

Regional Office for Central America and Panama

(ROCAP)

ACTION PLAN
FISCAL YEARS 1992-1993

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United States Agency for International Development

Regional Office for Central America and Panama
(ROCAP)

-ACTION PLAN
FISCAL YEARS 1992-1993

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Regional Office for Central America and Panama
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ACTION PLAN
FISCAL YEARS 1992-1993

1.0 RELATIONSHIP OF THE BUREAU OBJECTIVES AND COUNTRY STRATEGY

1991 marks a watershed year for ROCAP. During this calendar year we will complete nine activities and begin work on the first of eight new projects designed to support the Bureau's C.A. 2000 Strategy. ROCAP is taking this opportunity to make a fundamental shift in the way it does business. Specifically, we are changing from a project-specific to a more programmatic approach to development, and reorganizing internally to establish clear-cut lines of responsibility for achievement of Mission strategic objectives at the program level. With the advent of the recently approved LAC Central America Strategy, ROCAP is redirecting its efforts towards the attainment of the LAC Objectives within a regional context. ROCAP's projects are and will continue to be designed to support the achievement of the overall LAC/CA Strategy, and in all but exceptional cases will provide specialized support to the bilateral missions. This is presently true of both the RENARM and PROEXAG activities, and will be true of planned interventions in support of the EAI, Energy and DI objectives. Regional institutions will be used to deliver specific products and achieve finite ends, as either contractors or grantees as appropriate, but in all cases in a way which will eliminate in the near- to mid-term the state of dependency on A.I.D. which now exists.

At the political level, Central America in most cases now subscribes to free market, export-oriented economic policies, to democratic principles, and to a sense of common destiny. While the individual national policies may not be fully consistent, they are at least compatible. In a national context the policies are far more hospitable to economic growth, and collectively they permit a level of harmonization and cooperation not previously possible.

During the political, economic and social crises of the 1970s and early 1980s, Central American states turned inward and regional cooperation gave way to increasingly nationalistic and insular policies. This trend is now reversing itself. Central American leaders see close cooperation as one avenue for solving the problems that beset them, and momentum for this perception is building. The Esquipulas summit process helped resolve regional security issues and led to the Antigua Economic Summit, which in turn generated an economic action plan for the region--the PAECA. The stated goal of the PAECA is integration, although this may well be defined to be a higher order of cooperation. Panama has joined the process and shares the goal. The Puntarenas summit further institutionalized the presidential dialogue on

finding common and/or cooperative solutions to their regional and national problems. Most recently, at Tuxtla, the C.A. presidents met with the Mexican President and agreed to work towards a Mexico-Central American free trade zone by 1996. Reinforcing internal trends, the PEC, the EC regional economic initiative, the PDD and the EAI all evidence an increasing USG and donor preference for dealing with Central America as a region.

With export-led growth now widely seen as the key to development, economic self-interest increasingly dictates the need for (1) sound economic policies and (2) regional cooperation. Progressive elements within the private sector are now beginning to organize themselves into a formidable force in an effort to deliver the message of the need for sound government policies and policy implementation.

Additionally, Central America shares watersheds and highly interlinked ecological systems. Agriculture, the foundation of nearly all Central American economies, is not occurring on an environmentally sustainable basis--current cultivation and land use practices threaten long-term growth. Cooperative solutions to environmental problems are more effective, and in many cases they are the only solutions possible. And as environmental awareness rises, so does the pressure for finding collective solutions to common environmental problems.

For ROCAP, with a regional optic, the task now is to help translate these very positive intentions and trends into a full range of policies and cooperative solutions at all levels. ROCAP's strategy for effecting these changes fits perfectly within the new C.A. 2000 Strategy. This Action Plan represents ROCAP's implementation plan for the first two years of a new 5-year Regional Development Strategy Statement (RDSS), being submitted simultaneously. The RDSS proposes a role for ROCAP within the new C.A. 2000 Strategy that is based on ROCAP's comparative advantages. More specifically, many action areas central to the Bureau Objectives either have a regional dimension that is best addressed collectively, or are more cost-effectively or more efficiently addressed at the regional level. These are ROCAP's primary areas of comparative advantage. Moreover, LAC Objective III--Promotion of Effective Regional Cooperation--is the very essence of ROCAP's role and the reason for its creation.

In essence, ROCAP strategic objectives are:

To support the establishment of stable democratic societies by providing DI requirements contractors, managing common theme training programs, and coordinating with the C.A. bilateral missions and other donors to ensure sustained support for the emerging democracies of the region. Further, ROCAP is exploring concepts for regional programs to support movement toward decentralization/Municipal Development, and to improve the provision of government services at all levels.

To foster sustainable, broad-based economic growth through active programs directed at sustainable agriculture and natural resource management, and expanded intra- and extra-regional trade and investment.

