69	66	63
Panama	20	26	25	N.A.	23	21	20

(*Sentinel Areas: representative sample of communities under 2,000 inhabitants)

a/ 1981 data.

1A. MISSION INDICATORS/UNITS OF MEASURE

Cases of diarrhea treated with ORT (%)

% of children 0-60 mos. whose growth is being monitored (%)

2A. PERFORMANCE UNDER MISSION INDICATORS a/ (Abbreviate above indicators)	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
- Cases of diarrhea treated with ORT (%)							
El Salvador (National Survey)	N.A.	N.A.	N.A.	44	50	55	60
Guatemala (Sentinel Areas)	N.A.	3.5	N.A.	3.5	15	25	40
Honduras (National Survey)	20	N.A.	25	N.A.	30	35	40
- % of children 0-60 mos. monitored							
El Salvador	N.A.	N.A.	N.A.	N.A.	20	25	30
Guatemala (Sentinel Areas)*	N.A.	27	27	N.A.	30	35	40
Honduras	N.A.	N.A.	N.A.	N.A.	20	25	30
Panama (National Statistics)	N.A.	60	65	N.A.	70	72	75

* Sentinel Areas: Representative sample of communities under 2,000 inhabitantes

a/ These indicators are only tracked for countries giving priority to these interventions in their National Child Survival Plans.

ACTU. VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

A. Integrated training modules for child survival are still under development and testing in all countries of the region. Application is expected this year.

B. A methodology for evaluation of child survival activities including ORT has been developed, tested, and implemented in Guatemala; implementation in 2 other countries will begin in 1987.

C. Community anthropological studies for child survival activities were completed in 4 out of 6 countries. Application in the other two countries is pending host country concurrence and submission of study plans.

D. Basic technical norms and procedures for growth monitoring activities were agreed upon and implementation had begun in all countries in the region.

E. Work on development of plan for complementary educational packages for ORT, growth monitoring and appropriate maternal-infant feeding has not progressed because INCAP staff responsible for this activity were fully occupied with the development of training modules. Additional staff is needed (and will be hired) at INCAP to work on education and training components of the project. (...continued)

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

A. National governments in the region will continue to give priority to child survival interventions within primary health care and other external donors will continue to provide support for the extension of these activities on a bilateral basis.

B. National and donor agency interest in improving the effectiveness of food assistance programs will result in necessary resources being provided on a bilateral basis to cover in-country, materials and equipment costs necessary to improve food assistance programs.

(3)...continued

F. Preliminary national action plans for improving food assistance programs were completed and presented at a regional seminar.

G. A global plan for the region and one country plan for organization and management evaluations and studies were developed and approved. Implementation should begin in Costa Rica in early 1987. Development of a second country plan in Guatemala has been delayed because the host country counterpart agency for maternal child component had to be changed, as result of a Ministry of Health's decision not to participate.

H. Regional Information Dissemination Center activities have been expanded.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

Quarter/Year

ROCAP policy dialogue actions in the Health Sector are indirect, being implemented by the Nutrition Institute for Central America and Panama (INCAP) on a continuing basis. ROCAP through INCAP will continue to encourage countries in the region, particularly Guatemala, Honduras and El Salvador, to give top priority to child survival interventions within a primary health care context, emphasizing the maternal infant target population and children under two years old. Policy dialogue will be carried out through regional meetings and in-country contacts and training with Ministers of Health, Director Generals, National Child Survival Coordinators, heads of Ministry of Health and Social Security Institute technical divisions, health sector professional associations, private voluntary associations and other donors. Universities and training centers for health sector professionals and auxiliary personnel will be encouraged to revise their curriculum to include more information on child survival interventions and to make professional level training more consistent with the needs of national service delivery systems.

Policy dialogue actions in support of improving the effectiveness of food assistance programs will focus on promoting incorporation of food assistance programs into national food security strategies and on the development of national coordination mechanisms for food assistance activities.

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD

	Quarter/Year
Increasing Effective Use of ORT, Growth Monitoring and Appropriate Feeding Practices	
. Complete anthropological community and provider studies	2/88
. Complete national KAP survey for child survival interventions in Guatemala	4/87
. Update analyses of delivery systems in 3 of 6 countries	2/88
. Implement monitoring and evaluation system in 3 countries	3/88
. Management training course for child survival interventions	3/87
. Complete itinerant course on child survival interventions	3/88
. Establish reference training center in 4 of 6 countries	3/88
. Regional donor meeting on technical aspects of child survival interventions	2/87
. Complete development of integrated MCH/child survival training modules	2/88
. Regional meeting on social marketing of ORS	1/88
. Complete operations research protocols for 3 countries	2/88
. Regional meetings on child survival interventions for PVOs and professional associations	1/88
Improving the effectiveness of Food Assistance Programs (FAP)	
. Complete national seminars on food assistance program strategies in 3 countries	1/88
. Regional workshop on educational activities for MCH and school feeding programs	2/87
. Regional workshop on management information systems for FAP	4/87
. Regional task force meeting and guidelines on the role of FAPs in food security strategies	2/87
. Begin implementation of evaluations of FAP operations in 2 countries	1/88
. Redesign and reorganization of 5 FAPs in the region	2/88

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	FY 1987	FY 1988	FY 1989
ORT Growth Monitoring and Education	596-0115	O	DA w/amend.	8,000 (9,000)	G	8,000	800	200	
Technical Support for Food Assistance Programs	596-0116	O	DA w/amend.	5,600 (6,100)	G	5,600	262	238	
Total				15,100		13,600	1,062	438	

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

8. NARRATIVE:

The ORT, Growth Monitoring and Education Project (596-0115) and the Technical Support for Food Assistance Programs Project (596-0116) contribute directly to reducing infant and child mortality rates and improving nutritional status in the CA/P region. The leading causes of infant and child mortality in the region are deaths due to diarrheal disease, acute respiratory infections and low-birth weight/prematurity. The underlying cause of deaths from diarrheal disease and acute respiratory infections is endemic moderate to severe malnutrition in infants, young children and pregnant and lactating women.

ROCAP's ORT, Growth Monitoring and Education Project with the Nutrition Institute for Central America and Panama (INCAP) supports a region-wide multi-donor effort to improve child survival by facilitating donor coordination and by providing technical support and guidance to the CA/P countries in developing, implementing and evaluating their Child Survival Plans, particularly in control and management of diarrheal disease, promotion and monitoring of adequate fetal, infant and child growth and promotion of adequate maternal-infant feeding practices. Project technical assistance, training, operations research, technical information dissemination and monitoring and evaluation activities at the country level are tailored to each country's needs. At the regional level, the Project is helping to develop the technical basis and methodologies for improving the delivery and evaluation of child survival interventions. Since project activities must be tailored to the changing needs of the Central American countries and constantly adjusted to the growing participation of other donors, planned activities are not uniformally carried out throughout the region at the same pace. This project will be amended to increase funding in order to extend support services to the CA/P countries through 1990, the planning period for the National Child Survival Plans. Additional funds will also allow INCAP to hire additional staff to work on education and training components of the Project, to serve as liaison officers in Guatemala and Panama, and to improve project management and coordination; and to complete operations research on growth monitoring, as recommended in the first project evaluation.

The ROCAP/INCAP Tech Support for Food Assistance Programs Project addresses the problems of infant and child mortality and their underlying causes, under nutrition and low birth/prematurity, by helping the region's countries improve the effectiveness of their maternal-infant, school feeding and emergency/displaced persons programs. The Project supports the CA/P countries by providing technical information and guidance, technical assistance, training and operations research to help improve the design, management, implementation, and evaluation of targeted feeding programs. The Project also facilitates donor and host country agency coordination at the national and regional levels. Training and technical assistance activities during the first year of the Project alone have led to redesign of feeding programs in 3 countries of the region and is leading to implementation of new planning and management techniques in programs throughout the region. The development and implementation of monitoring and evaluation systems and the introduction of complementary health and nutrition educational activities will be the primary focus of the Project during the first year of the Action Plan period. The Project will be amended to increase outside technical assistance to the Project in response to problems encountered in finding Central Americans with high quality skills in required technical areas and extensive hands-on experience with food assistance programs.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. OBJECTIVE #11 : Improve Housing

LAC INDICATORS/UNITS OF MEASURE:

A. New housing units constructed under AID-supported programs. (No. of units)

2. PERFORMANCE UNDER LAC INDICATORS

	1984 Actual	1985 Actual	1986 Project.	1986 Actual	1987 Project.	1988 Project.	1989 Project.
A. New Housing Units	N/A	N/A	N/A		1,400	1,500	1,500

1A. MISSION INDICATORS/UNITS OF MEASURE

A. Urban infrastructure upgrading loans under AID-supported programs (No. of families receiving loans).

B. Employment generated (thousand person days).

2A. PERFORMANCE UNDER MISSION INDICATORS (Abbreviate above indicators)

	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
A. Urban upgrading loans (No. of families receiving loans)	N/A	N/A	N/A		4,000	5,000	5,000
B. Employment generated (thousand person days)					338	478	478

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

- The CABEI ProAgs have not been signed nor have HG resources been contracted due to delays in receiving budget allocations from Washington, in developing final HG and DA Project Agreements, and in negotiating agreements with CABEI.

- Ten million dollars of paid-in capital contributed by member countries was allocated to the housing fund.

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

1. Economic and political conditions will permit large-scale investments in construction of shelter and infrastructure.
2. National governments continue to place a high priority on investments in shelter and infrastructure.
3. Member countries remain eligible to receive CABEI funds.
4. Interest rates in the U.S. make borrowing of H.G. resources attractive for CABEI and in turn Central Banks.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

QUARTER/YEAR

On a continuing basis this Project will support policy dialogue with CABEI, shelter finance institutions and national infrastructure agencies to achieve the following key changes:

- Adoption and implementation by CABEI of a viable financial policy to restore financial stability to CABEI's housing fund. — 4/87
- Housing finance institutions will increase private sector financing and construction of low cost housing, reduce delinquencies, and improve management. — Continuing
- Infrastructure agencies will increase cost recovery by a variety of strategies including adoption of betterment taxes, modification of tariff structures, installation and better maintenance of meters and stricter collection policies; will move toward market interest rates on financing of off-site costs; and will improve strategic planning and management. — Continuing

The Project Agreement includes conditionality requiring that CABEI take the following actions prior to first disbursement:

- Streamline loan project approval and implementation process, provide appropriate delegation of authority to the field and develop a plan which provides sufficient management capability in the field.
- Develop a plan which ensures the financial stability and liquidity of the Housing Fund by maintaining appropriate financial policies and procedures that assure the recapitalization of the Housing Fund, including interest rate policies that ensure full recovery of the cost of resources and administrative costs, procedures to aggresively recover payments from borrowers and eliminate portfolio delinquencies, and policies that ensure the greatest return on resources available for investment.

CABEI will also covenant to ensure that participating countries are current in their repayment obligations by suspending disbursement to any public sector borrower from the Housing Fund that is more than 60 days delinquent.

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD	QUARTER/YEAR
A. CABEI	
. Sign ProAgs with CABEI.	3/87
. Adopt interest rate policy.	4/87
. Contract HG resources.	4/87
. Streamline project approval process.	4/87
. Delegate responsibility to the field.	4/87
. Develop plan for necessary/sufficient management capability.	4/87
. Develop financial policy.	4/87
B. National Housing Institutions	
. Adopt interest rate policy in Guatemala.	4/87
. Implement environmental design improvements (regional).	4/87
. Accept/implement housing designs (regional).	1/88
. Adopt housing policy in Guatemala.	3/88
. Develop plan to control delinquencies for public housing institutions.	3/87
C. National infrastructure Institutions	
. Revise tariff structure in Costa Rica.	4/87
. Enter into binding obligations with secondary cities for construction of low-cost housing (Costa Rica) under first disbursement.	1/88
. Expand contribution for improvement system to low income communities Guatemala City.	3/88
. Improve cost recovery in Honduras.	2/88
. Improve cost recovery in El Salvador.	4/88

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	FY 1987	FY 1988	FY 1989
Central America Shelter and Urban Development	596-0143	N	DA	4,000	G	0	1,850	1,400	750
			HG	15,000	L	0	0	3,500	5,000
				45,000	HG	0	15,000	20,000	10,000
TOTAL				64,000			16,850	24,900	15,750

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

8. NARRATIVE:

ROCAP will improve housing in the C.A. region through the Central American Shelter and Urban Development Project (596-0143) with the Central American Bank for Economic Integration, CABEI. The Project addresses the region's housing problem both directly by providing credit to private and public sector financial and infrastructure institutions for low income housing and urban sites and services, and indirectly by strengthening housing sector institutions through policy dialogue, technical assistance and training. Housing finance institutions and infrastructure agencies will be encouraged to move to private sector financing and construction of low-cost housing, reduce delinquencies, increase cost recovery, move toward market interest rates to finance off-site costs and improve management and strategic planning. In addition, the Project will help recapitalize CABEI's Housing Fund assuring continued credit for low-income housing solutions and urban upgrading in the future.

The CAI stipulated that AID's goal should be to increase water and sewer coverage and shelter solutions by 25 percent over the five-year period. Current projections show that even if all projected resource flows (domestic, international and AID) were added together for the period 1986-90, the percentage increase in housing production would only be 10.41%. Despite a total projected investment in infrastructure of $350 million, the continued growth in urban areas and an increase in the household formation rate obscures the increase in the extension of basic services that will be provided. For this reason, in lieu of measuring performance in terms of coverage, the goal should be restated in terms of an increase of 25 percent in the number of urban households with new or improved access to water and sewer services over the next five years.

CABEI was chosen to implement this project because of its 20 years of experience in financing low cost housing. To date, CABEI has financed $236 million in housing projects in the region, which represents 48,000 units for nearly 300,000 people. An evaluation of CABEI's performance found that 78 percent of all beneficiaries under the previous HG program were low income families. CABEI has introduced the concept of a secondary mortgage market, as well as a number of new and innovative financial instruments and concepts, such as Housing Investment Certificates (CIVs). Finally, CABEI has worked with a wider variety of public and private housing institutions than have AID bilateral programs (30 versus 10). CABEI's performance in the housing sector, however, has been adversely affected by the economic events of the 1980s. This project will provide the necessary combination of capital, technical assistance and training and will encourage the adoption of policy changes within CABEI to ensure that the Bank will regain financial stability and retain its role as the principal mortgage lender in the region.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. OBJECTIVE # 13: Increase Numbers and Improve Effectiveness of Participant Training

LAC INDICATORS/UNITS OF MEASURE:

Individuals trained under A.I.D. supported programs (CAPS)

1. Vocational
   - male
   - female
   - Total

2. Management
   - male
   - female
   - Total

2. PERFORMANCE UNDER LAC INDICATORS

	1984 Actual	1985 Actual	1986 Project.	1986 Actual	1987 Project.	1988 Project.	1989 Project.
Vocational							
Male	0	0	131	122	35	45	75
Female	0	0	15	11	15	15	25
Total	0	0	146	133	50	60	100
Management							
Male	0	36	71	70	25	28	43
Female	0	6	30	25	25	25	40
Total	0	42	101	95	50	53	83
Cummulative totals 1985-1989		42	247	228	100	113	183

N.B. Program began in 1985.

1A. MISSION INDICATORS/UNITS OF MEASURE

Number of Central Americans trained in the following areas:

- Vocational Agricultural Education.
- Management of Cooperatives.
- Public Sector Auditing.
- Small Business Development.
- Management Control Systems.
- Ethics and Organizational Relationships.
- Financial Control and Informational Systems.

2A. PERFORMANCE UNDER MISSION INDICATORS (Abbreviate above indicators)	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
Voc. Agr. Educ.	0	0	146	133	50	60	100
Man. of Coop.	0	40	50	47	0	0	0
Pub. Sec. Aud.	0	0	0	0	50	53	83
Small Bus. Dev.	0	0	50	48	0	0	0
Man. Control Sys.	0	0	1	1			
Eth. Organ. Rel.	0	1	0	0	0	0	0
Fin. Control Inform. Sys.	0	1	0	0	0	0	0
Cummulative total 1985-1989 N.B. Program began in 1985.		42	247	228	100	113	183

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

The following tables compare the planned versus actual bencmarks for FY 86.

PLANNED	ACTUAL
1. 140 faculty members, cooperative trainers and small business owners complete short-term training in the U.S. (1985 figures were mistakenly included in the 140 total. The number should have read 100).	96
2. 3 (INCAE faculty) persons enrolled in long-term academic training in the U.S.	3
3. 127 vocational agriculture instructors complete 3-month short-term training programs in the U.S.	126
4. 9 persons from the regional agricultural school enrolled in long-term academic training	7*

*The reason for the difference between planned and actual benchmarks is that the Panamerican Agricultural School did not have an adequate number of appropriate candidates at the time.

