

PROJECT APPRAISAL REPORT (PAR)

PAGE 1

1. PROJECT NO. 596-11-755-010	2. PAR FOR PERIOD. 10/30/72 TO 6/30/73	3. COUNTRY Central America	4. PAR SERIAL NO. 74-1
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5. PROJECT TITLE

SIECA Institutional Assistance

6. PROJECT DURATION: Began FY 72 Ends FY 73	7. DATE LATEST PROP 3/2/73	8. DATE LATEST PIP -----	9. DATE PRIOR PAR 10/30/72
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 662	b. Current FY Estimated Budget: \$ 346	c. Estimated Budget to completion After Current FY: \$
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME Permanent Secretariat for Central American Integration (SIECA)	b. CONTRACT, PASA OR VOL. AG. NO. Pro-Ags 72-11, 73-9, 73-11
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I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
			(See page 1-A for details)	
X	X	X	1. Training	
		X	2. Outside consultants and local contracts (Pro-Ag 72-11)	
X		X	3. Outside consultants and local contracts (FY 74)	
		X	4. Brookings Contract	
X		X	5. Statistical Department	
X		X	6. Regional Highway System Manuals	
		X	7. SIECA financing	
X	X	X	8. Review of PROP	
X			9. Terminate support extended to the staffs of the Industrial, Infrastructure, and Trade Departments	

D. TO PLANNING REQUIREMENTS	REVISOR: <input checked="" type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	E. DATE OF MISSION REVIEW
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PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE R. V. Fimbres :ADRA	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE Irving G. Tragen, Director, R-3AP
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Cleared by: PROG:JEyre

Project No.	Par for Period:	Country:	PAR Serial Number:
596-11-755-010	10/30/72 to 6/30/73	Central America	74-1

1. Training

- a. By September 30, 1973 develop a two-year training plan to cover SIECA participants to include personnel involved in the Brookings Contract. This is to be financed using available FY 74 funds.

2. Outside Consultants and Local Contracts (Pro-Ag 72-11)

- a. By September 30, 1973 develop detailed scopes of work and hire necessary consultants as per PLOT 596-010-3-20030 (Amendment 1) in the areas of:
1. Organization and Methods
 2. Statistical Programming
 3. Documentation and Information

3. Outside Consultants and Local Contracts - FY 74

- a. By September 30, 1973 develop detailed scopes of work for priority studies on CACM restructuring and for tasks complementary to SIECA's 1973-74 work program, which studies are to be carried out by outside consultants, regional institutions, and local contractors.

4. Brookings Contract

- a. By August 31, 1973 develop detailed scopes of work for the three research activities covered in the contract.
- b. By July 30, 1973 fully staff both the Brookings and SIECA teams that are to collaborate in carrying out the three activities referred to above.

5. Statistical Department

- a. By July 30, 1973 develop detailed work plans and schedules for the publications referred to in Pro-Ag 73-11.

6. Regional Highway System Manuals

By December 31, 1973 publish manuals on Road Maintenance and on Traffic Control Systems.

7. SIECA Financing

- a. Based on results of CACM restructuring efforts during the latter half of 1973, revise recommended plans for financing of SIECA by member governments. The updated plan should include an automatic payments feature, and for the governments on an agreed-upon schedule to assume all of SIECA's staff costs and a substantial share of the Secretariat's total operating expenses. By June 30, 1974.

8. Review of PROF

- a. Preparatory to ROCAP FY 74 financing of further SIECA activities, review the March 2, 1972 PROP. By October 30, 1973.

9. Staff Support

By June 30, 1973, terminate financial support extended to members of the Industrial, Infrastructure, and Trade Departments. These employees are either receiving tenure in the Secretariat's permanent staff or their short-term contracts are not being renewed.

II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)				
	DUELY FACTORY		SATISFACTORY			OUT-STANDING		LOW		MEDIUM		HIGH
	1	2	3	4	5	6	7	1	2	3	4	5
1. SIECA				X							X	
2.												
3.												