To encourage regional cooperation by supporting regional dialogue, key analytical activities, select sectoral programs, and cooperative endeavors intended to help Central America find cooperative solutions to common problems. Additionally, ROCAP will serve as Executive Secretariat to the LAC Central American Steering Committee (CASC).

ROCAP's program will be implemented through a small number of broad, common-theme, umbrella projects. The model for these is ROCAP's RENARM project. The environmental/natural resource management portfolio is already largely concentrated here, and remaining E/NR activities will be brought under the umbrella of this project. Paralleling this, a Regional Democratic Initiatives (DI) Project and a Regional Trade and Infrastructure (TI) Project will be designed, and all existing and future activities in promoting democracy and trade and investment will be consolidated under ROCAP's DI and TI Programs. Those remaining portfolio activities that do not terminate in FY'91 will be grouped along with the existing Regional Development Support Project, and managed by ROCAP's Trade and Investment Office (TIO).

1.1 CURRENT POLICY DIALOGUE AND PROGRESS TOWARDS ADVANCING THE MISSION'S AGENDA

Macro-policy dialogue is the purview and mandate of Central America's bilateral USAIDs. ROCAP, however, working through FEDEPRICAP, INCAE, SIECA and the C.A. Monetary Council, sponsors a variety of activities aimed at promoting sound economic policies and cooperative economic solutions. Policies in support of export promotion and intraregional trade are of special interest, and ROCAP expects to become increasingly active in promoting sound energy policies and practices and prioritizing the infrastructural investments essential to expand the region's exports. Generally, ROCAP does not directly engage in dialogue but rather sponsors seminars and underwrites analytical activities that support internal dialogue in the region. Analyses sponsored by ROCAP are regularly provided by C.A. entities to Central American presidents and their economic cabinets, and Ministers and policy makers at all levels regularly participate in ROCAP-funded seminars. ROCAP has been instrumental in raising the analytical level of these fora, and in fomenting greater and more effective private sector involvement in policy making.

In environmental policy, ROCAP plays a more direct role. Through CATIE, local and international NGOs, and the Commission on Development and the Environment (CCAD), ROCAP provides technical expertise and coordination for policy development and implementation on a regional scale. Again, however, ROCAP largely precipitates and supports the dialogue rather than entering directly into it.

Lastly, ROCAP has and will continue to support intensive policy dialogue on Central America's institutional infrastructure. ROCAP has met with the C.A. Vice-presidents and economic ministers on ways to strengthen these institutions, make them financially viable, and improve their relevance to

contemporary Central America. We are also intensively engaged in direct dialogue with most of these institutions. ROCAP dialogue and associated project support, for example, have been instrumental in establishing ICAITI as a financially sustainable organization. ROCAP is working hard to do the same with INCAP, and is exploring similar and other creative options for developing the financial sustainability of INCAE and CATIE.

1.2 RELATIONSHIP OF ROCAP'S RDSS AND POLICY DIALOGUE TO BUREAU OBJECTIVES

ROCAP's RDSS and dialogue activities directly support specific elements of the Bureau strategy, and derive from specific tasking of ROCAP under the LAC strategy document. As ROCAP's portfolio becomes increasingly focused and consolidated in discrete program areas, future adjustments to the portfolio will be based on "fine-tuning" our activities with those of the bilateral missions and LAC/W against the C.A. 2000 Strategy. These performance-based adjustments will occur based on the findings of project-specific evaluations, Program Performance Assessments, other external and internal evaluation mechanisms, and of course on-going dialogue with our colleagues in the USAIDs.

1.3 MISSION WORK PLANS

A detailed ROCAP Work Plan for CY'91, prepared according to ROCAP priority actions relative to overall LAC Bureau objectives, is attached as Annex A (Table 1). This Work Plan focuses on key short-term development actions that ROCAP will initiate to implement LAC Bureau objectives during this calendar year. ROCAP's portfolio is fully consonant with the C.A. 2000 Strategy and focuses only on those key Bureau Sub-objectives that are consistent with both ROCAP's mandate and ROCAP's relative comparative advantages in providing project assistance to the Central America region.

1.3.1 LAC Objective I: Stable Democratic Societies

Specific ROCAP actions which will promote development of stable democratic societies in CY'91 include (1) design of municipal development/decentralization activities via the concluding Shelter and Urban Development Project and (2) leadership training funded by the Private Sector Initiatives Project. The center piece of ROCAP's Democratic Initiatives Program, however, will be the new Regional Democratic Initiatives Project proposed for obligation in FY'92. This umbrella-type project will be designed to address seven specific Bureau Sub-objectives promoting the development of stable democratic societies.

1.3.2 LAC Objective II: Sustainable Economic Growth

Eleven of ROCAP's current projects will undertake significant actions in CY'91 supporting achievement of LAC Objective II: Achieving broad-based, sustainable economic growth in Central America. These actions directly relate to six of the ten Sub-objectives articulated by the Bureau to reach this end: (1) liberalizing trade; (2) strengthening private sector promotion of trade and investment; (3) promoting access to outside sources of capital; (4) stimulating agricultural production and trade; (5) increasing investment in infrastructure; and (6) promoting rational management of natural resources.