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

- Budget allocations are provided at requested levels.
- Adequate political stability in the region and in each country.
- Continuing interest and support form the various Ministries of Education/Agriculture and the Controller Generals Offices of the Central American countries.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD | Quarter/Year

Not Applicable.

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD

	Quarter/Year
Thirty graduates (ten per year) of the PanAmerican School of Agriculture (Zamorano) will be enrolled in a long-term academic program in the U.S.	4/87 4/88 4/89
There will be a four month short-term training program for the following regional personnel:	
50 public sector auditors and 40 vocational agricultural teachers.	4/87
53 public sector auditors and 50 vocational agricultural teachers	4/88
83 public sector auditors and 100 vocational agricultural teachers	4/89

The anticipated results should be:

1. an increased concern by the controller generals of Central America in greater accountability and integrity in government auditing practices.

2. improved curricula, administrative practices and field projects in twenty-one vocational educational schools in Central America.

3. a more comprehensive understanding and appreciation of the people and institutions of the United States.

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	FY 1987	FY 1988	FY 1989
Central American Peace Scholarship Program	597-0001.04	(O)	DA	5,795	G	2,495	800	1,000	1,500

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

8. NARRATIVE:

The ROCAP CAPS program began in August, 1985. During that year, 40 cooperative managers and technicians participated in a 3 month technical course, and 2 Central American Business School (INCAE) faculty members initiated post-graduate studies in the U.S. In 1986, a 3 month short-term technical training was given to 126 vocational agriculture teachers, 50 cooperative managers and technicians, 50 small business owners and trainers; and long-term academic programs were started by 7 graduates of the Pan American Agriculture School (Zamorano) and 1 faculty member of INCAE.

For the 1987-1989 period, CAPS training will be in two areas: vocational agricultural education (both short and long-term) and public fiscal management. The 1987 program will place greater emphasis on more adequately meeting the program's political objective, in increasing the number of women participants, in developing a more complete follow-up program and in establishing mechanisms for greater cost containment.

The projected level of training intended for 1987 has been decreased from 210 to 100 due to a reduction in the budget allocation. The country training plan requested $1,480,000, however, only $800,000 was appropriated.

In 1986, no concrete means of supporting the CAPS efforts of the bilateral missions were found. Recently, it was agreed that ROCAP could serve the various programs by becoming an information resource center for pre-departure orientation programs and materials. During 1987, a concerted effort will be made to become acquainted with the details of each county's CAPS training plan in order to provide helpful information on orientation resources.

STANDARD FORM FOR PROVIDING INFORMATION ON OBJECTIVES

1. OBJECTIVE # 15 : Develop and Conserve Energy Resources

LAC INDICATORS/UNITS OF MEASURE:

Not a LAC Objective.

2. PERFORMANCE UNDER LAC INDICATORS

	1984 Actual	1985 Actual	1986 Project.	1986 Actual	1987 Project.	1988 Project.	1989 Project.
NOT APPLICABLE							

1A. MISSION INDICATORS/UNITS OF MEASURE

1. Number of fuelwood-saving technologies adopted by small to medium sized industries and rural households (total number of units installed and operating).
2. Hectares of forest land conserved as a result of the adoption of new technologies (primarily mangrove and scrub forest; calculated from fuelwood savings at rate of 40 cubic meters of wood per hectare-year).
3. Energy in Tons Equivalent of Petroleum per year (TEP/yr.)*:
   a) Conserved through the implementation of energy conservation measures and technologies;
   b) Conservation potential identified by project activities, but not yet realized;
   c) Produced through adoption of technologies tapping new sources of energy for new demand and processes (not included in previous points because it is not "conservation" per se); and
   d) Additional potential identified in new energy sources; but not yet utilized.
4. Potential industrial energy savings effected or identified/Tons Equivalent of Petroleum (TEP)*
5. Potential industrial energy savings effected or identified/U.S.$
6. New, indigenous sources of energy assessed or defined/converted into TEP.*

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*TEP = Energy value equivalent to one metric ton of petroleum
= 40,750,000 BTU = 102,70,000 Kcal - 11,940 KWhr
= Approximately 6 cubic meters of fuelwood (at 2,500 Kcal/kg and 700 kg/m3)

2A. PERFORMANCE UNDER MISSION INDICATORS (Abbreviate above indicators)	1984 Actual	1985 Actual	1986 Target	1986 Actual	1987 Target	1988 Target	1989 Target
1. Fuelwood-saving technologies adopted (Number of units installed and operating)	10,600	3,560	---	3,840	4,000	4,000	4,000
2. Hectares of forest conserved	4,000	5,000	---	8,000	8,000	5,000	5,000
3. Energy (TEP/yr.):							
a) Conserved	26,600	33,300	5,000	54,200	54,200	33,300	33,300
b) Conserv. Potential Identified	1,000,000	4000,000	---	200,000	100,000	---	---
c) New Sources Produced	15	20	---	24	24	24	24
d) New Sources Identified	350	40	---	25	---	---	---
4. Industrial energy savings/TEP:							
. Increment	6,000	12,000		18,000	26,000	37,000	54,000
. Accumulated	6,000	18,000		36,000	62,000	99,000	153,000
5. Industrial energy savings/U.S.$ (in 000s)							
. Increment	1,309	3,020		4,530	6,530	9,270	13,600
. Accumulated	1,309	4,329		8,959	15,389	24,659	38,259
6. Indigenous sources of energy assessed or defined/TEP:							
a) Geothermal sites assessed and qualified.	0	0	0	5,725	12,281	11,720	45,077
b) Peat bogs assessed and quantified.	0	0	0	8,445	0	33,638	0
c) Assessment and demonstration of geothermal industrial process heat (waste heat)	0	0	2	0	2	561	1,120
	0	0	2	13,908	12,283	45,919	46,197

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1986 AND EARLY FY 1987 IN LAST YEAR'S ACTION PLAN (Briefly explain any significant departures from targets):

Description of Benchmark	Planned	Actual	Comments
A. Fuelwood Project			
Seminars/Workshops/Courses	51	79	See below.
Cubic meters of wood saved	30,000	325,000	See below.
Jobs generated	500	*	Presently being analyzed, but certainly surpassed target (500).
Publications distributed	15,000	4,000	
Demonstration units	2	2	
TA visits	145	150	
Demonstration visits	40	70	
Institutions trained	15	42	

In general, the project surpassed benchmarks planned for 1986 due to the increased experience and efficiency of project staff. The only target not met (publications distributed) was a result of a deliberate policy decision to begin charging fees to recover printing costs. The potential impact of adaptation of a new technology for salt production on wood saved was greatly underestimated in setting original target/benchmarks.

B. Industrial Energy Efficiency Project

Energy conservation seminars	19	15
Energy audits	60	42
Auditor training	100	103
Promotional plant visits	125	104
Publications	26	27
Audit follow-ups	60	39
Demonstrations	10	0
Exhibits	0	1
Conferences	0	7
U.S.$ saved in energy (000)	360	4,530

As a direct result of a deliberate change in policy, several planned numeric target were not met, but the result of these changes actually resulted in an increase in energy savings beyond what was originally projected; e.g. (a) Four of the planned 19 seminars were not held as the level of attendance (the number of people reached) in earlier seminars was such as to make the last four unnecessary; (b) Energy audits were concentrated on larger industries (not originally scheduled early in the Project), thus permitting fewer audits, but significantly higher levels of potential overall energy savings; (c) Out of the 150 audit follow-ups actually conducted, only 39 were considered of sufficient depth to be counted under the Project's more stringent guidelines for follow-ups.

4. KEY ASSUMPTIONS ON WHICH PROJECTIONS AND TARGETS FOR PERFORMANCE INDICATORS ARE BASED:

A. Projections under point 2A (1-3) assume that the implementing institution (ICAITI) will continue to provide technical assistance and related services after the PACD in December, 1987.

B. Industrialists are willing and able to make the necessary investments to implement energy conservation measures identified and recommended by the energy audits.

C. Government and utility company policy makers continue to develop their natural energy resources and continue to commit their resources to energy planning and development.

D. The Interamerican Development Bank (IDB) and other international donors will continue to provide energy resource development financing and provide additional financing for new energy projects.

5. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

		Quarter/Year
A.	Discuss with, and make recommendations to, government leaders, ministries of energy and public utilities on a number of policy issues including: pricing policy, conservation measures, import duties, etc. The Industrial Energy Efficiency project's role will be primarily that of providing in-depth technical analyses to assist governments in making national decisions having positive benefits in both the short and long-term.	3/88
B.	ROCAP policy dialogue actions and the C.A. Energy Resources project are indirect, being implemented by national governments and energy institutions on a continuing basis. ROCAP, through the Project, will continue to encourage countries in the region to give priority to establishing sound indigenous energy identification, conservation, production and pricing policies. Policy dialogue will be carried out in the context of providing recommendations and necessary information on local energy resources in order that policy decisions can be made with reliable and sufficient data. Among the groups being worked with are national ministries of energy, public utilities, national planning and advisory groups, international donors and the private sector. The following activities are now, or will be, underway.	
a)	In Guatemala the Ministry of Energy and Mines will be assisted in establishing an energy data base, information compilation and energy modeling. INDE (the National Electric and Energy Corporation) is receiving assistance in geothermal resource planning, pricing policy and production capability.	4/87
b)	In Honduras, the CAER Project is working with a UNDP team assisting ENEE (the National Electric Corporation) in establishing economic and pricing policies for geothermal energy. CONSUPLANE (the National Planning Agency) is being advised on energy sectoral surveys and establishing energy models for the Honduran Government.	4/87
c)	In Costa Rica, the Ministry of Energy is being assisted in the preparation of the sophisticated National Energy Plan which will establish the Costa Rican fossil fuel pricing policy.	1/88
d)	The Government of Panama is receiving project assistance in developing a national energy plan which will enable them to better utilize their scare national energy resources.	3/88

6. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD — Quarter/Year

A. In the 1987-88 period, the conservation of fuelwood through the adoption of efficient and/or alternative, renewable energy technologies will continue, resulting in the preservation of additional forested lands. Quantified results planned for 1987 which support this objective include the following:

(1) Documentation of Fuelwood project results to accelerate the dissemination of project-developed technologies and experiences: thirty-two technical reports will be prepared. — 1/88

(2) Promotional documents to help sell ICAITI services and to facilitate the adoption of the most viable of the new technologies developed: twenty-one promotional documents will be prepared. — 1/88

(3) Training modules, for both private and public sector entities, will provide hands-on training in the construction and use of the new technologies: workshops will be conducted and 10 training modules will be prepared in the following areas: biogas applications, bread ovens (continuous and batch versions), prefabricated ceramic stoves (3-burner and portable 1-burner), crude sugar evaporators, lumber kilns, semi-industrial fruit dryers, solar salt evaporation, and "hybrid" technologies involving solar and combustion. — 1/88

(4) Improvements in the designs of new technologies continue, and will help to increase acceptability and fuel savings in the following technologies: use of digester effluent; biogas applications for generators/motors/refrigeration; prefabricated ceramic stoves (3-burner and portable 1-burner); brick kilns, fruit, lumber and grain dryers using "hybrid" technologies, domestic and semi-industrial fruit dryers; solar salt (complementary technologies - iodization and refining); and solar cacao dryers. — 1/88

B. The major emphasis of the Industrial Energy Efficiency Project during the Action Plan period will be to implement a greater number of Opportunities for Conservation of Energy (OCES) identified by the energy audits. This effort will entail a more dynamic follow-up approach to the audits. — Ongoing

C. SIECA and ICAITI will work jointly with both public and private lending institutions in attempting to establish more accessible and responsive credit sources enabling more industries to follow through on the recommendations of the energy audits and resulting OCES. — Ongoing

D. A "sales" package including energy audits, technical assistance to help in implementing audit recommendations, and programmed follow-ups will be developed jointly by ICAITI and SIECA. — 4/87

Continued.

KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD (Continued)	Quarter/Year
Under the Central America Energy Resources project, Los Alamos will be responsible for the following:	
E. Platanares geothermal field drilling completed.	3/87
F. Panama peat study completed and IDB proposal prepared.	4/87
G. Costa Rica peat proposal for IDB prepared.	4/87
H. Costa Rica mineral study completed.	4/87
I. Zunil well-logging completed.	2/88
J. Platanares prefeasibility study proposal prepared for IDB.	3/88
K. Ahuachapán geothermal field logged and assessed.	3/88
L. Zunil geothermal heat demonstration turned over to the private sector and prefeasibility study completed.	3/88
M. Data bases updated and country energy planners trained.	4/88
N. Miravalles well-logging completed.	4/88
O. Amatitlán and Ahuachapán direct heat use studies completed.	2/89

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (O)	Type of Funding#	LOP ($000)	L/G/LC	Obligations Cumulative through FY 1986	FY 1987	FY 1988	FY 1989
Fuelwood and Alternative Energy Sources	596-0089	0	DA	8,800	G	8,800	0	0	0
Regional Industrial Energy Efficiency	596-0095 (ICAITI)	0	DA	5,400	G	4,500	0	900	0
	(SIECA)	0	DA	450	G	450	0	0	0
C.A. Energy Resources	596-0134	0	ESF	21,200	G	11,200	5,000	5,000	0
				35,850		24,950	5,000	5,900	0

*/ Indicate FY. #/ DA, ESF, PL 480, Sec. 416, HG, or LC (local currency; show in parentheses)

8. NARRATIVE:

Fuelwood and imported petroleum represented over 80% of the Region's energy supply in 1984. A total of fifteen million tons of fuelwood, equivalent to 0.7 tons of firewood per person per year were used. Fuelwood consumption has grown persistently in the 1970-84 period (despite rising scarcity and costs which have more than tripled), increasing pressures toward deforestation and land degradation, the most important ecological changes now taking place in Central America. Currency outlays for petroleum imports in 1984 totaled approximately US$1 billion and represented 15-20% of export earnings for the Central American republics (5% in Panama), aggravating the economic and foreign debt crises. To attain economic development in the region, reliable and affordable energy supplies must be identified. ROCAP is carrying out a comprehensive energy program in the region through three separate projects which, together, are providing integral solutions to the region's energy problems.

The Fuelwood Project (ICAITI & CATIE) has analyzed areas of critical and potential fuelwood scarcity, disseminated suitable tree species and growing techniques, and promoted the adoption of low-cost technologies which conserve fuelwood and/or utilize other renewable energy resources. Through the Energy Efficiency Project with ICAITI and SIECA, Central American industries are saving fuel, reducing costs of production, and decreasing the demand for imported petroleum. Improved planning techniques and reliable information on energy resources are being supported under the Energy Resources Project with Los Alamos National Laboratory.

The Fuelwood project has met projected outputs and has had a much greater impact than had been anticipated. Additionally, as a result of the technologies already developed and disseminated, the institutional capacity created and training provided, and the continuing efforts to promote dissemination of project findings and research results in 1987, total fuel savings are expected to nearly double in 1987, growing from 685,000 cubic meters (present) to over 1,000,000 cubic meters. A large portion of these savings corresponds to the particularly vulnerable and critical mangrove stands along the Pacific coast.

Conservation of Pacific coast mangrove stands has been one of the most important and impressive successes of this project. The new solar technology (initially developed and promoted with project resources and now being supported by numerous national programs) permits the production of salt by small entrepreneurs on the sand dunes along the coast. Traditionally, the salt was produced by either clearing large inland mangrove swamps for evaporation ponds and/or burning mangrove wood to speed up the evaporation process. While precise data are now being collected, ICAITI estimates that 7,000 hectares of mangroves have been saved to date as a result of the conversion to the new solar technology. This figure is growing at a tremendous rate and is expected to reach a total of 12,000 hectares by the end of 1987. Additionally, over 150 new small industries have been established, providing employment and higher incomes to hundreds of poor coastal inhabitants.

The Fuelwood project has supported the creation of other small industries using innovative technologies such as solar fruit drying and ceramic stoves. Another impact is the drying and marketing of over 6,000 metric tons of domestic consumption crops which otherwise would have rotted. Potential problems concerning project implementation are few since the Project is scheduled for completion this year. Concern exists, however, regarding ICAITI's capacity to carry on with technical assistance and related services in the future.

The Energy Efficiency Project has been extremely effective in conserving energy resources in the industrial sector of Central America. An independent, privately conducted survey provided data which have helped to estimate project impact. As of December 1986, the equivalent of over 450,000 barrels of petroleum had been saved by industries participating in the Project,

Continued.

8. NARRATIVE: (Continued)

Working through the private sector has proven to be efficient in terms of impact per project investment: already over $8 million has been saved by Central American industries as a result of less than $3 million of project investment. Additionally, the ratio of impact to investment will continue to grow significantly in the future.