Comment on key factors determining rating

(See page 2-A)

4. PARTICIPANT TRAINING														
		X												

Comment on key factors determining rating

(See Page 2-A)

5. COMMODITIES														
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Comment on key factors determining rating

N/A

6. XXXXXXXXXX XXXXXX CACM countries	a. XXXXXXXXXX national support													
	b. OTHER Financing			X									X	

Comment on key factors determining rating

(See Page 2-A)

7. OTHER DONORS: IDB, OAS, UN, CAMEL, W. Germany														
				X									X	

(See Next Page for Comments on Other Donors)

Project No.	PAR for Period	Country:	PAR Serial Number
596-11-755-010	10/30/72 to 6/30/73	Central America	74-1

II Performance of Key Outputs and Action Agents

COMMENT ON KEY FACTORS DETERMINING RATING

A.1 Action Agent - SIECA

SIECA's operations are complicated by the fact that efforts to return CACM to normal functioning and to carry forward the integration movement put increased demands on the institution without providing additional financial resources to meet these demands. Accordingly, the existing staff is spread rather thin, is constantly diverted to activities of an emergency nature, with the result that progress on ROCAP-financed activities is often delayed. SIECA's financial problems cannot readily be solved until a restructured Common Market is agreed to by the governments within which SIECA's new institutional role is to be redefined. However, the continued ability of SIECA to perform its present functions is absolutely essential to restoration of the Common Market and expansion of the integration process. SIECA recommendations for new levels of financing of its operations are part of the Secretariat's comprehensive study suggesting a new integration strategy for the 1970's, which study is to be the guideline for restructuring the Common Market. The governments will treat this problem in the context of meetings which will start July 1973 for the restructuring of CACM.

4. Participant Training

Because of short staff and emergencies constantly afflicting CACM, SIECA personnel have to devote most of their time to short-range analyses, issues, and policy recommendations. These emergency activities severely impinge on the staff's time and on SIECA's ability to plan and implement a sound training program for academic up-grading of its staff. Consequently, SIECA has found it difficult to release its most important personnel for academic training for periods longer than one or two weeks. As a result, only one participant was selected in FY 73, with another not approved by ROCAP because of language deficiency.

6. COOPERATION WITH SIECA BY CACM COUNTRIES (Financing)

The willingness of the national governments to provide adequate financing to SIECA will depend in large measures on SIECA's demonstrated ability to provide high-quality support to integration efforts and their response to efforts to restructure CACM in which SIECA has assumed leadership. There is evidence to believe that a valid assumption is that the governments will increase their contributions to SIECA. The quota which was \$100,000 per country in 1967 was increased to \$180,000 in 1970. Another \$50,000 increase per country is planned for 1974 as indicated by the fact that the Secretariat is absorbing at least twelve professionals into its permanent staff this year. SIECA is now able to meet close to 60% of its budget requirements from contributions of the CA governments. And, despite problems affecting CACM, SIECA has not experienced the long delays in payments suffered by other regional bodies, even from Honduras whose CACM association is currently in suspense. Another example of C.A. backing is that while Nicaragua has suspended payments for two years to other regional agencies, SIECA was exempted from this decision. Hence, as its technical capabilities have grown, SIECA has demonstrated it can obtain increasing sums of financial backing for its operational needs.

Project No.	PAR for Period	Country:	PAR Serial Number
596-11-755-0-10	10/30/72 to 6/30/73	Central America	74-1

6. COOPERATION WITH SIECA BY CACM COUNTRIES (Personnel)

National criteria has continued to prevail in country planning and development programs leaving integration matters almost exclusively in the hands of a few national officials in the Ministries of Economy, regional civil servants, and academicians. Hence, collaboration with SIECA and contribution to regional programs and policies on the part of the vast majority of national officials have been lacking. To the extent that SIECA is able to develop effective regional programs of a recognized quality and relate these to national efforts, its prestige will be enhanced and it can more readily secure the fuller national collaboration that it needs and contribute to coordination of regional and national programs.

II. 7. Continued: Comment on key factors determining rating of Other Donors

of the total 1972 budget of \$1,708,000, member governments contributed \$900,000, the OAS \$102,000, UN \$75,000, BID \$150,000, CABEI \$70,000, and Germany \$25,000. An additional \$528,000 were made available 1971/1972 by the UN, CABEI and IDB for special projects. In general, resources from other national contributors concentrate on longer-term regional development problems and programs while ROCAP's aid is directed at strengthening the technical capacity of the institution.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY 73		FY 74	FY 75	
			TO DATE	TO END			
Participant Training Completed	PLANNED	3		4			1/
	ACTUAL PERFORMANCE	3	1				
	REPLANNED						
General Personnel upgrading through research as counterparts to Brookings	PLANNED	0			6		1/
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:						
1. Continued program of high quality research on policy questions and implementation problems	Contract with a highly competent US institution in which collaborative research studies will be completed or will be in progress on price structures, equities of integration process and unemployment.						
2. Sound policy recommendations for improving and advancing regional integration.	COMMENT: Recommendations formally presented to and acted upon by appropriate regional bodies on such matters as CACM restructuring and the perfecting of the integration process.						
3. Technical advise and assistance to national governments and to regional and national institutions.	COMMENT: SIECA technicians are working closely with national governments and institutions on problems of regional importance.						