1.3.3 LAC Objective III: Effective Regional Cooperation

ROCAP has a unique mandate in the Agency vis-a-vis promotion of effective regional cooperation, and we take that mandate seriously. LAC's Objective of attaining effective regional coordination will be significantly furthered in CY'91 through implementation of nine ROCAP projects focusing on (1) regional dialogue; (2) reducing the dependence of regional institutions on A.I.D. resources; (3) promoting trade liberalization; and (4) strengthening regional sectoral programs.

2.0 PERFORMANCE RELATED TO LAC BUREAU OBJECTIVES

2.1 COUNTRY PERFORMANCE TABLE

Country Performance Tables, used to allocate funding above the MCC level to bilateral USAIDs, are prepared annually by LAC/DR and forwarded for inclusion in bilateral mission Action Plans as Table 2. Since ROCAP is a regional mission with only regional projects, the Country Performance Table is not applicable to ROCAP's program. Consistent with past years, no Country Performance Table has therefore been prepared by LAC/DR for ROCAP.

2.2 PROGRAM PERFORMANCE TABLE

ROCAP's portfolio in recent years has been largely consistent with current Bureau objectives. As discussed in last year's Action Plan, however, the problems encountered in devising quantifiable and objectively verifiable performance impact indicators for ROCAP are well known. Such indicators are hard enough to formulate for bilateral programs, and in most instances ROCAP is one step further removed from final development impact because it works largely through regional institutions--producing changes in processes and policies, in the quality of work of regional institutions, in the degree of economic cooperation among Central American states, in numbers of trained people, and in the development of regional private sector coordination entities. Shared objectives between ROCAP and bilateral missions, moreover, coupled with the small scale of our projects relative to bilateral missions and regional needs, further complicate the quantification process.

The beginning of this decade, however, marks a watershed in ROCAP's evolving portfolio. Of 18 currently active projects, nine will phase out in CY'91 and an additional two in CY'92; eight new activities, moreover, will be designed in FY'91-93, four of which have been approved. Because of the large number of phaseouts, the large number of new projects, and the new C.A. 2000 Strategy, now is clearly an opportune time to more finely tune the consonance of Mission and Bureau objectives. In spite of the problems inherent in devising quantifiable and objectively verifiable performance impact indicators for ROCAP, the Mission has therefore made a concerted effort in this year's Action Plan to articulate specific strategic objectives and performance indicators for ROCAP's program. These objectives and indicators of program performance are summarized in Table 3. This Program Performance table has been carefully developed by ROCAP to emphasize the program's impact on attainment of both our strategic objectives and Bureau Sub-objectives. Mission strategic objectives and performance indicators in Table 3 must, however, be considered preliminary and subject to evolution over the FY'92-93 Action Plan period.

Table 3 (Page 2-2)

ROCAP Program Performance
1991-2000

<u>LAC Bureau</u>	<u>Strategic (Sub-) Objective</u>	<u>Strategic Objective</u>	<u>Performance Indicators</u>
	<u>OBJECTIVE I: DEVELOPMENT OF STABLE DEMOCRATIC SOCIETIES</u>		
	1. IMPROVE THE ADMINISTRATION OF JUSTICE BY INCREASING THE INDEPENDENCE, PROFESSIONALISM, AND EFFECTIVENESS OF THE JUDICIARY AND POLICE.	N/A	
	2. PROMOTE THE EXERCISE AND PROTECTION OF CIVIL AND HUMAN RIGHTS.	N/A	
	3. STRENGTHEN ELECTORAL PROCESSES AND INSTITUTIONS.	N/A	
	4. STRENGTHEN LEGISLATIVE PROCESSES AND INSTITUTIONS.	To be Developed in FY'92.	
	5. STRENGTHEN ELECTED LOCAL AND MUNICIPAL GOVERNMENTS THROUGH DECENTRALIZATION OF AUTHORITY AND CONTROL OVER FINANCIAL AND HUMAN RESOURCES.	1.5a Secure political commitment to increased decentralization.	1.5a Three national decentralization policies in effect by 1996.
		1.5b Initiate the decentralization process.	1.5b Three national decentralization/ municipal development plans approved by 1999.
	6. PROMOTE HONESTY AND EFFICIENCY IN GOVERNMENT THROUGH TRANSPARENCY OF DECISION-MAKING PROCESSES AND HEIGHTENED ACCOUNTABILITY OF CIVIL SERVICE STRUCTURES.	To be Developed in FY'93.	
	7. SUPPORT CIVILIAN CONTROL OF THE POLICE AND MILITARY, AND DEMILITARIZATION, BY ENCOURAGING DIALOGUE BETWEEN CIVILIAN AND MILITARY LEADERS AND PROMOTING CIVILIAN OVERSIGHT OF GOVERNMENT.	To be Developed in FY'93.	
	8. STRENGTHEN POLITICAL PARTIES AND THE PARTY SYSTEM.	To be Developed in FY'92.	
	9. PROMOTE AND STRENGTHEN PLURALISM AND CIVIC PARTICIPATION THROUGH NON-GOVERNMENTAL ORGANIZATIONS AND LEADERSHIP TRAINING.	1.9 Increase civic participation in government.	1.9 36 business leadership training courses completed by 1992.
	10. PROMOTE ALTERNATIVE INFORMATION SOURCES, INCLUDING A FREE AND RESPONSIBLE PRESS, OTHER MEDIA, AND SOCIAL/ECONOMIC RESEARCH ORGANIZATIONS.	To be Developed in FY'93.	