The savings will continue to grow as over 400 engineers in the region, trained in the implementation of energy audits, continue to identify opportunities for conservation. Energy conservation committees have also been established in many industries to sustain efforts to analyze energy consumption patterns and identify savings. Many energy-saving opportunities which have been identified, but are not yet implemented, are scheduled to be put into effect in the future. Finally, ICAITI continues to perform audits, provide technical assistance, and serve as a technical information clearinghouse throughout the region. Therefore, the stream of benefits from this project is sure to continue to flow and to grow in importance in the future.

By helping industries save energy, the Project supports many important LAC objectives. It strengthens the private sector, promotes sound investment, and increases competitiveness by decreasing the costs of production (thereby promoting trade and exports as well).

In the area of energy planning, the Central America Energy Resources Project updated the "MITRE REPORT" and developed a Central America Energy Atlas. Every cooperating country has established an energy data base (SICAPE) with appropriate training, software and hardware, and is now using the SICAPE system for their energy planning requirements. The Project has established a good foundation for energy policy analysis and will continue to work with the participating countries in developing their individual National Energy Plans.

The geothermal resource and end-use assessment component has mapped and characterized six sites and drilled two exploratory wells which show a high probability of geothermal potential which could make a major improvement in Honduras' energy balance. The projected plans to assist in solving the grave geothermal energy output problem at Ahuachapán, El Salvador, and gives the Project the opportunity to make a major contribution to El Salvador's energy balance problem. The geothermal direct-heat end-use demonstration at Zunil, Guatemala shows potential in providing process heat for industry, stimulating job creation and export development. It will also be useful in determining pricing policy for geothermal heat to be sold by the Government to the private sector.

While the peat resources assessed and developed by the Project and project counterparts in Panama and Costa Rica may not prove to be economically feasible at this time, rising prices of imported oil could make peat a competitive fuel source in Central America in the future. Both the Panamanian and Costa Rican governments have budgeted funds to continue their peat projects and have requested project assistance in developing proposals for IDB funding after 1987.

The Costa Rica Mineral Reconnaissance has indicated potential precious mineral mining sites which could contribute to Costa Rica's economy.

A recent evaluation of the Project indicated that Los Alamos' technical capability was excellent. The evaluation also indicated that the Project should be more cost effective and more oriented to the needs of the participating countries and that more direct involvement of the USAIDs in each country is required. Corrective management and coordination procedures are being developed jointly by ROCAP and Los Alamos.

II.B. PROJECTS BY OBJECTIVES MATRIX

Project Title & Number	Objectives														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Watershed Management, 596-0106	S..	...	...	...	...	P									
2. Non-traditional Ag. Export Support, 596-0108	S..	S..	...	...	P										
3. Integrated Pest Management, 596-0110	P..	...	...	...	...	S									
4. Tree Crop Production, 596-0117.....	S..	...	...	...	...	P									
5. Coffee Rust and Pest Control, 596-0090....	P..	...	...	...	S										
6. Export Agribusiness, Dev. and Promotion 596-0123	S..	S..	...	...	P										
7. Ag. Technology Networks, 596-0127	P														
8. Ag. Higher Education, 596-0129A	P..	...	...	...	...	...	...	...	...	...	...	S			
9. Regional Economic Recovery, 596-0114	S..	...	P..	...	S										
10. ORT, Growth Monitoring, & Education, 596-0115	...	...	...	...	...	...	...	...	S..	P					
11. Tech. Support for Food Assistance Programs, 596-0116	...	...	...	...	...	...	...	...	S..	P					
12. Export Management Training, 596-0124	...	S..	...	...	P..	...	...	...	...	...	...	S			
13. C.A. Peace Scholarships, 597-0001	S..	...	...	...	...	...	...	...	...	...	...	S..	P..	S	
14. Reg. Indus. Energy Efficiency, 596-0095	...	S..	...	...	...	S..	...	...	...	...	...	...	...	...	P
15. Fuelwood & Alt. Energy Sources, 596-0089....	...	...	...	...	...	S..	...	...	...	...	...	...	...	...	P
16. C.A. Energy Resources, 596-0134.....	...	...	...	...	...	S..	...	...	...	...	...	...	...	...	P
17. C.A. Shelter & Urban Dev., 596-0143	...	...	...	...	...	...	...	...	...	...	P				
18. C.A. Rural Electrification Support, 596-0146 ...	...	...	...	...	...	...	P								

P = Primary - S = Secondary.

II. IMPLEMENTATION

NEW PROJECT DESCRIPTION (Amendment)

Country	:	ROCAP
Objective	:	No. 1, Increase Agricultural Production
Project	:	596-0090, Regional Coffee Pest Control
Appropriation Account	:	DA
Functional Account	:	FN
LOP	:	$6.0 million total of which $2.5 million is new funding - Grant
Descriptor	:	000, Aa
PID or ESF Concept Paper	:	N/A

Description:

This three-year project amendment provides additional funding to the on-going Regional Coffee Pest Control project to solidify the research and transfer of technological options and to train national technicians in the dissemination of the research results and metholodogies developed under the Coffee project to small and medium size coffee producers.

A final project impact evaluation recently conducted demonstrated that the project has been highly successful in meeting its objectives, and strongly recommended a second phase of the project in the areas described below.

Potential Policy Issues:

Adoption of the new technologies developed will require farmer receptivity to the new technologies and national governments' support for coffee technification. Credit availability to small and medium size coffee producers to enable them to use the new techniques more rapidly and effectively is a limiting factor, solutions for which will be analyzed under the project amendment.

Narrative:

Major Development Problems:

A Grant Agreement was signed with IICA/PROMECAFE on June 5, 1981 for $3.5 million to develop an integrated system employing the combined efforts of regional and national institutions to help control the spread of coffee rust and other coffee pests, particularly as they affect small coffee producers.

The research activities accomplished under the Coffee project to date have set the stage for significant changes for the coffee industry of the region. Additional time and funding are required to achieve the full benefit of these results since coffee rust continues to be a major problem. The coffee bean borer is migrating to other countries of the region and reducing yields drastically on many small farms in Guatemala, El Salvador and Honduras. Research has shown that plantation sanitation and use of the one insecticide known to control the bean borer can greatly decrease production losses. Additional efficient insecticides must be found before an immunity to the existing one is developed.

The analysis of pesticide residues is at an early stage and remains inconclusive. If adequate residue measures are not found, exports of coffee may be reduced.

The tissue culture (microcutting) method developed under the project offers a major breakthrough for the entire plant improvement program and will permit moving from selected plants to commercial varieties without the thirty to forty years of backcrossing previously required to standardize a variety. However, it has not yet been proven to be a commercially viable practice in member countries.

Further progress is needed in transferring the research and technological options among countries and to the producers themselves. Additional training is required in research and transfer activities, as well as improvement in controlling nutrient deficiencies in the field in order to gain full yield potential from new varieties, pest control and cultural practices.

Major Components, Activities and Implementing Organizations:

The proposed amendment will consist of the following components:

a. Residue Analysis and Control/Registration of Pesticides: Sample analysis for green coffee bean and beverage will be performed to identify the source of lead and other unacceptable chemical residues. Technicians working in the field and laboratory will be trained in the hazards and management of agricultural chemicals used in coffee.

b. Development, Selection and Reproduction of Rust Resistant Varieties: Data collection on existing rust resistant plants will be continued to select new superior lines of rust resistant varieties. The best resistant high yielding lines will be planted in verification trials using the tissue culture (microcutting) technique in analogous ecological situations for verification on a larger scale. New crosses will be tested in the countries and national technicians trained to produce a larger number of clonal plants for commercial plantations.

c. Development/Adaptation/Extension of Appropriate Technologies: Alternate transfer/use methods will be developed as well as a computerized system to extrapolate site specific research findings to analogous areas regionwide. Para-technicians will be trained to assist extension agents in outreach activities for various technological options. Approximately 500,000 plants will be distributed for on-farm validation in three countries.

d. Biology and Epidemiology of Coffee Rust: Research will be conducted on improved methods of fungicide application and evaluation of spraying equipment. Pathologists will be trained at the M.S. level in countries where rust research programs are in progress. Linkages and use of research results in information transfer will be improved and put into practice on at least 50,000 small farms.

e. Control of Coffee Bean Borer: Screening of other insecticides will be expanded to find alternatives to the only insecticide known to control coffee bean borer. A sampling method at the farm level will be developed to guide producers and further rapid survey methods will be conducted on a national basis to determine where and when control measures should be promoted by the extension service.

f. Training of Technical Personnel: National technicians will be trained in research and extension of the technological options as well as in control of nutrient deficiencies.

g. Technical Publications: Funding will be provided to publish at least 20 national level documents related to: i) Modern coffee production methods, ii) Integrated coffee pest control and iii) Development and reproduction of rust resistant varieties for use by small farmers.

IICA will continue to be the main implementing institution in close coordination with CATIE. The Organización Internacional Regional de Sanidad Agropecuaria (OIRSA) will be encouraged to participate in the development of uniform registry as will ICAITI and ISIC, the national coffee institute in El Salvador, on the analyses of agricultural chemicals used in coffee.

Relationship to A.I.D. Strategy and Policies: This project supports the goal of achieving increased agricultural production and rural incomes by improving and developing new methods to grow coffee, control coffee pests and use the tissue culture techniques to reproduce high yielding rust resistant varieties.

Rationale for Funding:

Grant funds are being proposed for this project amendment since termination of the project in December 31, 1987 would leave research only partially completed. If not continued immediately, the activities would lose momentum. The research results would not reach a larger number of producers and the coffee farmers would not fully benefit from the results of this project.

Project Documentation Schedule

Mission review and approval of PP amendment	August 1987
Grant Agreement amendment signed	November 1987

NEW PROJECT DESCRIPTION

Country:	ROCAP
Goal:	BASIC STRUCTURAL REFORMS
Objective:	5.: Promote Export
Project:	596-0128, Industrial Outreach and Growth
Appropriate Account:	DA
Functional Account:	Section 106, SDA
LOP ($ x 1000):	8,000 Grant
Descriptors:	800 (Aa)

PID to be prepared by December 31, 1988.

Project Description:

Purpose: to increase private sector industrial productivity in Central America and Panama through improved management and quality control systems, and to provide technical assistance in the application of new technologies.

The project will enable ICAITI to carry out a program of training, technical assistance and applied research related to specific industry needs in order to increase product quality, competetiveness and overall production levels. The project will also provide direct assistance to ICAITI to improve its management and increase its income generating capabilities in order to establish a self-sustaining mechanism for providing technical services to industry in the isthmus.

Potential Policy Issues:

Improve the participation of member country private sectors in ICAITI's planning and project activities, through the formation of a Regional Industrial Advisory Committee.

Narrative

Development Problem: Present industrial productivity in the region is extremely low. Key obstacles to increasing productivity include inadequate management and market analysis, lack of quality control, and a lack of

expertise for identifying, installing, and properly operating more efficient industrial processes and equipment. Project supported improvements in these areas are expected to result in increased product competetiveness and accelerated growth of the industrial sector throughout the region.

Implementation: The project will be implemented by the Central American Research Institute for Industry (ICAITI). Evaluations have pointed out that ICAITI has a unique capability to provide valuable technical services to industry in the region. The Industrial Outreach and Growth Project is based upon the needs identified as a result of successful pilot activities which ICAITI completed in 1984-85. ICAITI has demonstrated its ability to effectively implement industrial extension projects of this nature. Complementary to this project intervention will be assistance and training in management and marketing provided by the Central American Business School (INCAE).

Major Components and Activities: The project will support activities to increase industrial productivity through the following components: 1) specialized training for ICAITI personnel to prepare a cadre of trainers and promoters needed to assist Central American industries in productivity and quality control improvements; 2) seminars and training sessions using the "Total Productivity Concept", to help industries identify and overcome obstacles to increased efficiency, competetiveness and production; 3) in response to problems identified during the previous step (2 above), ICAITI will provide technical assistance in areas such as systems improvements, quality circle concepts and marketing; 4) engineering services will be provided by ICAITI on specific industrial problems and technological inovations; and 5) assistance will be provided to improve the longer-term capacity of ICAITI to continue such programs on a self-sustaining basis. The institutional strengthening component will include: assistance in management; improved linkages with appropriate US and regional technical resources; better and more agressive outreach/extension programs to the private sector; and the development and testing of an ICAITI "Quality Seal" as a means of establishing standards of control and excellence for industrial products and related production systems in Central America and Panama.

AID Policies and Strategies: The project supports AID Program emphasis for economic growth and strengthening the private sector through investment and trade promotion. It supports the AID strategy for increasing Central American productivity and exports, and it responds directly to ROCAP's strategy for developing long-run institutional capabilities for key regional institutions with primary emphasis on NBCCA objectives.

Expected Project Outputs:

- Increase in Productivity Index --- (No. of plants that increase productivity by given %).

- Increased production measured by sales — (No. of plants, % increase in unit output; increase in $ value).

- Private Sector Investments in product improvement — (No. of plants; $).

- Increased self-sufficiency of ICAITI — (% increase in income generated; increased ability to recover costs for services provided).

- Improved ICAITI management systems — (systems for accounting, project control, personnel incentives, and internal evaluation).

- International linkages established with appropriate counterparts.

- Improved ICAITI outreach capabilities via delegate offices — (increased number of industries served in each country; % increase in revenues from each country).

- Market analysis, testing and sales of ICAITI Quality Seal (Sello de Calidad).

Summary AID LOP Budget: ($000)

Technical Assistance & Services	3,000
Training	1,800
Institutional Strengthening	3,000
Commodities	200
T O T A L	8,000

Rationale for Funding: Grant funding is recommended given the nature of the project and the institute. ICAITI is a non-profit organization initiated under charter of the United Nations. A project aim is to increase the institute's income-generating capacity, enabling it to provide industrial services on a cost-recovery basis by the PACD. Given this objective and the non-profit status of ICAITI, loan funding is not recommended.

Given comments from the bilateral AID Missions on this project proposal, ROCAP will carefully examine the rational for this project to be conducted on a regional as opposed to a purely national basis during the CDSS process and prior to making a decision as to whether to include it in next year's Action Plan.

Documentation Schedule:

PID December 31, 1988
PP May, 1989

NEW PROJECT DESCRIPTION (AMENDMENT)

COUNTRY:	ROCAP
OBJECTIVE:	No.10; Reduce Infant and Child Mortality
PROJECT:	596-0115, ORT, Growth Monitoring and Education
APPROPRIATION ACCOUNT:	DA
FUNCTIONAL ACCOUNT:	Health/Child Survival
LOP:	$9,000,000 Grant of which $1,000,000 is new funding
DESCRIPTOR:	500, Cc
PID OR ESF CONCEPT PAPER:	N/A

DESCRIPTION:

This project provides additional grant funds required by INCAP to reach objectives and meet the purpose described in the original Project Paper; to increase effective use of oral rehydration therapy, growth monitoring and appropriate related feeding practices in Central America and Panama.

POTENTIAL POLICY ISSUES:

None

NARRATIVE:

Major Development Problems

The ORT, Growth Monitoring and Education Project addresses the problems of high infant/child mortality and malnutrition existant particularly in the northern most countries of the Central American isthmus. The leading causes of infant and child mortality and diarrheal disease, acute respiratory infections and low birth weight/prematurity complicated by underlying endemic moderate to severe malnutrition in infants, young children and pregnant and lactating women.

Relationship to AID Strategy and Policies

The Project is consistant with AID's Child Survival strategy and responds directly to the recommendations of the NBCCA and the Central American Initiative to expand the use of oral rehydration therapy (ORT) and address problems of malnutrition in the region.

Major Components, Activities and Implementing Organizations

In December 1984, ROCAP signed an $8 million project with the Nutrition Institute for Central America and Panama (INCAP) to provide technical support to Central American governmental agencies and private institutions to expand the use of ORT; infant, child and fetal growth monitoring; and appropriate maternal-infant feeding practices. Early in project implementation, INCAP and ROCAP decided that to really affect country programs, INCAP project staff members had to be placed in the participating member countries. A recent project evaluation strongly supported this decision and strategy and recommended placing INCAP staff in the two countries not currently covered by project funded INCAP liaison officers, Guatemala and Panama. However, the evaluation also found that the placement of project staff in the member countries left insufficient project management staff time at INCAP headquarters to develop planned training and educational activities.

In addition, adjustments to planned applied research activities, made at the recommendation of outside reviewers of the final proposals developed during the first year of project implementation, increased the cost of these activities over planned levels. This has resulted in there being only sufficient money in the original authorization to complete two of the three applied research activities called for in the original project proposal.

Lastly, during the first year of the project, INCAP helped the member countries develop five year National Child Survival Plans which have since received commitments for bilateral funding from UNICEF/EEC/Italian Government and in some cases from AID. The plans, approved in early 1986, run through 1990. Since these plans are partially dependent on INCAP technical assistance, INCAP member countries have asked that the regional support project be extended through CY 1990.