1/ This hinges on a participant program for FY 74 financial to be developed as

AID 1020-25 (10-70)	PROJECT NO.	PAR FOR PERIOD:	CCOUNTRY	PAR SERIAL NO.
PAGE 4 PAR	596-11-755-10	10/30/72 -6/30/73	Central America	74-1

IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP? YES NO
To strengthen the technical capacity of SIECA, enhance its prestige, and to achieve increased recognition of SIECA's essential role in the integration process thereby generally improving political and financial support for SIECA's activities.

<p>b. 1. Conditions which will exist when above purpose is achieved.</p> <p style="text-align: center;">(See attachment)</p>	<p>2. Evidence to date of progress toward these conditions.</p> <p style="text-align: center;">(See attachment)</p>
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V. PROGRAMMING GOAL

A. Statement of Programming Goal

This program contributes to the development of an integrated economic community by the signatory countries of the General Treaty for Economic Integration.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

As the Permanent Secretariat of the General Treaty, SIECA is essential to the realization of this goal. Shaping the elements of a regional economic community is a task of immense political, economic, and technical complexity. SIECA's role is to analyze these problems, develop relevant data and information, and to suggest appropriate policy alternatives to the decision-making institutions: the Economic and Executive Councils.

Project No.	PAR for Period	Country:	PAR Serial No.
596-11-755-040	10/30/72 - 6/30/73	Central America	74-1

B.1 CONDITIONS WHICH WILL EXIST WHEN PURPOSE IS ACHIEVED

a. SIECA will have developed the institutional capability to do a broad range of studies to meet its responsibilities:

Evidence to date of progress: SIECA in October 1972 terminated an analysis of CACM progress and the obstacles that surfaced during the 1960's, examined prospects for the 1970's, and proposed policy alternatives to give new impetus to the integration process. This study has served to focus debate on restructuring and has been a catalyst for prospective government action in this regard. As a result, a High-Level Committee of presidential representatives has been formed with SIECA as Secretariat to formulate plans and schedules for restructuring. The Decade Study in question consisted of an overview and the following 12 annexes:

1. Evolution of Economy during the 1960-70 Decade; 2. Perfecting the Free Trade Zone: Free Trade, Customs Union, Common Tariff; 3. Industrial Study; 4. Agricultural Strategy; 5. Infrastructure Strategy; 6. Social Policy and Integration; 7. Monetary Union; 8. Foreign Policy and Export Strategy; 9. Financing of Regional Development; 10. Public Finance and Integration; 11. Institutional Aspects; 12. International Technical Cooperation.

b. The quality of SIECA studies is recognized

Evidence to date of progress: Regional decision-making bodies have increasingly accepted the recommendations made by SIECA based on its studies of pertinent industrialization and trade issues.

c. SIECA's advice and guidance is sought

Evidence to date of progress: El Salvador, Guatemala and Nicaragua have asked and received technical assistance with respect to industrial development plans, training of functionaries, and formulation and evaluation of projects for implementation of national development plans. In addition, SIECA guidance is instrumental in developing regional positions in such matters as GATT, SCCN, the 1973 round of multilateral trade negotiations, and energy matters, and in such specific things as industrial, textile, and import/export policies.

d. SIECA's need for long-term foreign technical assistance will have been significantly reduced or eliminated

Evidence to date of progress: SIECA's staff was recently reorganized to improve the Secretariat's capability to respond to national requirements. Ten specialists in industry, trade, and infrastructure have been incorporated into the permanent staff. Two new deputy Secretary-Generals have been named who are also specialists in international trade matters. Finally, a long-range research staff is being put together by mid-1973 consisting of three senior and two junior professionals with supporting staff.

Project No.	PAR for Period	Country:	PAR Serial No.
596-11-755-040	10/30/72 to 6/30/73	Central America	74-1

CA government contributions which substantially underwrite the organization's staff and operating costs and which are automatically paid to SIECA have been forthcoming

Evidence to date of progress: Country contributions have arisen from \$100,000 in 1967 to the present level of \$180,000 per year. Another \$50,000 per country is expected commencing January 1974. And, despite difficulties encountered by other regional agencies, such as two-yea suspension of quotas by Nicaragua mentioned above, quotas due SIECA are not in arrears and will continue from Nicaragua.