Table 3 (con't)(Page 2-3)

ROCAP Program Performance
1991-2000

LAC Bureau	Strategic (Sub-) Objective	Strategic Objective	Performance Indicators
<p><u>OBJECTIVE II: ACHIEVEMENT OF BROAD-BASED, SUSTAINABLE ECONOMIC GROWTH.</u></p>			
<p>1. FURTHER LIBERALIZE EXTERNAL AND INTRAREGIONAL TRADE IN GOODS AND SERVICES.</p>		<p>11.1a Improve economic research and analysis.</p> <p>11.1b Strengthen private sector role in liberalizing trade regimes.</p>	<p>1.1.a 32 analytical studies completed and 8 seminars held by 1993.</p> <p>1.1.b Private sector represented in formulating integration approaches by 1992; Private sector monitoring relevant legislation by 1992.</p>
<p>2. STRENGTHEN PRIVATE SECTOR ORGANIZATIONS PROMOTING TRADE AND INVESTMENT, AND COOPERATE WITH OTHER U.S. GOVERNMENT TRADE AND INVESTMENT PROMOTION EFFORTS.</p>		<p>11.2 Increase private sector export trade and investment.</p>	<p>11.2 Double non-traditional exports to the U.S. to US\$3 billion; double number of exporters; double number of export products; increase number of import countries by 8 by 1996.</p>
<p>3. REFORM FISCAL SYSTEMS BY IMPROVING TAX STRUCTURES AND ADMINISTRATION, IMPROVING EFFICIENCY OF GOVERNMENT SERVICE DELIVERY, AND PRIVATIZING STATE-OWNED PRODUCTIVE ENTERPRISES.</p>		<p>N/A.</p>	
<p>4. STRENGTHEN THE ABILITY OF THE FINANCIAL SECTOR TO MOBILIZE DOMESTIC RESOURCES AND CHANNEL THEM EFFICIENTLY TO THE MOST PRODUCTIVE SECTORS OF THE ECONOMY, AND CONTINUE TO PROMOTE ACCESS TO OUTSIDE SOURCES OF LONG-TERM INVESTMENT CAPITAL.</p>		<p>11.4 Increase access through stock exchanges to outside sources of long-term investment capital and to domestic mobilization of capital.</p>	<p>1.4 20 non-CA foreign investors in national stock markets at over US\$ 500,000 by 1993; Cross-national trading begun by 1993.</p>

Table 3 (con't) (Page 2-4)

ROCAP Program Performance
1991-2000

LAC Bureau	Strategic (Sub-) Objective	Strategic Objective	Performance Indicators
LAC Bureau	Strategic (Sub-) Objective	Strategic Objective	Performance Indicators
	5. STIMULATE AGRICULTURAL PRODUCTION AND TRADE BY REMOVING MACROECONOMIC AND SECTORAL POLICY CONSTRAINTS; PROMOTING TECHNOLOGY IMPROVEMENTS; REDUCING TENURE INSECURITY; AND PROMOTING AGRIBUSINESS DEVELOPMENT AND TRADE LINKAGES WITH US AND NEIGHBORING MARKETS.	11.5a Reduce policy constraints.	11.5a Policy constraints identified and analyzed by 1992. 3 constraints mitigated by 1996.
		11.5b Improve agribusiness technology.	11.5b Technology improved at 50 agricultural businesses by 1996.
		11.5c Increased agribusiness and trade linkages.	11.5c 150 new agribusinesses; 300 new agricultural exporters; 100% increase in NTAE agricultural export earnings as a partial result of ROCAP-funded projects by 1996.
	6. INCREASE INVESTMENT IN INFRASTRUCTURE, MARKET INFORMATION SYSTEMS AND NETWORKS, EDUCATION AND TRAINING, AND TECHNOLOGY DEVELOPMENT AND DISSEMINATION.	11.6 Increase regional investment in export businesses.	11.6 20 infrastructural constraints to exporters identified and analyzed; CA-wide sustainable agricultural and light industrial market information systems and networks established; 200 companies and 5000 business persons trained; and 1000 technologies developed or disseminated as a result of ROCAP-funded projects by 1996. Private sector investment in export businesses increase by 100% by 1996.
	7. INCREASE PARTICIPATION IN INCOME-GENERATING OPPORTUNITIES BY SEGMENTS OF THE SOCIETY PREVIOUSLY ISOLATED FROM THE ECONOMIC SYSTEM.	N/A.	
	8. INCREASE ACCESS TO BASIC EDUCATION AND IMPROVE THE EFFICIENCY OF THE EDUCATION SYSTEM.	N/A	
	9. INCREASE ACCESS TO BASIC PRIMARY HEALTH CARE, FAMILY PLANNING, AND NUTRITION SERVICES BY THE POOR AND IMPROVE THE EFFICIENCY OF THOSE DELIVERY SYSTEMS.	N/A.	