The added funding to be supplied through the amendment will cover the cost of the additional INCAP liaison officers to be assigned to Guatemala and Panama, and the additional management and educational training staff recommended by the first project evaluation. It will also fund the operations research on low

birth weight and growth monitoring originally planned under the project and strongly supported by the evaluation team, and will allow the project to be extended through CY 1990, the current planning period for the Central American National Child Survival Plans. Lastly the amendment will allow for the addition of a small contingencies line item not included in the original Project Paper.

Project Documentation Schedule

Mission review and approval of PP amendment:	May 1987
Grant Agreement Amendment Signed:	June 1987

NEW PROJECT DESCRIPTION (AMENDMENT)

COUNTRY:	ROCAP
OBJECTIVE:	No.10; Reduce Infant and Child Mortality
PROJECT:	596-0116, Technical Support for Food Assistance Programs
APPROPRIATION ACCOUNT:	DA
FUNCTIONAL ACCOUNT:	Health
LOP:	$6,100,000 Grant of which $500,000 is new funding
DESCRIPTOR:	300,Bb
PID OR ESF CONCEPT PAPER:	N/A

DESCRIPTION:

This project provides additional grant funds required by INCAP to reach objectives and meet the purpose described in the original Project Paper: to increase effectiveness of food assistance activities in the Central America and Panama region by helping to establish effective national coordination mechanisms and strengthening the technical, managerial and evaluation capabilities of INCAP and national public and private agencies in Central America and Panama.

POTENTIAL POLICY ISSUES:

None

NARRATIVE:

Major Development Problems

High rates of infant, child and maternal malnutrition contribute to high infant and young child mortality and low birth weight/prematurity in Central America. During the past five years, increasing quantities of both national and

international food commodities have been programmed for food assistance programs targetted to maternal-child, school feeding, food for work and emergency feeding programs. These commodities have been added to infrastructures which already were having difficulty effectively using food to address the region's food and nutrition problems and responding to the region's emergency situation and economic crises.

Relationship to AID Strategy and Policies

The Project responds directly to the recommendations of the NBCCA and CAI by helping to strengthen the planning, implementation and evaluation capacities of national institutions responsible for handling the increased levels of food aid flowing into the region. It is also consistant with AID's food aid strategy calling for more effective use of food aid in the development process and better integration of food assistance with other development programs in order to maximize its impact in solving the region's socio-economic problems.

Major Components, Activities and Implementing Organizations

In March 1985 ROCAP, signed a $5.6 million project with the Nutrition Institute for Central America and Panama (INCAP) to provide technical assistance and training to national public and private institutions involved in executing food assistance programs. The project provides assistance in improving national planning and coordination of food assistance activities and in improving the effectiveness of individual feeding programs through technical assistance, regional training activities, technical information dissemination, development of technical guidelines and evaluative/operations research.

Originally the project contemplated only one long-term outside advisor and less than six man-months of short-term outside technical assistance, for purposes of external evaluations and peer group reviews for operations research components. Planned levels were based on the assumption that INCAP would be able to hire Central Americans with both the top level technical skills required in, for example, information systems design or program management and with hands on experience in food assistance programs. This has not proven to be the case. There are few Central Americans with the technical excellence in a given field required to develop appropriate systems and methodologies and food assistance program experience. It has become increasingly evident during the first two years of project implementation that the Project requires additional outside technical assistance under an institutional

cooperative agreement that will help identify and contract appropriate short-term assistance, thus reducing ROCAP's heavy contracting burden. The Project Amendment will provide the $500,000 in funding required to cover the additional U.S. or third country technical assistance needs.

Project Documentation Schedule

Completion of Mid-term Project Evaluation	June 1987
Mission Review and Approval of PP Amendment	July 1987
Grant Agreement Amendment Signed	August 1987

NEW PROJECT DESCRIPTION (Amendment)

Country	:	ROCAP
Objective	:	No. 6, Manage and Preserve Natural Resources
Project	:	Regional Tropical Watershed Management Project
Total LOP ($000)	:	$12,000 total of which 6,000 is new funding - Grant
Functional Account	:	ARDN
PID or ESF Concept Paper	:	N/A

1. Brief description:

The proposed four year extension of the Regional Tropical Watershed Management Project (RPWMP) will be implemented by the Tropical Agricultural Research and Training Center (CATIE) through its Watershed Management Program. It will be an outgrowth and continuation of the existing RTWMP Project but with some important evolutions. The project will retain its basic organizational/ operating framework, (i.e. training, support, and advisory services) but much of the short course and foreign training needed will be funded and implemented by the cooperating countries. The extension of RTWMP will place greater emphasis on promoting and assisting in the planning and implementation of site specific watershed management projects. The bankable watershed plans generated by the current project will be implemented and other priority watersheds, identifed by the national and regional advisory councils, will enter into planning and management activities as human and financial resources permit. The refinement and effective transfer of watershed planning and management technologies developed by the current project will proceed. Both data base and graduate training capabilities at CATIE will be expanded and watershed management and planning methodologies are expected to play an increasingly important role in the integration of the plant, animal and natural resources departments of CATIE.

2. Narrative:

A. Problem: The protection of critical waterhseds is a pressing problem in Central America that needs to be addressed on a massive scale not within the capabilities of the current RTWMP. The water supplies for population centers, irrigation developments, hydro-electric reservoirs and other water resource projects must be secured. The economic stability and agricultural productivity of Central American nations are inextricably tied to water resources. Accelerating deforestation and the degradation of fragile uplands are causing losses in the useful lives of these key infrastructural projects or making future investments unfeasible. By appropriate integrated watershed interventions not only will water resources be secured and downstream impacts lessened but also rural inhabitants will benefit via soil and water conservation and increased and more sustainable agricultural productivity.

B. Background Information and Rationale: The ongoing RTWMP authorized in July 1983 provides CATIE with $6 million in grant funds to support the institutions in Central America and Panama involved with watershed management. The project has strengthened CATIE as a regional center of expertise, has developed masters programs in watershed management and has supported key national institutions through training, technical assistance and other outreach services. The creation of national advisory committees has given representation and participation to the primary public sector institutions in all of the participating countries and created the basis for true multidisciplinary, multi-institutional approaches to watershed management. By the end of 1987, the project will have expanded its sphere of action from three to four Central American nations and will have consolidated its institutional strengthening services and prioritized critical watersheds and watersheds actions in the region. Bankable watershed plans will have been prepared for one priority watershed per country in preparation for this Phase II activity.

This follow-on project will fund continued support for CATIE's watershed program with an emphasis on human resource and institutional strengthening in the countries and the planning and implementation of priority watershed management projects. Numerous long-term activities will require ongoing support to maximize benefits and allow for the institutionalization of capabilities and expertise both at CATIE and in the countries. Specific activities that will continue include:

- The Río Tuís demonstration, training and student research watershed;
- Training: M.S., foreign study and short-term with increased participation and funding by national institutions for short term training, seminars and workshops;
- Dissemination of instructional and technical materials;
- Strengthening of national institutions through technical assistance;
- Implementation of bankable watershed management projects and planning for other priority watersheds;
- Technical studies and policy reform.

C. Beneficiaries: Beneficiaries of the project include farmers, downstream inhabitants, water users, the primary national watershed institutions, and the CA/P governments in general. Benefits will accrue to both the countries and the region. The nature of these benefits are highlighted as follows:

a. sustained productivity of agricultural, grazing and forest lands;
b. improved quantity, quality and timing of water from treated watersheds for domestic, agricultural, industrial, energy and recreational uses;
c. reduced costs of operation and maintenance of water resource projects;
d. reduced losses of property, assets and human lives caused by flooding and landslides;
e. improved institutional capabilities to address natural resource management problems;
f. reduced government expenditures for imported food and energy resources;
g. improved quality of life for inhabitants of the region.

D. Relation to ROCAP strategy: One of ROCAP's major assistance goals has been "to help Central Americans better develop, manage and conserve the region's natural resources".

3. Potential Policy Issues:

Numerous key policy initiatives being addressed by the current project will be continued. (See Section 5 RTWMP indicators relating to Policy Dialogue Actions). A broadening support for the RTWMP both in the countries and at CATIE indicate an expanding role.

4. Potential Documentation Schedule

Completion of Project Evaluation	June 1988
Mission Review and Approval of PP Amendment	November 1988
Grant Agreement Amendment Signed	December 1988

2. Mortgage and Pipeline Analysis

a. Mortgage and Pipeline Analysis Narrative

The mortgage and pipeline tables which follow indicate that, in general, neither fundamental mortgage nor pipeline problems will exist during the Action Plan timeframe. The mortgage at the end of FY 1986 was $56.1 million (30.6% of planned LOP funding). The mortgage will be more than halved by the end of the FY 1987 through FY 1989 period to only $23.8 million (13.7% of planned LOP funding). Likewise, the pipeline of $78.1 million (61.3% of cumulative obligations) will be reduced to $32.7 million (21.8% of cumulative obligations) by the end of FY 1989.

Five of the nine ROCAP objective categories will have a zero mortgage at the end of FY 1989, thus reflecting the Mission's efforts to consolidate its portfolio and focus new program development in fewer, more manageable areas. While none of the nine current objective categories represent major mortgage or pipeline difficulties, the one category with a disproportionate pipeline is Objective No. 1: Increase Agricultural Production. This is primarily due to the Regional Agricultural Higher Education project, 596-0129, which has a longer life of project period (6 and 10 years for CATIE and EARTH respectively) and has encountered a series of delays in the start-up phase, particularly for EARTH. The EARTH component of this project is implemented by the Costa Rica AID Mission and the major delays have been largely overcome and project expenditures are now expected to proceed normally.

MORTGAGE AND PIPELINE ANALYSIS
($ 000)

PROJECT No.	TITLE	G/L	(1) L O P	(2) CUM. OBLIG.	(3) CUM. ACCRUED EXPEND.	(4) [(2)-(3)] PIPELINE	(5) [(1)-(2)] MORTGAGE EOY
OBJECTIVE No.	1. INCREASE AGRICULTURAL PRODUCTION						
596-0090	REGIONAL COFFEE PEST CONTROL	G					
	FY 1986		3500	3500	2820	680	0
	FY 1987		3500	3500	3360	140	0
	FY 1988		6000	4500	4200	300	1500
	FY 1989		6000	6000	5100	900	0
596-0110	REG. INTEGRATED PEST MGMT.	G					
	FY 1986		6750	3250	2020	1230	3500
	FY 1987		6750	4750	4000	750	2000
	FY 1988		6750	6750	6000	750	0
	FY 1989		6750	6750	6750	0	0
596-0129 A	REG. AGRIC.HIGHER EDUC.(CATIE)	G					
	FY 1986		7000	4200	200	4000	2800
	FY 1987		7000	5400	1000	4400	1600
	FY 1988		7000	6500	2500	4000	500
	FY 1989		7000	7000	4000	3000	0
596-0129 B	REG. AGRIC HIGHER EDUC.(EARTH)	G					
	FY 1986		26400	7000	0	7000	19400
	FY 1987		26400	7000	700	6300	19400
	FY 1988		26400	9600	3700	5900	16800
	FY 1989		26400	20600	6700	13900	5800

PROJECT No.	TITLE	G/L	(1) L O P	(2) CUM. OBLIG.	(3) CUM. ACCRUED EXPEND.	(4) [(2)-(3)] PIPELINE	(5) [(1)-(2)] MORTGAGE EOY
596-0127	AGRIC. TECHNOLOGY NETWORKS	G					
	FY 1986		0	0	0	0	0
	FY 1987		2500	380	100	280	2120
	FY 1988		2500	1380	800	580	1120
	FY 1989		2500	2500	1600	900	0
T O T A L	OBJECTIVE No.1						
	FY 1986		43650	17950	5040	12910	25700
	FY 1987		46150	21030	9160	11870	25120
	FY 1988		48650	28730	17200	11530	19920
	FY 1989		48650	42850	24150	18700	5800
OBJECTIVE No.3. STABILIZE FINANCIAL STRUCTURES							
596-0114	REGIONAL ECONOMIC RECOVERY	G					
	FY 1986		35000	35000	18673	16327	0
	FY 1987		35000	35000	28700	6300	0
	FY 1988		35000	35000	35000	0	0
	FY 1989		0	0	0	0	0
T O T A L	OBJECTIVE No.3						
	FY 1986		35000	35000	18673	16327	0
	FY 1987		35000	35000	28700	6300	0
	FY 1988		35000	35000	35000	0	0
	FY 1989		0	0	0	0	0

PROJECT No.	TITLE	G/L	(1) L O P	(2) CUM. OBLIG.	(3) CUM. ACCRUED EXPEND.	(4) [(2)-(3)] PIPELINE	(5) [(1)-(2)] MORTGAGE EOY
OBJECTIVE No. 5.	PROMOTE EXPORTS						
596-0114	REGIONAL ECONOMIC RECOVERY	L					
	FY 1986		15000	15000	0	15000	0
	FY 1987		15000	15000	5000	10000	0
	FY 1988		15000	15000	15000	0	0
	FY 1989		0	0	0	0	0
596-0108	NON-TRAD. AGRIC. EXPORT SUPP.	G					
	FY 1986		8000	2000	0	2000	6000
	FY 1987		8000	4000	1660	2340	4000
	FY 1988		8000	7224	3060	4164	776
	FY 1989		8000	8000	4220	3780	0
596-0123	EXPORT AGRIBUSINESS DEVELOPMENT	L					
	FY 1986		15000	6600	0	6600	8400
	FY 1987		15000	12749	6000	6749	2251
	FY 1988		15000	15000	11000	4000	0
	FY 1989		15000	15000	15000	0	0
596-0124	EXPORT MANAGEMENT TRAINING	G					
	FY 1986		6800	2550	1009	1541	4250
	FY 1987		6800	3675	2500	1175	3125
	FY 1988		6800	4800	4260	540	2000
	FY 1989		6800	6800	6000	800	0

PROJECT No.	TITLE	G/L	(1) L O P	(2) CUM. OBLIG.	(3) CUM. ACCRUED EXPEND.	(4) [(2)-(3)] PIPELINE	(5) [(1)-(2)] MORTGAGE EOY
596-0128	IND. QUALITY CONTROL, PRODUCT.	G					
	FY 1986		0	0	0	0	0
	FY 1987		0	0	0	0	0
	FY 1988		0	0	0	0	0
	FY 1989		8000	1500	1000	500	6500
T O T A L	OBJECTIVE No.5						
	FY 1986		44800	26150	1009	25141	18650
	FY 1987		44800	35424	15160	20264	9376
	FY 1988		44800	42024	33320	8704	2776
	FY 1989		37800	31300	26220	5080	6500
OBJECTIVE No.6.	PRESERVE AND MANAGE NATURAL RESOURCES						
596-0106	REG. TROPICAL WATERSHED MGT.	G					
	FY 1986		6000	4500	1645	2855	1500
	FY 1987		6000	6000	3560	2440	0
	FY 1988		6000	6000	6000	0	0
	FY 1989		12000	7000	6500	500	5000

PROJECT No.	TITLE	G/L	(1) L O P	(2) CUM. OBLIG.	(3) CUM. ACCRUED EXPEND.	(4) [(2)-(3)] PIPELINE	(5) [(1)-(2)] MORTGAGE EOY
596-0117	TREE CROP PRODUCTION	G					
	FY 1986		9000	2910	707	2203	6090
	FY 1987		9000	3910	2500	1410	5090
	FY 1988		9000	6910	4500	2410	2090
	FY 1989		9000	9000	6500	2500	0
T O T A L	OBJECTIVE 6						
	FY 1986		15000	7410	2352	5058	7590
	FY 1987		15000	9910	6060	3850	5090
	FY 1988		15000	12910	10500	2410	2090
	FY 1989		21000	16000	13000	3000	5000
OBJECTIVE No. 7	EXPAND AND IMPROVE THE INFRASTRUCTURE						
596-0146	C.A. RURAL ELECTRIFIC.SUPPORT	G					
	FY 1986		0	0	0	0	0
	FY 1987		5000	5000	180	4820	0
	FY 1988		5000	5000	1180	3820	0
	FY 1989		5000	5000	2180	2820	0
T O T A L	OBJECTIVE 7.						
	FY 1986		0	0	0	0	0
	FY 1987		5000	5000	180	4820	0
	FY 1988		5000	5000	1180	3820	0
	FY 1989		5000	5000	2180	2820	0

PROJECT No.	TITLE	G/L	(1) L O P	(2) CUM. OBLIG.	(3) CUM. ACCRUED EXPEND.	(4) [(2)-(3)] PIPELINE	(5) [(1)-(2)] MORTGAGE EOY
OBJECTIVE No. 10. REDUCE INFANT AND CHILD MORTALITY							
596-0115	ORT GROWTH MONITORING AND ED.	G					
	FY 1986		8000	8000	944	7056	0
	FY 1987		9000	8800	2944	5856	200
	FY 1988		9000	9000	4944	4056	0
	FY 1989		9000	9000	7500	1500	0
596-0116	TECH. SUPP.FOR FOOD ASSIST.	G					
	FY 1986		5600	5600	493	5107	0
	FY 1987		6100	5862	2000	3862	238
	FY 1988		6100	6100	3500	2600	0
	FY 1989		6100	6100	5000	1100	0
T O T A L OBJECTIVE 10							
	FY 1986		13600	13600	1437	12163	0
	FY 1987		15100	14662	4944	9718	438
	FY 1988		15100	15100	8444	6656	0
	FY 1989		15100	15100	12500	2600	0
OBJECTIVE No. 11. IMPROVE HOUSING							
596-0143	C.A. SHELTER AN URBAN DEV.	G					
	FY 1986		0	0	0	0	0
	FY 1987		4000	1850	1500	350	2150
	FY 1988		4000	3250	3150	100	750
	FY 1989		4000	4000	4000	0	0

T O T A L OBJECTIVE 11

FY 1986	0	0	0	0	0
FY 1987	19000	1850	1500	350	17150
FY 1988	19000	6750	6150	600	12250
FY 1989	19000	12500	12000	500	6500

OBJECTIVE 13 INCREASE PARTICIPANT TRAINING

C A P S G

FY 1986	5795	2495	1800	695	3300
FY 1987	5795	3295	2500	795	2500
FY 1988	5795	4295	4000	295	1500
FY 1989	5795	5795	5795	0	0

T O T A L OBJECTIVE 13

FY 1986	5795	2495	1800	695	3300
FY 1987	5795	3295	2500	795	2500
FY 1988	5795	4295	4000	295	1500
FY 1989	5795	5795	5795	0	0

PROJECT No.	TITLE	G/L	(1) L O P	(2) CUM. OBLIG.	(3) CUM. ACCRUED EXPEND.	(4) [(2)-(3)] PIPELINE	(5) [(1)-(2)] MORTGAGE EOY
OBJECTIVE 15	DEVELOP AND CONSERVE ENERGY RESOURCES						
596-0089	FUELWOOD & ALTERN. ENERGY S.	G					
	FY 1986		8800	8800	8048	752	0
	FY 1987		8800	8800	8800	0	0
	FY 1988		0	0	0	0	0
	FY 1989		0	0	0	0	0
596-0095	INDUSTRIAL ENERGY EFFICIENCY	G					
	FY 1986		5850	4950	3053	1897	900
	FY 1987		5850	4950	4150	800	900
	FY 1988		5850	5850	5200	650	0
	FY 1989		0	0	0	0	0
596-0134	C.A. ENERGY RESOURCES	G					
	FY 1986		11200	11200	8000	3200	0
	FY 1987		21200	16200	13200	3000	5000
	FY 1988		21200	21200	18200	3000	0
	FY 1989		21200	21200	21200	0	0
T O T A L OBJECTIVE 15							
	FY 1986		25850	24950	19101	5849	900
	FY 1987		35850	29950	26150	3800	5900
	FY 1988		27050	27050	23400	3650	0
	FY 1989		21200	21200	21200	0	0
G R A N D T O T A L							
	FY 1986		183695	127555	49412	78143	56140
	FY 1987		221695	156121	94354	61767	65574
	FY 1988		215395	176859	139194	37665	38536
	FY 1989		173545	149745	117045	32700	23800

FY 88/89 ACTION PLAN

SUMMARY PROGRAM FUNDING TABLE
Dollar Program by Functional Account
(5000)

Project Title and No.	G/L	FY87	FY88	FY89
ARDN				
PD&S	G	345	225	225
Watershed Mgmt. (596-0106)	G	1500	0	1000
Ag. Export Sup. (596-0108)	G	2000	3224	776
Int. Pest Mgmt. (596-0110)	G	1500	2000	0
Tree Crop Prod. (596-0117)	G	1000	3000	2090
Export Agribus. (596-0123)	L	6149	2251	0
Ag. Tech. Netw. (596-0127)	G	380	1000	1120
Ag.High.Ed. (Earth) (596-0129B)	G	0	2600	5500
CAPS	G	77	0	0
Coffee Pest Control (596-0090)	G	0	1000	1500
TOTAL ARDN		12951	15300	12211
GRANT		6802	13049	12211
LOAN		6149	2251	0
HEALTH				
PD&S	G	50	50	50
Child Survival (PD&S)	G	50	50	50
ORT (596-0115)	G	800	200	0
Food Assistance (596-0116)	G	262	238	0
TOTAL HEALTH		1162	538	100
GRANT		1162	538	100
LOAN		0	0	0
EDUC.& HUMAN RESOURCES				
Exp.Mgmt.Trg. (596-0124)	G	1125	1125	2000
Ag. Higher Ed. (596-0129A)	G	1200	1100	500
Ag. High.Ed. (EARTH) (596-0129B)	G	0	0	500
CAPS	G	723	1000	1500
TOTAL ED.& HUM. RES.		3048	3225	4500
GRANT		3048	3225	4500
LOAN		0	0	0
SDA				
PD&S	G	750	750	750
Ind. Energy Eff. (596-0095)	G	0	900	0
Shelt.& Hum.Dev. (596-0143)	G	1850	1400	750
Shelt.& Hum.Dev. (596-0143)	L	0	3500	5000
Rural Electrif. (596-0146)	G	5000	0	0
Ind. Tech.Q.Cont. (596-0128)	G	0	0	1500
TOTAL SDA		7600	6550	8000
GRANT		7600	3050	3000
LOAN		0	3500	5000
TOTAL DA ACCOUNT		24761	25613	24811
GRANT		18612	19862	19811
LOAN		6149	5751	5000
ESF				
Energy Resources	G	5000	5000	0
Ag.High. Ed. EARTH (596-0129B)	G	0	0	5000
TOTAL ESF		5000	5000	5000
GRANT		5000	5000	5000
LOAN		0	0	0
COUNTRY TOTAL		29761	30613	29811
GRANT		23612	24862	24811
LOAN		6149	5751	5000

3. Women in Development

The ROCAP program attempts to integrate women into the development process in a variety of ways as discussed below. Over the remainder of CY 1987 as the Mission proceeds with the elaboration of its CDSS, special consideration will be given to ways of further enhancing the participation of women through new project design, implementation and evaluation.

In the area of export promotion, non-traditional agricultural products are encouraged through agribusiness credit lines managed by LAAD and CABEI and through technical assistance and training provided under the Non-traditional Agricultural Export Support project. These non-traditional products require extensive sorting and packing of produce, a job normally accomplished by women. Expansion of rural employment for women under these projects will also increase rural family income. Under the Export Management Training project with INCAE, a certain number of both seminar and MBA scholarships will be reserved for women. This mechanism will allow women to have access to the new techniques and management methodologies promoted through this project.

Given the important role of women in the agriculture sector, it is anticipated that women will be actively recruited to attend the Regional Agricultural School for the Humid Tropics (EARTH), which will be established under the Agricultural Higher Education project. The design of the physical facilities for EARTH will take into account this expectation, most notably in the dormitories where space is being planned for women students.

Women will benefit from the Tree Crop Production project in many ways. In all of Central America women have a major role in collecting, carrying, and utilizing wood, which is consumed by 90% of the rural population for cooking. Women are thus concerned with fuelwood, forage, and crop production. Women often must walk many kilometers in order to find fuelwood sources and to bring heavy loads back to their homes. Women have a personal interest and special contribution in this area as well as a particular incentive to become involved in tree production. The involvement of women in this project will increase the sensitivity and understanding of researchers, foresters, policy makers, and others to the role women have taken in the production and consumption of the products of fast-growing trees. Special attention will be placed on the production goals of households. Such attention will draw researchers and decision-makers to look at the place of women in the farm production system and to consider how to achieve project goals, insofar as fast-growing tree crops contribute to agricultural yields, environmental stability and income.

Under the reduce infant and child mortality objective, both the ORT, Growth Monitoring and Education and the Technical Support for Food Assistance Programs projects address the role of women. Women and their children constitute the principal beneficiaries for both projects. A major

objective of the ORT project is to improve the capacity of women to take better care of themselves and their infants and to deal effectively with common illnesses and normal physiological processes like pregnancy and infant growth. The project will try to get new techniques into the hands of the mother so she can assume responsibility for monitoring her child's development and take control of its care during the routine transitions and crises that every child faces early in life. In addition, research components are specifically aimed at studying maternal health during pregnancy and responding to questions on how to reduce risk to both mothers and infants. Health service providers who actually deal with the infant are more often women than men. These providers will be the direct beneficiaries of training, education and information dissemination activities under the project. Furthermore, women represent a high percentage of the professionals directly involved in the project's research training and technical assistance activities and often serve as technical leaders.

Technical Support for Food Assistance Programs project research components will examine the social, economic and health/nutrition impacts of these programs on women and children and their families and try to reach a better understanding of how food assistance activities can be better used to improve the situation of women in the region. In addition, women represent a high percentage of the professionals directly involved in planning, managing and evaluating food assistance activities in CA/P. These professionals will be direct beneficiaries of the project's training, technical assistance, research and information dissemination activities, all aimed at improving their technical and managerial skills.

The FY 1987 new start with NRECA, Central American Rural Electrification Support, will help promote expanded and more efficient power sector investments in rural areas. Informal evaluations of rural electrification projects indicate that as a result of the introduction of electricity in rural villages, the extension of time which women have available for productive work has increased. With electricity, literacy and cultural and religious programs can be held in the evenings. Women are also able to weave in the evenings, providing additional apparel for their families and/or for sale. With electric power, appliances such as electric corn grinders and irons decrease the drudgery of women's chores, saving as much as three hours a day in labor time. Radios, local cinemas and some television add a source of entertainment, news and education.

Finally, under the ROCAP CAPS program, approximately 16 percent of all participants trained to date have been women. The 1987 program is placing greater emphasis on increasing the number of women participants in the two areas of principal focus: agricultural vocational education and public fiscal management.

III. Management

A. Management Strategy

In order to keep pace with the rapid portfolio expansion in support of the CAI, USDH staff increased from nine in FY 1984, managing nine projects, to 16 USDH managing 20 projects by mid FY 1986. Two long-term US personal services contractors were also added to the ROCAP rolls: a private sector advisor and a coordinator for the Central American Peace Scholarships project. As a result of last year's Action Plan Review, however, it was decided that ROCAP's role would be revised and that project selection criteria would have to be tightened. The USDH level was reduced from 16 to 11 and the PSC private sector advisor position was eliminated. Ten proposed activities for the FY 87-88 period were deferred or, in some cases, dropped, and the planned expansion of technical services to bilateral AID Missions in the region was curtailed.

In order to manage the sizeable portfolio under these severe staffing limitations, the Mission placed emphasis over the past year on recruiting for key project management positions, including the USDH Chief of the Agricultural Development Office, two USDH assistant General Development Office positions, a part-time former AID FS Officer and a FSN PSC Assistant Project Development Officer. With the exception of the second assistant GDO position, these positions have either been filled or will be filled shortly. Given the skills extant in the office and the contracting of technical assistance in the health/nutrition area, it was determined that one of the assistant GDO positions could be transferred to the Program and Project Development office in order to recruit a USDH economist to replace the position eliminated as a result of last year's Action Plan review staff reduction decisions. ROCAP believes the reestablishment of this USDH economist position is key to fulfilling its role in carrying out analyses, studies and evaluations needed to better inform bilateral Missions and AID/W of development issues in Central America.

With the loss of the USDH Program Officer position, and the challenge of both strengthening program complementarity with the bilateral AID Missions, undertaking studies and analyses on common constraints, and preparing a CDSS for presentation in FY 1988, the Mission has taken several measures to provide the Program and Project Development Office with sufficient resources. First, a former AID FSO with program office experience has been brought on under a part-time PSC arrangement to provide additional help during peak workload periods. Second, ROCAP will strengthen its rather weak FSN professional base by hiring a part-time regional cooperation specialist, an economist and a private sector advisor. Also, a long-time FSN employee has been given expanded responsibilities as a program assistant.

Regarding the LAC draft interim policy guidance for the utilization and management of PD&S funds (State 103662), ROCAP's response pointed out that three long-term regional advisors in environmental management, forestry and pest management are all program funded out of PD&S. If an exception to the guidance is not permitted for these positions, ROCAP's OE budget will have to be increased. Otherwise, with the staffing modifications described above, ROCAP believes that it can manage the proposed program without any further increases to its OE, other than a higher ceiling for operational travel. The following two issues are critical in the Mission's view and deserve to be discussed during Program Week:

Contracting/Procurement

The USAID/ROCAP Contracting Procurement Office is currently managing $30 million dollars a year in contracts and grants. The Mission Executive Officer and ROCAP Commodity Supply Officer have only $100,000 contracting authority. This causes continuing and serious delays in project implementation because procurement actions above this amount must be sent for signature to the Regional Contracting Officer in Panama, even though the negotiations in many cases are carried out by the Mission FSN Contracting Specialist. To address this problem, ROCAP proposes two actions. First, we join USAID in requesting $500,000 contracting authority for both the Executive Officer and the Commodity Supply Officer. Second, we strongly urge AID/W to act favorably on USAID/Guatemala's request for a USDH slot for a Contracting Officer who will provide services to ROCAP as well as USAID.

Office Space

In light of the major USAID and minor ROCAP (FSN) staff increases and the certified structural weakness of the present USAID/ROCAP office building, new quarters must be found. We are already experiencing space pressures that are having negative impacts on morale and work productivity. The Mission's intention to negotiate a lease/purchase contract with local investors willing to build to the Mission's and Security Office specifications collapsed with the new requirements to use solely U.S. construction firms. Months of prior negotiations were lost. The lease on the present office building expires in April 1990. If the Mission remains at the present site, it will need to contend with strengthening the structure of the building at a minimum cost of $150,000 plus at least a 100% increase in rent. These additional costs have not been included in the OE budget. Options for funding suitable office space are being explored. Once completed, a supplemental budget will be submitted to fund either a move to new premises or to initiate improvements to the present building and an increase in rent.

1. Management Systems Improvements

To make the most effective use of the capabilities of our FSNs, the Mission is engaged in an intensive training program to upgrade the

skills of FSN employees currently on board. The training program includes both locally procured on-site general skills courses and AID/W-sponsored technical training. We are also in the first stages of instituting an awards program tied to performance evaluation. The management strategy of using well-qualified FSNs in lieu of Americans not only provides the Mission with continuity and institutional memory but is highly cost effective. The highest salary in the FSN compensation plan is less than $20,000 a year, including benefits, compared to $125,000 or more for a USDH. During 1986, the Mission also conducted a reclassification study which led to the promotion of a large percentage of staffers and delegations of additional responsibilities. With FSNs who can function virtually on the same level as U.S. employees, we are in the process of making increased use of this cost-saving resource.

Given the sharply increased portfolio and significant staffing reductions/replacements in US personnel, manual orders are being redrafted to clarify Mission policies and serve as a management tool for Mission offices. Both the expendable and non-expendable inventory systems have been computerized, and a software program to manage both the FSN and PSC personnel systems will be developed in FY 1987/88.

2. Importance of Vulnerability Assessments

Across the board, from the Executive Office to project managers, the most critical deficiency in terms of assessed vulnerability is the lack of American staff time to closely monitor individual projects and programs. Too few people are trying to supervise a multitude of activities ranging from warehouse operations to multi-million dollar projects. This problem is exacerbated in ROCAP by the serious lack of sufficient travel fund to permit frequent visits to projects located in five coutries. Fortunately, this Mission has not encountered to date any significant problems of theft or misuse of government funds, but spreading supervision so thin is a calculated risk of the "do more with less" policy.

The 1986 IG Audit report on regional organizations identified a number of deficiencies which have been fully addressed and all recommendations closed. The addition of a Regional Legal Advisor and a Contracting Officer to the USAID/Guatemala staffing pattern will further reduce our vulnerability.

B. Staffing

See workforce and staffing tables which follow.

ROCAP/GUATEMALA
WORK FORCE TABLE 1987

	OE FUNDED								PRM FUNDED		
	USDH	USPSC	USRES*	IDI	JCC	FSNDH	FSNPSC	FSNCONT	USPSC	FSNPSC	TOTAL
DIRECTOR	3		1			1	2				7
PROGRAM & PRJ DEV OFF	3					3	6				12
GENERAL DEVELOP. OFF	3						4		4	1	12
RURAL DEVELOP OFFICE	2					1	7		3		13
EXECUTIVE OFFICE						1	1				2
TOTAL	11		1			6	20		7	1	46

*Part Time US Resident Direct Hire Secretary

Note: Controller and Executive Office positions are shown in USAID/Guatemala Workforce Tables.