Table 3 (con't) (Page 2-5)

ROCAP Program Performance
1991-2000

LAC Bureau Objective	Strategic (Sub-) Objective	ROCAP Performance Indicators
10. PROMOTE SOUND ENVIRONMENTAL LAWS AND REGULATIONS WHICH ARE EFFECTIVELY ENFORCED, AND RATIONAL MANAGEMENT OF NATURAL RESOURCES BY THE PUBLIC AND PRIVATE SECTORS TO ENSURE LONG-TERM SUSTAINABILITY AND HIGH ECONOMIC RETURN.	11.10 Strong commitment among Central Americans of all strata to arresting environmental degradation, reflected in policy, law, technology, resource allocation, and primary indicators of environmental trends.	11.10 Environmental degradation viewed as the major public policy issue by 1996; major increase in areas of particular ecological significance set aside for preservation and under effective management, including a regional, environmentally integrated series of parks and reserves established by 1995; Region wide, reduced net rate of deforestation, per hectare reduction in pesticide use, and increase in percentage of total land area managed in accordance with its land use capability by 2000.

OBJECTIVE III: ATTAINMENT OF EFFECTIVE REGIONAL COOPERATION.

1. SUPPORT FORA FOR CENTRAL AMERICAN REGIONAL DIALOGUE.
 - III.1 Increased effectiveness of information flow between public and private sectors and between CA countries.
 - III.1 Joint public/private sector fora increase by 50%; international fora at ministerial level or above increase by 25%; and at least one policy change in each C.A. country resulting from ROCAP-supported forum by 1995.
2. STRENGTHEN REGIONAL INSTITUTIONS AND REDUCE THEIR DEPENDENCE ON A.I.D. RESOURCES.
 - III.2a INCAP has adequate core funding to continue its long-range program without AID financial support.
 - III.2a INCAP still financially sustainable without AID core funding support in 1998.
 - III.2b CATIE has adequate core funding to continue its long-range program without AID financial support.
 - III.2b CATIE still financially sustainable without AID core funding support in 1996.

Table 3 (concl.) (Page 2-6)

ROCAP Program Performance
1991-2000

LAC Bureau	Strategic (Sub-) Objective	Strategic Objective	ROCAP	Performance Indicators
3. UNDERTAKE STUDIES AND POLICY DIALOGUE SUPPORTING TRADE LIBERALIZATION.		III.3 Improved foci of TL studies and improved study distribution.	III.3 Five major TL studies per year completed and distributed to key players through 1996.	
4. STRENGTHEN OR INITIATE REGIONAL SECTORAL PROGRAMS IN:				
A. TRADE INFRASTRUCTURE		III.4a Key trade-promoting infrastructural improvements identified and improvements begun.	III.4a 50 key infrastructural improvements identified by 1993. 5 technical/cost analyses completed by 1995. 15 funding sources identified by 1997.	
B. ENERGY		III.4b Increased efficiency in electric power supply and usage in C.A. through (1) increased decentralization; (2) increased private sector involvement; (3) decreased rural system construction costs; (4) increased system standardization; and (5) increased use of electric power by rural businesses.	III.4b. RE decentralization in 4 countries; 2 locally managed RE systems; laws in 2 countries allowing private RE generation, transmission & distribution; 4 operational co-generation schemes; 15% drop in inflation-adjusted construction cost of 10 RE systems; standards adopted in 4 countries; an increase of 200 rural businesses using electric power.	
C. SOCIAL SECTORS			N/A.	
D. ENVIRONMENT AND NATURAL RESOURCES		III.4d Increased use of sound E/NRM technologies by the public and private sectors.	III.4d Environment/Natural Resource Management Policies and regulations promulgated in all CA countries by 1995.	