ROCAP/GUATEMALA
WORK FORCE TABLE 1988

	OE FUNDED								PRM FUNDED		
	USDH	USPSC	USRES*	IDI	JCC	FSNDH	FSNPSC	FSNCONT	USPSC	FSNPSC	TOTAL
DIRECTOR	3		1			1	2				7
PROGRAM & PRJ DEV OFF	3					3	6				12
GENERAL DEVELOP. OFF	3						4		4	1	12
RURAL DEVELOP OFFICE	2					1	7		3		13
EXECUTIVE OFFICE						1	1				2
TOTAL	11		1			6	20		7	1	46

*Part Time US Resident Direct Hire Secretary

Note: Controller and Executive Office positions are shown in USAID/Guatemala Workforce Tables.

DIRECTOR	3	1	1	2			7
PROGRAM & PRJ DEV OFF	3		3	6			12
GENERAL DEVELOP. OFF	3			4	4	1	12
RURAL DEVELOP OFFICE	2		1	7	3		13
EXECUTIVE OFFICE			1	1			2
TOTAL	11	1	6	20	7	1	46

*Part Time US Resident Direct Hire Secretary

Note: Controller and Executive Office positions are shown in USAID/Guatemala Workforce Tables.

C. Operating Expenses

Mission operating expenses increased by 33% from FY 1986 to FY 1987, primarily due to increased costs in Guatemala for housing and office operations. Under housing, the purchase and shipment of replacement residential furniture and equipment increased by 44.1 thousand dollars from FY 1986 to FY 1987, while a new post security policy allowing for mission provided residential guards when employees and dependents are away from post added 25.7 thousand dollars to the FY 1987 budget.

Under office operations, office rent, utilities, communications, and furniture and equipment costs rose substantially from FY 1986 to FY 1987 with the addition of a new office annex. Additionally, the Mission has programmed a substantial increase in travel during FY 1987 to accommodate the increased regional project activity. These factors contributed to a 260.0 thousand dollar increase in the cost of office operations from FY 1986 to FY 1987.

From FY 1987 on, the operating expense picture shows modest increases of 7% from FY 1987 to FY 1988, and 15% from FY 1988 to FY 1989. These increases are attributable to inflation and projected FSN wage increases.

Although ROCAP does not have its own ESF trust fund agreement, the Government of Guatemala has agreed to provide the local currency equivalent of $300,000 for FY 1987 and the first half of FY 1988 under the USAID Guatemala ESF Agreement, representing approximately 25% of annual local currency requirements. A 35% reduction in future USAID Guatemala ESF funding levels could represent the elimination or a severe reduction in this local currency assistance being provided to ROCAP, and would require a corresponding increase in the Mission dollar allotment.

FY 1985-1989 ACTION PLAN RCCAP (255%)			FY 1986 ACT. ($ 000)					FY 1987 EST. ($ 000)					FY 1988 REQUEST ($ 000)					FY 1989 REQUEST ($ 000)				
EXPENSE CATAGORY	FUNCTION	OBJ CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST
U.S. DIRECT HIRE	U100		119.6	0.0	119.6			856.5	0.0	856.5			900.1	0.0	900.1			1,017.3	0.0	1,017.3		
U.S. CITIZENS BASIC PAY	U101*	110	0.0		0.0	0.0	ERR	561.9		561.9	10.1	55.6	633.3		633.3	11.0	57.6	649.2		649.2	11.1	58.5
PT/TEMP U.S. BASIC PAY	U102*	112	0.0		0.0			20.3		20.3			20.9		20.9			21.5		21.5		
DIFFERENTIAL PAY	U103*	116	0.0		0.0			77.8		77.8			88.3		88.3			90.5		90.5		
OTHER AID/W FUNDED CODE 11	U104*	119	0.0		0.0			8.4		8.4			8.4		8.4			8.4		8.4		
OTHER MISSION FUNDED CODE 11	U105	119	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
EDUCATION ALLOWANCES	U106	126	13.8	0.0	13.8	8.0	1.7	16.0	0.0	16.0	8.0	2.0	20.0	0.0	20.0	10.0	2.0	24.0	0.0	24.0	12.0	2.0
RETIREMENT-U.S. DIRECT HIRE	U107*	127	0.0		0.0			39.3		39.3			44.3		44.3			45.4		45.4		
LIVING ALLOWANCES	U108	128	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
OTHER AID/W FUNDED CODE 12	U109*	129	0.0		0.0			20.7		20.7			22.9		22.9			23.5		23.5		
OTHER MISSION FUNDED CODE 12	U110	129	9.3	0.0	9.3			16.3	0.0	16.3			8.8	0.0	8.8			21.5	0.0	21.5		
POST ASSIGNMENT - TRAVEL	U111	212	12.0	0.0	12.0	4.0	3.0	9.0	0.0	9.0	3.0	3.0	5.0	0.0	5.0	2.0	2.5	18.0	0.0	18.0	5.0	3.6
POST ASSIGNMENT - FREIGHT	U112	225	40.0	0.0	40.0	4.0	10.0	33.0	0.0	33.0	3.0	11.0	22.0	0.0	22.0	2.0	11.0	60.0	0.0	60.0	5.0	12.0
HOME LEAVE - TRAVEL	U113	212	16.7	0.0	16.7	5.0	3.3	23.5	0.0	23.5	13.0	1.8	5.0	0.0	5.0	4.0	1.3	21.0	0.0	21.0	12.0	1.8
HOME LEAVE - FREIGHT	U114	225	16.7	0.0	16.7	5.0	3.3	15.0	0.0	15.0	12.0	1.3	4.5	0.0	4.5	4.0	1.1	18.0	0.0	18.0	12.0	1.5
EDUCATION TRAVEL	U115	212	0.0	0.0	0.0	0.0	ERR	1.3	0.0	1.3	2.0	0.7	1.3	0.0	1.3	2.0	0.7	1.3	0.0	1.3	2.0	0.7
R AND R TRAVEL	U116	212	2.8	0.0	2.8	3.0	0.9	5.0	0.0	5.0	5.0	1.0	6.4	0.0	6.4	5.0	1.3	6.0	0.0	6.0	5.0	1.2
OTHER CODE 212 TRAVEL	U117	212	6.3	0.0	6.3	12.0	0.7	9.0	0.0	9.0	6.0	1.5	9.0	0.0	9.0	6.0	1.5	9.0	0.0	9.0	6.0	1.5
F. N. DIRECT HIRE	U200		167.0	0.0	167.0			89.3	0.0	89.3			110.6	0.0	110.6			131.7	0.0	131.7		
BASIC PAY	U201	114	134.8	0.0	134.8	14.8	9.1	70.2	0.0	70.2	6.0	11.7	84.3	0.0	84.3	6.0	14.1	101.1	0.0	101.1	6.0	16.9
OVERTIME, HOLIDAY PAY	U202	115	7.9	0.0	7.9	0.8	9.9	5.0	0.0	5.0	0.5	10.0	6.0	0.0	6.0	0.5	12.0	7.2	0.0	7.2	0.5	14.4
ALL OTHER CODE 11 - FN	U203	119	0.0	0.0	0.0			5.0	0.0	5.0			9.4	0.0	9.4			11.3	0.0	11.3		
ALL OTHER CODE 12 - FN	U204	129	17.3	0.0	17.3			9.1	0.0	9.1			10.9	0.0	10.9			12.1	0.0	12.1		
BENEFITS FOR OTHER FN PERSONNEL	U205	130	3.0	0.0	3.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
CONTRACT PERSONNEL	U300		164.7	0.0	164.7			89.9	200.0	289.9			139.7	200.0	339.7			198.9	200.0	398.9		
PASA TECHNICIANS	U301	258	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
U.S. PSC - SALARY/BENEFITS	U302	113	10.7	0.0	10.7	0.3	35.7	0.0	0.0	0.0	0.0	ERR	0.0	0.0	0.0	0.0	ERR	0.0	0.0	0.0	0.0	ERR
ALL OTHER U.S. PSC COSTS	U303	255	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
F.N. PSC - SALARY/BENEFITS	U304	113	70.2	0.0	70.2	12.0	5.9	0.0	176.6	176.6	20.0	8.8	5.0	200.0	205.0	20.0	10.3	38.9	200.0	238.9	20.0	11.9
ALL OTHER F.N. PSC COSTS	U305	255	0.0	0.0	0.0			0.0	6.0	6.0			6.0	0.0	6.0			6.0	0.0	6.0		
MANAGER CONTRACTS	U306	259	83.8	0.0	83.8			89.9	17.4	107.3			128.7	0.0	128.7			154.0	0.0	154.0		
JCC COSTS PAID BY AID/W	U307*	112	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
HOUSING	U400		198.8	0.0	198.8			236.1	0.0	236.1			246.9	0.0	246.9			263.3	0.0	263.3		
RESIDENTIAL RENT	U401	235	23.1	0.0	23.1			27.6	0.0	27.6			21.6	0.0	21.6			21.6	0.0	21.6		
RESIDENTIAL UTILITIES	U402	235	1.7	0.0	1.7			8.0	0.0	8.0			8.0	0.0	8.0			9.6	0.0	9.6		
MAINTENANCE AND PRESERVATION	U403	259	3.2	0.0	3.2			1.0	0.0	1.0			1.0	0.0	1.0			1.0	0.0	1.0		
QUARTERS ALLOWANCE	U404	127	177.2	0.0	177.2	13.0	13.6	96.2	0.0	96.2	8.0	10.5	119.4	0.0	119.4	10.6	11.3	125.6	0.0	125.6	9.7	12.9
RESIDENTIAL FURNITURE/EQUIP	U405	311	16.2	0.0	16.2			49.9	0.0	49.9			38.4	0.0	38.4			37.6	0.0	37.6		
TRANS. FREIGHT - CODE 311	U406	220	0.0	0.0	0.0			12.5	0.0	12.5			9.6	0.0	9.6			9.4	0.0	9.4		
SECURITY GUARD SERVICES	U407	259	14.2	0.0	14.2			40.0	0.0	40.0			48.0	0.0	48.0			57.6	0.0	57.6		
OFFICIAL RESIDENCE ALLOWANCE	U408	254	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
REPRESENTATION ALLOWANCES	U409	252	0.9	0.0	0.9			0.9	0.0	0.9			0.9	0.0	0.9			0.9	0.0	0.9		

FY 1988-1989 ACTION PLAN NOSCAP (2556)			FY 1986 ACT. ($ 000)					FY 1987 EST. ($ 000)					FY 1988 REQUEST ($ 000)					FY 1989 REQUEST ($ 000)				
EXPENSE CATEGORY	FUNC SECTION	OBJ CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST
OFFICE OPERATIONS	U500		429.3	0.0	429.3			697.3	0.0	697.3			760.9	0.0	760.9			799.7	0.0	799.7		
OFFICE RENT	U501	234	52.7	0.0	52.7			81.1	0.0	81.1			81.1	0.0	81.1			81.1	0.0	81.1		
OFFICE UTILITIES	U502	224	5.6	0.0	5.6			32.8	0.0	32.8			39.4	0.0	39.4			47.3	0.0	47.3		
BUILDING MAINT.,REPAIR,OPERATION	U503	259	18.0	0.0	18.0			15.9	0.0	15.9			19.2	0.0	19.2			23.0	0.0	23.0		
OFFICE FURNITURE/EQUIPMENT	U504	310	21.0	0.0	23.3			49.8	0.0	49.8			42.4	0.0	42.4			18.0	0.0	18.0		
VEHICLES	U505	312	0.0	0.0	0.0	0.0	ERR	18.4	0.0	18.4	1.2	15.3	20.0	0.0	20.0	1.2	16.7	16.0	0.0	16.0	1.2	13.3
OTHER EQUIPMENT	U506	319	3.7	0.0	3.7			18.7	0.0	18.7			0.4	0.0	0.4			0.4	0.0	0.4		
TRANSPORTATION + FREIGHT	U507	220	2.6	0.0	2.6			21.7	0.0	21.7			15.1	0.0	15.1			8.6	0.0	8.6		
FURN/EQUIP/VEH REPAIR MAINT.	U508	259	31.3	0.0	31.3			10.0	0.0	10.0			12.0	0.0	12.0			14.4	0.0	14.4		
COMMUNICATIONS	U509	230	43.6	0.0	43.6			74.2	0.0	74.2			89.0	0.0	89.0			106.8	0.0	106.8		
SECURITY GUARD SERVICES	U510	259	25.7	0.0	25.7			38.5	0.0	38.5			66.2	0.0	66.2			79.4	0.0	79.4		
PRINTING	U511	240	11.2	0.0	11.2			19.6	0.0	19.6			23.5	0.0	23.5			28.2	0.0	28.2		
SITE VISIT-MISSION PERSONNEL	U512	210	56.1	0.0	56.1	64.0	0.9	120.0	0.0	120.0	110.0	1.1	120.0	0.0	120.0	110.0	1.1	120.0	0.0	120.0	110.0	1.1
SITE VISIT-HQ/V PERSONNEL	U513	210	15.2	0.0	15.2	15.0	1.0	6.0	0.0	6.0	4.0	1.5	6.0	0.0	6.0	4.0	1.5	6.0	0.0	6.0	4.0	1.5
INFORMATION MEETINGS	U514	210	29.5	0.0	29.5	25.0	1.2	26.0	0.0	26.0	20.0	1.3	26.0	0.0	26.0	20.0	1.3	26.0	0.0	26.0	20.0	1.3
TRAINING ATTENDANCE	U515	210	3.4	0.0	3.4	3.0	1.1	6.0	0.0	6.0	6.0	1.0	6.0	0.0	6.0	6.0	1.0	8.0	0.0	8.0	6.0	1.3
CONFERENCE ATTENDENCE	U516	210	8.9	0.0	8.9	10.0	0.9	21.0	0.0	21.0	20.0	1.1	21.0	0.0	21.0	20.0	1.1	21.0	0.0	21.0	20.0	1.1
OTHER OPERATIONAL TRAVEL	U517	210	7.6	0.0	7.6	4.0	1.9	2.0	0.0	2.0	4.0	0.5	2.0	0.0	2.0	4.0	0.5	2.0	0.0	2.0	4.0	0.5
SUPPLIES AND MATERIALS	U518	240	76.4	0.0	76.4			91.7	0.0	91.7			110.0	0.0	110.0			132.0	0.0	132.0		
FARS	U519*	257	0.0	0.0	0.0			8.0	0.0	8.0			9.6	0.0	9.6			11.5	0.0	11.5		
CONSULTING SVCS. - CONTRACTS	U520	259	0.0	0.0	0.0			10.0	0.0	10.0			20.0	0.0	20.0			20.0	0.0	20.0		
MGT. SUPP. SVCS. - CONTRACTS	U521	259	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
SPEC STUDIES/ANALYSES - CONT.	U522	259	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
ALL OTHER CODE 25	U523	259	14.5	0.0	14.5			23.9	0.0	23.9			30.0	0.0	30.0			30.0	0.0	30.0		
TOTAL O.E. EXPENSE BUDGET			1,075.4	0.0	1,075.4			1,559.1	200.0	2,159.1			2,158.2	200.0	2,358.2			2,410.9	200.0	2,610.9		
RECONCILIATION			0.0	0.0	0.0			776.4	0.0	736.4			827.7	0.0	827.7			850.0	0.0	850.0		
SECTION 8(b)(1)		320	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
OPERATING EXPENSE REQUIREMENTS	U000		1,075.4	0.0	1,075.4			1,232.7	200.0	1,432.7			1,330.5	200.0	1,530.5			1,560.9	200.0	1,760.9		
LOCAL COST SUPPORT INCLUDED ABOVE			TOTAL NO. ADP WORK STATIONS TOTAL NUMBER OF FC'S					0 TOTAL NO. ADP WORK STATIONS 0 TOTAL NUMBER OF FC'S					0 TOTAL NO. ADP WORK STATIONS 0 TOTAL NUMBER OF FC'S					0 TOTAL NO. ADP WORK STATIONS 0 TOTAL NUMBER OF FC'S				
F.N. FED - SALARY BENEFITS	U304	112	57.8																			
ALL OTHER F.N. FED COSTS	U305	255	0.0																			
MANPOWER CONTRACTS	U306	259	57.4																			
SITE VISIT-MISSION PERSONNEL	U512	210	55.5																			
TOTAL LOCAL COST SUPPORT			170.7																			
PROJECT CLASS 210 TRAVEL			124.7	0.0	124.7			183.0	0.0	183.0			183.0	0.0	183.0			183.0	0.0	183.0		
Dollars required for Local Currency Expenses			0.0					549.9					695.6					834.9				
Exchange Rate used November 1, 1986			2.0 equals $ 1.00																			
Estimated wage increase								20 %					20 %					20 %				
Estimated Price Increase								20 %					20 %					20 %				

D. Evaluation Plan Narrative

Given the rapid increase in the ROCAP portfolio since the inception of the CAI and limitations in the OE travel and staffing levels, the Mission is placing every greater emphasis on project evaluations to assess progress in meeting objectives, recommend mid-course corrections where necessary, determine factors which impact on institution building and sustainability issues and help measure the contribution of each project to the attainment of NBCCA goals and objectives. In this latter regard, the Action Plan MBO process has highlighted the need to place greater attention on measuring goal and objective level impact in addition to project outputs. Recent meetings in the various bilateral AID Missions pointed out the importance of relating ROCAP project impact to the country-level objectives and indicators. To address this need, ROCAP is planning to contract the services of a consultant team to assist in setting up a project monitoring and impact assessment system, starting with the projects being implemented by CATIE. The design of such a system on a project-specific basis was contemplated in the PP for the Non-traditional Agriculture Export Support project (596-0108) and should be in place by the end of CY 1987. The potential benefits of such a system for a specific sector or the entire portfolio eventually go far beyond CAI reporting and should serve the Central American regional organizations in their own strategic planning efforts.

Two key evaluations are planned for the remainder of FY 1987, one for the Regional Economic Recovery project (596-0114) with CABEI and one for the Fuelwood and Alternative Energy Sources (596-0089) and the Industrial Energy Efficiency (596-0095) projects with ICAITI. The interim evaluation of the CABEI project will assess the progress of the project in restoring the Bank's long-run financial and organizational viability, the appropriateness of the original targets for attracting extra-regional capital and the most effective use of technical assistance for rehabilitation of the Bank's private sector portfolio. The ICAITI evaluation will address a number of cross-cutting issues, such as sustainability, linkages to national level organizations and the private sector which will be key to the organization's attainment of longer-run institutional development. As both projects are nearing completion, the evaluation will assess the end-of-project status and the net impact achieved under these efforts. The adviseability of a no cost PACD extension request submitted by ICAITI for the Industrial Energy Efficiency project will also be determined.

ROCAP has begun the process of preparing a CDSS for the FY 89-92 period and a number of analyses have been planned. Based on internal strategy sessions and discussions with the bilateral USAID Missions, a preliminary decision has been made to narrow the emphasis of strategy development to the two following objective categories: increase agricultural production and promote exports, with secondary consideration being given to preserve and manage natural resources and the health/nutrition sector. Three documents which have been prepared over the past year will be key to this process: the

Agricultural Sector Strategy Report, the Transportation study and the Capital Markets study. Follow-up analyses and coordination with the bilateral USAID Missions will be conducted.

Two in-depth institutional analyses are contemplated for inclusion in the CDSS: one for CATIE in the agricultural production and natural resource management area, and one for ICAITI in the export promotion area. These analyses will explore issues of comparative advantage vis-a-vis national level as well as international organizations in the regional organizations' respective fields of expertise. The longer range importance of these organizations to the region's development, support among Central Americans for the concept of regional cooperation through these organizations, and the compatibility of CATIE and ICAITI's own strategic plans with NBCCA goals and objectives will all be examined. In the case of ICAITI, the final evaluation of the two projects mentioned above will focus with greater precision the key elements for incorporation in this comparative advantage study.

Another feature of the CDSS process will be the further elaboration of a role and strategy for the Mission in institution building. While much of ROCAP's portfolio clearly has institution-strengthening elements, the Mission believes that the longer range viability of regional organizations must be addressed in a more direct fashion so that their future contribution to the region's development can be assured. Through internal discussions and the assistance of outside consultants, ROCAP has developed a preliminary role and strategy in this regard. Its basic elements involve the following:

1. Assisting institutions to increase and stabilize their core budgets.

    a. Direct and intensive technical assistance for fund raising and strategic and financial planning.

    b. Discussions and agreements with the boards of directors of the governmental institutions to increase the regularity of ongoing contributions of the countries to the basic operations of these institutions.

    c. Focusing material support toward increasing institutional capacity in areas of long term potential.

2. Encouraging the dissemination, use and impact of the products and services of the regional organizations.

    a. Greater emphasis on impact in project design and evaluation.

    b. Greater collaboration in the planning process.

3. Assisting the elaboration of institutional development plans for selected institutions.

A special session during Program Week has been requested in order to discuss the consultants' findings, the Mission's preliminary position and future steps in refining its strategy.

Several important lessons were learned from evaluations and analyses undertaken over the past year and which have had an influence on program design. First, the Coffee Pest Control evaluation pointed out the urgency of extending this project in order to ensure proper dissemination of research results for this important small farm export crop. The major findings of this evaluation are discussed in the write-up for the proposed PP amendment. The Transportation and Capital Market Studies, also discussed elsewhere in this Action Plan, while only recently prepared, are likely to lead to significant new investments directly linked to the region's capacity to tap extra-regional export markets. The Capital Markets Study has examined the NBCCA recommendation regarding the establishment of a regional venture capital company as well as other means to enhance the availability of long-term investment capital. The Transportation Study was specifically geared to factors which are limiting non-traditional exports and resulted in a series of country-specific as well as regional interventions. A number of these interventions have been incorporated into the description of new projects ROCAP could undertake if increased funding levels were to become available (see Annex A).

EVALUATION REPORT

PROJECT NO. & TITLE	PLANNED FY86 START (QTR.)	PLANNED FY86 TO AID/W (QTR.)	ACTUAL FY86 START (QTR.)	ACTUAL FY86 TO AID/W (QTR.)	UPDATE FY87 START (QTR.)	UPDATE FY87 TO AID/W (QTR.)	REASONS/ISSUES
ARDN and SDA							
Comparative advantage studies of CATIE and ICAITI (PD&S)					4th	1st 88	Institutional Analyses geared to preparation of future ROCAP strategy for the CDSS. The niche of these two institutions will be assessed for two principal objective categories which will be the focus of concentration in the future: agricultural production and export promotion.
SDA							
Institution Building Role and Strategy Development (PD&S)					3rd - 4th	1st88	Follow-up consultant services will be utilized to assist the Mission in further refining its role and strategy in assisting selected regional organizations to achieve longer-range institutional viability.

EVALUATION REPORT

PROJECT NO. & TITLE	PLANNED FY86 START (QTR.)	PLANNED FY86 TO AID/W (QTR.)	ACTUAL FY86 START (QTR.)	ACTUAL FY86 TO AID/W (QTR.)	UPDATE FY87 START (QTR.)	UPDATE FY87 TO AID/W (QTR.)	REASONS/ISSUES
ARDN							
0090 Coffee Pest Control					2nd	3rd	PACD: 12/87. PACD was extended to 12/87; consequently, final evaluation was deferred to 2nd quarter of FY 87. Final evaluation will determine overall development impact of project and whether end-of-project conditions have been achieved.
0110 Integrated Pest Management					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 examines cross-cutting issues of sustainability and enviromental impact as suggested in STATE 074166.

EVALUATION REPORT

PROJECT NO. & TITLE	PLANNED FY86 START (QTR.)	PLANNED FY86 TO AID/W (QTR.)	ACTUAL FY86 START (QTR.)	ACTUAL FY86 TO AID/W (QTR.)	UPDATE FY87 START (QTR.)	UPDATE FY87 TO AID/W (QTR.)	REASONS/ISSUES
0114 Reg. Economic Recovery					4th	1st 88	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. The targets established in project design for mobilizing extra-regional capital will be reviewed for their continued relevance.
0134 CA Energy Resources			4th	1st 87	4th	1st 87	PACD: 6/89. FY 86 evaluation was first evaluation undertaken of project since its inception in FY 85. Evaluation results were utilized for $10 million project amendment.

EVALUATION REPORT

PROJECT NO. & TITLE	PLANNED FY86 START (QTR.)	PLANNED FY86 TO AID/W (QTR.)	ACTUAL FY86 START (QTR.)	ACTUAL FY86 TO AID/W (QTR.)	UPDATE FY87 START (QTR.)	UPDATE FY87 TO AID/W (QTR.)	REASONS/ISSUES
HEALTH							
0115 ORT, Growth Monitoring and Education	4th				1st	3rd	PACD: 11/89. Purpose of evaluaton was to evaluate progress under Phase I. Evaluation completed.
0116 Food Assistance					3rd	4th	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.

EVALUATION REPORT

PROJECT NO. & TITLE	PLANNED FY86 START (QTR.)	PLANNED FY86 TO AID/W (QTR.)	ACTUAL FY86 START (QTR.)	ACTUAL FY86 TO AID/W (QTR.)	UPDATE FY87 START (QTR.)	UPDATE FY87 TO AID/W (QTR.)	REASONS/ISSUES
SDA							
Project Impact and Monitoring System Design (PD&S)					4th	2nd 88	Focus on CATIE projects in agricultural production and natural resource management. Emphasis will be placed on country specific contributions to bilateral AID Mission program objectives.
SDA							
0089 Fuelwood & Alt. Energy 0095 Reg. Ind. Energy Efficiency					3rd	4th	PACD: 7/87. Final evaluation will focus on end-of-project conditions to determine whether dissemination and institutional strengthening objectives were attained.

EVALUATION PLAN

PROJECT NO. & TITLE	DATE LAST EVALUATION COMPLETED	FY88 START (QTR.)	FY88 TO AID/W (QTR.)	FY89 START (QTR.)	FY89 TO AID/W (QTR.)	REASONS/ISSUES
EHR						
0124 Export Management		1st	3rd			PACD: 12/90. Interim evaluation.
ARDN						
0106 Watershed Management		2nd	3rd			PACD: 7/88. Final evaluation. Review progress to date and explore feasibility of a second phase project. It 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 in watershed management to CA/P institutions, the degree of coordination among national institutions involved in watershed management, and the enhanced awareness on the part of policy makers of the need for sound natural resource management.

EVALUATION PLAN

PROJECT NO. & TITLE	DATE LAST EVALUATION COMPLETED	FY88 START (QTR.)	FY88 TO AID/W (QTR.)	FY89 START (QTR.)	FY89 TO AID/W (QTR.)	REASONS/ISSUES
0108 Ag. Export Support				2nd	3rd	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.

EVALUATION PLAN

PROJECT NO. & TITLE	DATE LAST EVALUATION COMPLETED	FY88 START (QTR.)	FY88 TO AID/W (QTR.)	FY89 START (QTR.)	FY89 TO AID/W (QTR.)	REASONS/ISSUES
						The evaluation will also assess progress in strengthening private sector capabilities in the production, post-harvest handling and marketing of non-traditional ag. export productions.
0117 Tree Crop Production		4th	1st 89			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.

EVALUATION PLAN

PROJECT NO. & TITLE	DATE LAST EVALUATION COMPLETED	FY88 START (QTR.)	FY88 TO AID/W (QTR.)	FY89 START (QTR.)	FY89 TO AID/W (QTR.)	REASONS/ISSUES
0123 Export Agribusiness Development		2nd	3rd			PACD: 8/91. Initial evaluation will focus particularly on agribusiness exports generated by LAAD sub-borrowers and new jobs created under project.
ARDN						
0129 Reg. Ag. Higher Education		3rd	4th			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 across several projects to measure CATIE's progress in institutionalyzing priority programs in farming systems research, integrated pest management, watershed management, tree crop production, and reinforced Masters level and technical training. This

EVALUATION PLAN

PROJECT NO. & TITLE	DATE LAST EVALUATION COMPLETED	FY88 START (QTR.)	FY88 TO AID/W (QTR.)	FY89 START (QTR.)	FY89 TO AID/W (QTR.)	REASONS/ISSUES
						assessment will 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.
0114 Reg. Economic Recovery		4th	1st 89			PACD: 8/88. End-of-project evaluation which will also serve as guidance and basis for development of possible follow-on project with CABEI.

EVALUATION PLAN

PROJECT NO. & TITLE	DATE LAST EVALUATION COMPLETED	FY88 START (QTR.)	FY88 TO AID/W (QTR.)	FY89 START (QTR.)	FY89 TO AID/W (QTR.)	REASONS/ISSUES
0134 CA Energy Resources				2nd	3rd	PACD: 6/89. FY 99 evaluation will assess results attained under $10 million amendment.

EVALUATION PLAN

PROJECT NO. & TITLE	DATE LAST EVALUATION COMPLETED	FY88 START (QTR.)	FY88 TO AID/W (QTR.)	FY89 START (QTR.)	FY89 TO AID/W (QTR.)	REASONS/ISSUES
HEALTH						
0115 ORT, Growth Monitoring and Education				1st	3rd	Interim evaluation. To assess progress of project against objective.

2.	José Rodríguez	0116-S-00-6176-00	Technical Support for Food Assistance Programs	03/24/86	Minority	32,450.00
3.	Elizabeth Burleigh	0000-S-00-6270-00	ORT, Growth Monitoring and Education	06/02/86	Women Owned	36,540.00
4.	Medea Benjamin	0116-C-00-6290-00	Technical Support for Food Assistance Programs	06/16/86	Women Owned	2,500.00
			TOTAL			$86,490.00

Total procurement FY-86 (Mission Issued) - 720,699.00
GRAY AMENDMENT - $86,490.00 (12% OF TOTAL AMOUNT OF FY 86)

* Including commodities, personal and technical services

REPORT OF GRAY AMENDMENT PROCUREMENT *
FISCAL YEAR 1987

PROJECT FUNDED, ROCAP

	CONTRACTOR	PURCHASE ORDER/ CONTRACT No.	PROJECT TITLE	DATE	TYPE OF BUSINESS	AMOUNT
1.	Melody A. Trott	0115-S-00-7262-00	ORT, Growth Monitoring & Education	04/15/87	Women Owned	$26,545.00

GRAY AMENDMENT AID/W ISSUED

The only AID/W issued contracts ROCAP has had are:

1. IMCC, Onofre Torres
2. Ernesto Fernandez Hollman

The approximate cost of both contracts is $50,000.00. The individual and exact amount of each contract is unknown.

F Y '8 7 - $ 186,945.00 (Up to Purchase Order 7299-00, April 2, 1987
GRAY AMENDMENT - $ 26,545.00 (14.19% of Total Amount of Mission issued procurement FY' 87)
Total procurement AID/W issued - Unknown

* Including commodities, personal and technical services

	TOTAL DA	FUNDS AVAILABLE FOR U.S. PROCUREMENT	G.A. TYPE CONTRACTS	% OF AVAILABLE D. A. AWARDED TO G.A. FIRMS
FY 1986	23,838,000	720,699	86,490	12%
FY 1987/first six months	24,700.000	186,945	26,545	14.19%

Higher Funding Levels

Narrative Overview

At last year's Action Plan review a decision was made to defer one FY 86 project and several FY 87 proposed new starts (Technical Consultants and Training, Industrial Quality Control, and three agricultural sector PP amendments: IPM, Watershed Management and Tree Crop Production). ROCAP's FY 88 Congressional Presentation includes only the Coffee Pest project amendment in the way of new initiatives. Under the FY 88-89 Action Plan scenario for FY 89, a new start entitled Industrial Outreach and Growth plus the Watershed Management project amendment are proposed.

If FY 87 Supplemental funding becomes available, ROCAP requests up to $25.0 million in order to (a) add $15 million in loan funds to the C. A. Shelter and Urban Development Project for expanded infrastructure subprojects, and (b) forward fund several priority projects under the on-going portfolio. By so doing, FY 88 OYB funds would become available to support new project initiatives for the Regional Transportation Assistance project and the Integrated Pest Management follow-on project amendment.

Projections for FY 89 based on AID/Washington guidance of increasing FY 87 funding levels by 50% would allow for additional ROCAP funding of $14.9 million ($12.4 million D. A., and $2.5 million ESF). Funding of this magnitude in FY 89 will finance initial year start-ups for the CABEI II project, the proposed Regional Investment Company project and an amendment to the Tree Crop Production project.

It is anticipated that the transportation and capital markets studies, which will be completed by June 1, will provide key analytical and project design information to the USAID bilateral missions of the region, and will put forth recommendations for regional project initiatives that ROCAP could pursue for start-up during the FY 88-89 period. The Regional Transportation Assistance, CABEI II and Regional Investment Company project proposals all draw upon preliminary findings of these two studies.

In the upcoming CDSS, ROCAP intends to place principal emphasis on export promotion opportunities, and both the Regional Transportation Assistance and CABEI II projects represent key mechanisms for pursuing this strategic thrust. Likewise, the design and implementation of a Regional Investment Company would serve to strengthen national level investment and trade activities and provide a funding source for medium- and long-term investment credit. High risk/return agribusiness and industrial ventures could be financed under this project, thus bringing about stronger benefits from exports and greater increases in agricultural production, ROCAP's other prime objective.

ROCAP would not require additional U.S. direct hire staff to carry out the above mentioned project design and implementation activities. However, FSN and PSC assistance will be required to support the project development process.

Higher Funding Levels
($ millions)

Appropriation Account	FY 1987	FY 1988 1/	FY 1989 2/
DA	24.8	25.6	37.2
ESF	5.0	5.0	7.5
Total	29.8 3/	30.6	44.7

1/ Based on FY 88 Congressional Presentation.