2.3 PROGRAM IMPACT NARRATIVE

ROCAP's strategy to maximize its program impact on attainment of Bureau objectives is threefold: (1) streamline and focus the project portfolio; (2) concentrate program resources on those areas where ROCAP has a relative comparative advantage in providing assistance on a regional basis; and (3) reorganize ROCAP internally to establish clear-cut lines of responsibility for achievement of Mission strategic objectives. The integrated set of strategic objectives conceptualized by ROCAP to help achieve Bureau Sub-objectives represent the highest level objectives that ROCAP believes it can reasonably expect to influence. They have been carefully selected because: (1) they are critical interventions which will substantively contribute to attainment of Bureau objectives; (2) the contributions they will make are both distinct and measurable; (3) there exist clear, measurable and objectively verifiable indicators that strategic objectives have been achieved; and (4) they represent an integrated set of activities that will allow ROCAP to measure impact at the programmatic level.

ROCAP projects that will be active in FY'92-93 are arrayed against Bureau Objectives and Sub-objectives in Table 6a (Annex B). This table clearly reflects current ROCAP concentration on attainment of Bureau Objectives II (Broad-based Economic Growth) and III (Effective Regional Cooperation). Both of these are areas where ROCAP has an articulated mandate and a relative comparative advantage in providing project assistance to the region. With respect to Bureau Objective I, ROCAP is proposing a major new thrust into Democratic Initiatives in FY'92 with the design of the Regional Democratic Initiatives Project.

2.3.1 LAC Objective I: Stable Democratic Societies

Significant impact, albeit limited in scope, has occurred in supporting development of democratic societies in the last year. This impact relates directly to strengthening municipal governments and increasing civic participation in government.

Strengthened Municipal Governments. ROCAP's strategic objectives in strengthening municipal governments are to (1) secure political commitment to increased decentralization and (2) initiate the decentralization process. Most progress occurred this year through a series of seminars and workshops that directly supported these decentralization objectives. In Honduras, a seminar with representatives from the informal housing sector, NGOs, the private formal sector, and municipal and central government institutions led to drafting of a change in legislation that will in turn lead to increased decentralization and increased empowerment of municipalities. A major policy seminar in Honduras was also attended by nearly 80 C.A. mayors and municipal officials. Three seminars were held in Costa Rica. One contributed directly to a cooperative solid waste disposal program embarked upon by municipal mayors, and all contributed directly to development of a national municipal empowerment strategy. Both Guatemala and El Salvador are developing national decentralization strategies; five workshops were held in Guatemala to establish parameters for decentralization there, and activities required to

elaborate a country plan for government decentralization were set in motion in El Salvador. Two key regional studies on municipal development issues were also completed, and contacts were established in all countries but Nicaragua to coordinate training of municipal and informal sector leaders (Project 596-0143).

Civic Participation in Government. ROCAP's strategic objective in this area is to increase civic participation in government, and we believe that substantial leadership training will be required for effective participation to develop. Impact in this area in the last last year was limited to leadership training of mixed public/private sector committees at the national and regional levels (-0149). Under the new Regional Democratic Initiatives Project, however, ROCAP will play an increasingly important role in promoting civic participation in Government through an RDI Project component to be obligated in FY'92.

2.3.2 LAC Objective II: Sustainable Economic Growth

Trade Liberalization. ROCAP strategic objectives in trade liberalization are (1) strengthening the role of the private sector in liberalizing trade regimes and (2) improving economic research and analysis. The most important impact last year was that FEDEPRICAP was instrumental in persuading the assembled Presidents of Central America to agree to a concerted action plan--the PAECA--that included trade liberalization as one of the goals of their cooperation. Training of select national public agency employees also occurred, which should lead to improved one stop export documentation shops (-0149). In addition, six economic policy studies were completed and nine others published through September 1990 (-0147).

Private Sector Promotion of Trade and Investment. ROCAP's strategic objective in this area is to increase trade and investment by the private sector. Impact was significant last year. Most importantly, FEDEPRICAP played a leadership role in two regional C.A. Presidential meetings and one Vice Presidential meeting, influencing thinking on open policies for exports and investment reforms. Export potential and production complementarities for textiles and electronics were also identified in El Salvador, Costa Rica and Guatemala, and a meeting of leading textile exporters and major chain buyers was convened in Miami (-0149).

Capital Mobilization. ROCAP believes that the best way to promote access to outside sources of long-term investment capital is through stock exchanges. Last year, new instruments were developed to implement the integration of regional capital markets, including the establishment of the Central American Association of Stock Exchanges and the formal creation of stock exchanges in Honduras and Panama. Analysis also continued on legal reforms necessary to develop regional capital markets and broaden the participatory base of capital mobilization efforts to salaried workers. This analysis is a necessary precursor to actual legislative reform (-0149).