2/ Request based on 50% increase in FY 87 level.

3/ Does not include possible Supplemental Funding.

Modifying Objectives for Higher Funding Levels

LAC Objective No. 5: Promote Exports
Value of non-traditional exports increased

Mission Objective No. 5: Same.

1. LAC Indicators: (see Mission Indicators).

2. Performance under LAC Indicators: (see Mission Indicators).

1A. Mission Indicators:

A. Credit funds lent to finance transportation system improvements which impact directly on increasing annual volume of non-traditional exports.

B. Greater number of direct and indirect employment opportunities as a result of increased exports in agribusiness and manufacturing sectors.

C. Investment activity stimulated through greater accessability of funds to finance new export projects.

2A. Performance under Mission Indicators:

A. $13.9 million in increased credit for the promotion of exports, both in agriculture and manufacturing industries.

B. Total project investments in transportation and credit will yield approximately 3,280 new direct employment opportunities in the CA/P region.

C. Investments in improved transportation systems, capital markets activities and medium- and long-term investment credit will increase export volumes by approximately $ 25 million per year.

Increased Funding	FY 1987	FY 1988 ($000)	FY 1989 ($000)
Regional Transportation Assistance	-	2.5	2.5
CABEI II			7.5
Regional Investment Co.			6.4

Modifying Objectives for Higher Funding Levels

LAC Objective No. 1: Increase Agricultural Production

A. Real growth of value added, increase in real percentage terms.

B. Volume of production of selected domestic consumption crop increased.

Mission Objective No. 1: Same.

1. LAC Indicators: (See Mission Indicators).

2. Performance under LAC Indicators: (See Mission Indicators).

1A. Mission Indicators:

A. Greater capacity on the part of CATIE to provide cost effective training and technical assistance in IPM and Tree Crop technology applications.

B. National, regional and non-governmental institutional capabilities are strengthened for the development and implementation of IPM and Tree Crop technologies.

2A. Performance under Mission Indicators:

A. Technology transfer seminars and workshops in pest management provided to national producer associations, USAID participants and governmental representatives. CATIE works directly with NGO's such as CARE in planting multi-purpose, fast growing tree species for on-farm and commercial purposes.

B. National level IPM and forestry institution personnel (20) participate in project workshops and seminars. NGO institutions provide matching grant funding and additional personnel (15) to assist in training sessions and the planting and supervision of tree cropping technologies.

Increased Funding	FY 1987 -	FY 1988 ($000)	FY 1989 ($000)
IPM Amendment		2.0	2.5
Tree Crop Production Amendment			1.0

New Project Description

Country:	ROCAP
Goal:	Basic structural reforms leading to rapid and sustained economic growth
LAC Objective:	No. 5: Promote Exports No. 7: Expand and Improve the Infrastructure
Project:	Regional Transportation Systems Assistance
Appropriation Account and Category:	SDA, Grant
Functional Account:	106
LOP Funding (000):	$5,000 (G)
DESCRIPTORS:	800, 000, Aa
PID:	The PID will be reviewed at post by February, 1988.

Project Description:

The proposed project will provide for a series of technical assistance activities, to be carried out on a region-wide basis, for the purpose of addressing key transportation constraints to increasing non-traditional exports. The project purpose will be achieved over a three year period through: 1) the development of individual country strategies for carrying out immediate and short-term action plans for coordinating and improving transport systems; 2) the establishment of standardized contract law amendments for the transport of non-traditional exports; 3) the training and supply of regional transportation brokerage personnel; and 4) the completion of a full review of, and recommendations for, the upgrading and/or replacing of port equipment, and the establishment of region-wide transportation repair and maintenance requirements.

Potential Policy Issues: None.

Narrative:

The ROCAP sponsored regional transportation study concluded that each country in the region did not have the capability to effectively assess its immediate and short-term transportation system constraints, or to develop a consensus strategy and action plan for overcoming these constraints. Advisory personnel trained in facilitating the decision-making process for prioritizing and carrying out recommendations for improved transport systems, are urgently needed on a long-term basis in the region. Large economies of scale will be gained with the provision of this type of technical expertise to each country through a contract mechanism administered out of SIECA.

Another region-wide transportation-related deficiency which greatly constrains the expansion of non-traditional exports, is the lack of a standardized contract instrument that would insure the producers, shippers and export brokers of legal recourse in case of accident or default. For transportation systems to operate efficiently there must be legal parity between the shipper and the carrier: neither one should be allowed an unfair advantage over the other. The project will therefore undertake a program of technical assistance in the region designed to establish agreed upon procedures whereby a standardized contract of carriage can be fairly, quickly and economically enforced.

Closely related to the contract amendment constraint to increasing exports and the demand for transportation services, is the absence of adequately trained and knowledgeable brokerage agents in the Central American region who can perform the critical function of an intermediary risk-taker in the transport and export operation process.

Training in the U.S., and on-the-job training programs in Central America, are required in order to increase the supply of qualified Central American transportation and export brokerage agents. Training programs of this nature will be carried out by means of INCAE seminars and workshops.

Lastly, although the ROCAP regional transportation study assessed the current state of port facilities in Central America, Panama and Belize and made recommendations accordingly, a more thorough analysis, taking into consideration specific repair and maintenance specifications, is needed for the efficient operation of all ports of the region. The project contemplates a full review of all port facilities, with specific upgrading requirements identified and feasibility studies carried out. The port review would also include the production of a manual for the regional standardization of port maintenance and repair procedures.

	Budget	($000)
1.	Country Transportation Strategies and Problem Solving Capabilities	1,500
2.	Contract Law Amendment and Standardized Performance Instruments	1,000
3.	Training and Technical Assistance for Regional Transportation/Export Brokerage Services	2,000
4.	Review and Feasibility Studies for Port Repair and Maintenance Requirements	500
	Total	$5,000

New Project Description (Amendment)

Country:	ROCAP
Objective:	No. 1: Increase Agricultural Production
Project:	Regional Integrated Pesticide Management Amendment
Appropriation account and (if DA) Category:	ARDN
Functional Account (Section 103-6):	103
LOP ($000):	Grant $4,500
DESCRIPTORS:	000, 500
PP Amendment Authorized	May, 1988

Project Description:

The proposed three year IPM amendment will allow for the validation, refinement and effective transfer of crop protection technology developed by the current project. The amendment will retain the basic operating framework; i.e., it will consist of research, training, and technical cooperation components. Pesticide management (PM) activities will be expanded to include health and environmental issues. Research will emphasize validation of IPM technologies developed by CATIE under the current project and will be extended to other crops. Research and T.A. in biological control will be intensified through the addition of an insectary to the existing IPM facilities at CATIE.

Potential Policy Issues:

Adoption of the IPM approach to crop protection and of appropriate guidelines for the safe and rational use of agricultural pesticides.

Narrative:

Problems: Although CA/P countries depend a great deal on agriculture for food, employment, and foreign exchange, crop protection technology is in general incipient and at best, only partially effective. Much of agriculture still exists at the subsistence level, with little or no crop protection. On the other hand, some commodities -chiefly cotton and vegetable crops- are under intense chemical control, with resulting harmful and far reaching economic, health and environmental problems.

A common denominator in CA/P countries has been the lack of adequate financial support for crop protection programs. The inadequacy of within-country support for research and extension is strongly reflected in the lack of program continuity. CATIE's experience with the Small Farm Production Project and its current IPM Project, has verified the need for and the viability of a strong regional program, offering permanency of information, and expertise and support for the initiation, reinitiation, or development of national programs.

Lack of research and extension in crop protection, coupled with the pressing need to produce more food, have resulted in misuse of pesticides. Inadequate numbers of trained scientists in crop protection have resulted in an insufficient amount of insect, disease and weed management test results. There are still not enough organized and readily available reference materials to support the limited professional personnel in their work. Moreover, information and diagnostic services are just getting underway and thus are too new to evaluate.

By the year 2,000, the CA/P region's population is expected to double, reaching nearly 50 million people and placing increasingly greater constraints on food production. By reducing crop yield losses, crop protection costs, and pesticide contamination, and conversely, by helping increase food production, employment, and foreign exchange, the continuing introduction of appropriate IPM technologies will be of immense benefit to the region.

Objective:

The purpose of the project is to promote the adoption of validated integrated pest management (IPM) recommendations and rational pesticide management (PM) practices in the CA/P region, by strengthening regional and national capabilities in these two areas.

Component Descriptions:

The existing CATIE/ROCAP Regional IPM Project is currently in the process of developing economically and environmentally sound crop protection guidelines for vegetable crops and basic grains grown in the CA/P region. The project has a high visibility and there is much demand for its technical services and training programs. At the end of its final year, the project will have reached a high degree of maturity and expertise in IPM, and will thus be in a better position to more effectively promote the adoption of IPM practices.

The proposed three year amendment will consist of three components: Training, Research, and Technical Cooperation. The Research Component will emphasize validation and refinement of technologies developed under the existing Regional IPM Project, but carried out in multiple locales. Research

itional crops, including those targeted by CATIE
be relatively rapid due to the availability of
developed with current target crops. Biological
fied through the addition of a small insectary to
where beneficial organisms will be cultivated in
grams. Limited research in specific areas of
ironmental/health problems associated with
onducted.

will give significantly more emphasis to pest
, with training programs based primarily on case
ce and technologies developed by the existing IPM

ion component will provide diagnostic information
vices to national institutions. Two important
will be assistance in pest management related
neficial organisms in support of national research
trol efforts.

aries of the IPM amendment will be CATIE and the
ed in PM activities. The ultimate beneficiaries
the general public, through decreased crop
improved health and environmental conditions.

($000)
2,000
250
1,000
100
500
75
100
75
400
$4,500

New Project Description

Country:	ROCAP
Objective:	No. 5: Promote Exports
Project:	596-0147, Regional Industrial Expansion (CABEI) II
Appropriation Account and Category:	ARDN and SDA Loan; Grant SDA
Functional Account:	Sections 103, 106
LOP (000):	$49,000 L $ 1,000 G
DESCRIPTORS:	000, 800, Aa
PID:	December, 1988.

Project Description:

Assist the Central American Bank for Economic Integration (CABEI) to expand its efforts to provide capital to the private industrial and agribusiness sectors, and to finance public sector infrastructural projects, including sea and air transportation facilities and other physical improvements needed to increase non-traditional exports.

Narrative:

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, and to invest in public sector projects which have multiple impacts on key macroeconomic objectives.

CABEI is the region's largest financial institution. Over recent years it 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, negotiation of a Club Loan by a consortium of international lenders, and an effort to attract extra-regional members, are now starting to produce results. CABEI is rapidly becoming once again a highly creditworthy institution. Scheduled for early FY 1988 is an in-depth

evaluation of the progress CABEI has made under the FY 1985 Regional Economic Recovery Project. It is expected that CABEI will once again play a major role in mobilizing extra-regional financing from both public and private sectors.

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 role as a second-story private sector bank will be expanded through various means including the AID financed agribusiness lending program, the EEC financed small industry program, as well as from bilateral donor funding such as Mexico, Japan and Germany, through CABEI to the private sector. CABEI is gaining valuable experience as a second-tier lender to financial intermediaries and, in the process, is deepening the region's capital structure.

The new project will finance four major components:

(1) Transportation Infrastructure for Non-traditional Exports. The project will provide a line of credit for public and private sector financing to improve host country transportation facilities which impact directly on non-traditional exports from the region. The ROCAP regional transportation study pointed to several interventions, including the construction of refrigerated warehouses, container freight stations, improved airport inspection and storage areas and renovated port facilities and equipment, as prime examples of investments that can greatly increase the amount of non-traditional exports.

(2) Agribusiness Lending Program. This component will represent a continuation of the program being financed under the Regional Economic Recovery Project, but will require a substantial counterpart contribution from CABEI needed to mobilize other donor and/or external private financial support for the program.

(3) Industrial Rehabilitation. This component will assist firms that were originally established to increase Central American regional trade, but which have also demonstrated extra-regional export potential. It is contemplated that AID funding will cover only a part of the financing of such firms, and that CABEI will arrange for packages of assistance from other donor and private resources to fulfill all financial requirements. This component will also draw upon the experience of the EEC-financed small- and medium-size industrial program in directing credit to larger firms, as well as provide support for new plant start-ups or plant expansions.

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

Budget	($000)
Agribusiness Lending Program	15,000
Industrial Rehabilitation for Exports	15,000
Infrastructure for Non-traditional Exports	19,000
Technical Assistance	1,000
Total	$50,000

New Project Description

Country:	ROCAP
Objective:	No. 2: Strengthen the Private Sector No. 5: Promote Exports
Project:	Regional Investment Company
Appropriation Account and Category:	SDA, Loan SDA, Grant
Functional Account:	106
LOP Funding (000):	25,000 Loan (3 years) 2,000 Grant (2 years)
DESCRIPTORS:	800, 000, 100, Aa
PID:	PID would be reviewed in Washington, December 1988.

Project Description:

The proposed project will establish a regional investment company (RIC) capable of providing medium- and long-term credit for higher risk/return industrial and agricultural projects. Projects will be presented to the regional investment company through qualified national level investment companies in Central America and Panama. In addition to financing the term credit requirements of venture capital activities in the region, the RIC will provide short-term technical assistance to existing and potential investment companies to strengthen capital markets and train personnel in project identification and review procedures.

Potential Policy Issues: None.

Narrative:

Regional Lending Mechanism.

Given the absence of effective vehicles with which to channel medium- and long-term investment credit into higher risk projects capable of generating

sufficient returns to attract local and repatriated flight capital, a regional investment company is required if structured in an appropriate way.

The promotion of national level investment companies is essential in order to strengthen and deepen the impact of capital markets in the region. Specific capital markets activities to be promoted under the project on a national level include: 1) trading commercial paper and other security instruments, and creating markets for trading debt and equity participations in existing companies; 2) facilitating foreign exchange transactions and trading mechanisms by serving as brokers and intermediaries; 3) purchasing shares in companies in need of working capital and investment infusions to regain a viable financial position; and 4) serving as investment bankers by structuring deals and sindicated loan packages, participating in joint ventures, performing underwriting and insurance services, and carrying out investor functions for mutual and pension funds.

A regional investment company will serve to promote and develop these kinds of capital markets activities on a national level, as well as fill the critical capital markets function of financing longer-term, higher risk projects having the potential for multiple economic and developmental benefits. Organizationally, the RIC will consist of a small number of Board members, most likely comprised of private sector representatives, an INCAE provost and the president of CABEI. The Board will review and approve loan projects on a competitive basis, with preference given to projects geared to inter- and extra-regional export markets and capable of drawing on raw material resources which span several borders in the region. Each national level investment company looking to tap into the RIC pool of funds will first be required to meet certain criteria involving capitalization, audit requirements and management qualifications and procedures.

Technical Assistance and Training

Over the life-of-the-project, funds will be made available to support short-term technical expertise in the areas of personnel training and the provision of advisory services needed to strengthen national level capital markets skills and institutions.

Budget (3 yr. LOP)

Regional Loan Fund	$25,000,000 (Loan)
Technical Assistance and Training	$ 2,000,000 (Grant)

New Project Description (Amendment)

Country:	ROCAP
Objective:	No. 6: Manage and Preserve Natural Resources
Project:	596-0117, Tree Crop Production Amendment
Appropriation Account and Category:	ARDN; Grant
Functional Account:	103
LOP (000):	$5,500
DESCRIPTORS:	000, Aa
PID:	December, 1988

Project Description:

The Tree Crop Production Project's purpose is to develop and strengthen the capabilities of CATIE and public and private forestry services, educational institutions and extension organizations in the CA/P region. Technical assistance and training will be utilized 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 non-governmental organizations (NGO's) on a regional scale.

Narrative:

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 pressure to over-utilize and degrade existing forest land.

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 the CA/P region and that farmers readily adopt agricultural innovations. Therefore, a mechanism must be established to channel this regional experience to farmers and other rural groups. This process is currently constrained by weak national forestry and extension services, the scarcity of local non-governmental organizations capable of encouraging tree planting, and the lack of financing on terms suitable for long-term investments in forest plantations.

The following components will address the foregoing problems: 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 the CA/P region. The contractor will carry out the following tasks.

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

- 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, PL 480 funds of bilateral Missions, and donations or loans from international sources.

- Provide grants, credits or other incentives to local NGOs for tree planting and related activities including 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 responsible for implementing this project amendment. The Project 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 full funding can be assumed by the NGOs involved.

Beneficiaries:

Direct beneficiaries will be the local NGOs and the thousands of individual small farmers and rural inhabitants who will be encouraged to plant trees on their land. The prices of wood are expected to increase more rapidly than inflation, thus wood purchases require an even larger proportion of family income. By growing their own supplies, however, the hardship on rural poor of scarce fuel and wood supplies 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 accruing to the CA/P economies and populations.

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
Indirect Costs and Contingencies	885
Total	$5,500