Agribusiness Promotion. ROCAP has three strategic objectives relative to agribusiness promotion: (1) reduce policy constraints; (2) improve agribusiness technology; and (3) increase agribusiness trade linkages. Significant impact occurred in the last year. Nine loans in support of agricultural exports were made (-0123); 34 training courses were held which will improve the agribusiness promotion activities of over a thousand current or potential exporters (-0108); and two key production and post-harvest technologies were introduced (-0108). Technology improvement/dissemination was also promoted by establishing a network of research extension/support institutions, and by forming one national and one regional advisory group (-0127). In addition, there was a US\$ 5.7 million increase in NTA exports; formation of a new NTAE crop association and a regional agrochemical association; establishment of seven new produce deals; and an easing of central bank regulations with regard to export credit lines (-0108).

Infrastructure, Market and Technology Investment. ROCAP's strategic objective relative to increasing investment in infrastructure, market information networks, training and technology is to focus on investments that support export businesses. Significant impact occurred in this area last year. As a first step to undertaking investment in regional infrastructure projects (-0149), transport obstacles to trade were diagnosed and solutions recommended by FEDEPRICAP in cooperation with national governments and public/private sector groups. A regional assessment of transport services for perishable cargo was also completed, and seminars were held on calculating freight rates for first-time exporters (-0108). FEDEPRICAP's regional technical information network also came partially onstream among affiliates. Its data base includes technical and marketing information that will help business men and women to expand exports and attract investment. In the area of business education and training, FEDEPRICAP undertook over a dozen training seminars and workshops in such areas as management philosophy, conducting negotiations and free market systems that will improve business marketing capabilities (-0149).

Sustainable Natural Resource Management. ROCAP's strategic objective in natural resources management is a strong commitment among Central Americans of all strata to arresting environmental degradation, reflected in policy, law, technology, resource allocation, and primary indicators of environmental trends. RENARM (-0150) is the hub of ROCAP's E/NR program and significant progress towards achievement of the Mission's objective occurred last year: (1) draft policy inventories were completed; (2) strategic planning, environmental awareness, wildlands management and conservation information activities were begun; (3) a C.A. NGO fellowship program to provide C.A. NGOs with technical and managerial training was established; (4) watershed management activities were expanded in Costa Rica; and (5) 17 students graduated from CATIE's M.S. program in plant protection (-0150). With a USG budget in place and travel restrictions eased, ROCAP anticipates convocation of the twice-delayed Third RENARM Coordination Meeting.

2.3.3 LAC Objective III: Effective Regional Cooperation

Fora for Regional Dialogue. ROCAP's strategic objective in supporting fora for regional dialogue is to increase the effectiveness of information flow between the public and private sectors and between C.A. countries. To achieve this objective, numerous fora were convened last year to discuss regional cooperative issues, share information, exchange experiences and foster policy convergence in the region. These included a regional coordination meeting of small business owners and cooperative managers (-0130); four regional workshops on health, nutrition and food sector issues such as the nutritional effects of structural adjustment programs (-0115 and -0116); two policy research seminars (-0147); and a high level economic policy dialogue seminar with significant ministerial-level participation (-0147).

Reducing Institutional Dependence on A.I.D. ROCAP's strategic objective in this area is for INCAP and CATIE to have adequate core funding to continue their long-range programs without AID financial support. With respect to INCAP, impact in the last year includes preparation of an INCAP Institutional Strategic Plan for the 1990s; strengthening of the INCAP decentralization process by increasing the size and improving the capabilities of country teams; and strengthening of INCAP management systems. Also, institutional strengthening of INCAP begun under the ORT and Technical Support for Food Assistance projects led last year to PID design for a project which will make INCAP increasingly self-sufficient and less reliant on A.I.D. for financial support. With respect to CATIE, and after significant institutional improvements (-0120A), ROCAP began exploring the possibility of incorporating CATIE in the CGIAR system--the premier international network of agricultural research institutions. ROCAP has also targeted two other key regional institutions for special efforts. Through ROCAP support to ICAITI, a new menu of profitable services was developed; a Private Sector Advisory Committee is now taking an active role in directing ICAITI activities; a marketing operational manual was completed; a sales force was developed and is selling ICAITI services at 100% of cost; and cost-cutting actions were taken (-0128). Finally, through support to CABEI, personnel administration improved, employee numbers were reduced, and the operating budget was reduced by 20% (-0114).

Trade Liberalization Studies. ROCAP's strategic objective is to improve the foci of trade liberalization (TL) studies and improve study distribution. Four TL studies were completed and nine published for dissemination under the Economic Policy and Research Project (-0147) last year. These studies provided useful support for regional policy reform although it is not possible to quantify their contribution to that process. Because of a resurgence last year of interest in regional integration as a way of opening Central America to extraregional export-led growth, ROCAP will probably redesign this Project to provide direct analytical support to the evolving regional policy cooperation, coordination and negotiation system. The nature of the redesign will depend on how Central American governments decide to structure the evolving relationships with each other and with private sector organizations, the objective being to tie Project work more directly and closely to the priority needs of policy makers.

Energy Sector Programs. ROCAP's strategic objective in the energy sector is to increase the efficiency of electric power supply and usage in Central America through: (1) increased decentralization; (2) increased private sector involvement in power generation, transportation and distribution; (3) decreased rural electric system construction costs; (4) increased system standardization; and (5) improved productive uses of electricity. The C.A. Energy Resources Project is winding down this fiscal year after progress in energy planning, geothermal resources development and investment promotion. The Rural Electrification Support Project (-0146), however, had broad impact on achieving our strategic energy objectives last year. Politically-motivated investment decisions were replaced by those based on economic criteria; the Demand Assessment Model (DAM) improved demand assessment in four countries; seminars and study tours promoted new thinking at top levels of both utilities and governments on utility decentralization and private management of rural electrification; training programs raised the technical and managerial skills required to reduce administrative and operating costs; standardized and improved designs and specifications were adopted that will reduce construction and operations costs; productive uses of rural electrification increased; the Belize Rural Electrification Association was developed; the Costa Rica Consortium of Electric Companies was established; a law was passed to allow for private generation of electricity in Costa Rica; a study of 11 Municipal Electric Systems in Guatemala was completed; and a study of the feasibility of creating rural electric cooperatives in Honduras began.

Natural Resource Management Programs. ROCAP's strategic objective in natural resources management is increased use of sound E/NR technologies by the public and private sectors. Progress last year on achieving that objective is as shown under LAC Objective II Sub-objective 10, above.

2.4 ROCAP EVALUATION PLAN, FY'91-93

ROCAP's evaluation plan for FY'91-93 reflects a new mission approach to evaluating the effectiveness of its program--an approach that we intend to employ throughout the 1990's. Because a clear need exists to directly relate ROCAP's rapidly evolving program to the achievement of LAC Bureau objectives, ROCAP intends to undertake two types of evaluations over the next decade: (1) Program Performance Assessments and (2) Project Evaluations. Complementary to these two types of evaluations, the sectoral effectiveness of ROCAP projects and programs will be evaluated ad hoc during annual meetings of functional specialists (e.g., private sector/trade and investment officers, democratic initiatives specialists, natural resource management specialists, health specialists).

Program Performance Assessments. The new LAC strategy for Central America established a management oversight structure designed to enhance coordination and more effectively integrate bilateral and regional programming of Agency funds. This structure will operate largely through semi-annual meetings of a Central America Steering Committee (CASC) consisting of the region's bilateral missions, ROCAP and the office of Central American Affairs. The purpose of these meetings, chaired by the AA/LAC and with ROCAP serving as the Executive

Secretariat, is to review overall priorities, address region-wide issues, and prepare inputs for the PDD and Consultative Group processes. This semi-annual convocation is the primary framework within which ROCAP intends to periodically review its strategic objectives and performance indicators (Table 3), and to evaluate progress in achieving those strategic objectives.

ROCAP's portfolio, as noted elsewhere, is evolving rapidly--half of all ROCAP projects are phasing out in the next 18 months. Because of this and articulation of the new C.A. 2000 Strategy for Central America, ROCAP is in the process of reorganizing internally to establish clear lines of responsibility for groups of projects with common strategic objectives. All projects have accordingly been assigned to one of three new ROCAP programmatic offices: The Democratic Initiatives Office (DIO), The Trade and Investment Office (TIO), and The Regional Agricultural Development Office (RADO). The only exception in ROCAP's portfolio is the Regional Development Support Project (596-0162), used to support all mission projects and managed by ROCAP's Office of Program, Support and Coordination (PSO). A summary breakdown of ROCAP's FY'92-93 portfolio by Mission Program Office and Bureau Strategic Objective is found in Annex B Table 6b.

ROCAP intends over the decade of the '90s to conduct evaluations of mission impact on a program by program basis. These Program Performance Assessments (PPAs) will be carried out by three different contractors under funding arrangements specific to each ROCAP office. PPA contractors will: (1) conduct project-specific evaluations of all individual "new portfolio" projects in the respective ROCAP program (i.e., excluding projects phasing out in FY'91-92); (2) evaluate the overall effectiveness of the respective ROCAP program towards achievement of mission strategic and Bureau Sub-objectives (Table 3); and (3) consistent with ROCAP's mandate as Executive Secretariat of the LAC Bureau's new C.A. management oversight structure, evaluate the effectiveness of all relevant Agency programs in Central America considered as a whole. These latter, overarching evaluations will be planned and executed with LAC/W and the bilateral missions, and their results will be discussed at the periodic meetings of the CASC.

The contract for evaluating the DI Program will be funded under the proposed RDI Project to be obligated in FY'92. Since this umbrella project is the center piece of ROCAP's DI Program, the first DI Program evaluation will not occur until two years after obligation of this project (i.e., 1994). The contract for evaluating the Trade and Investment Program will be funded under the Trade and Infrastructure Project, also to be obligated in FY'92. Because the TI Program is ROCAP's largest both in terms of numbers of projects and funding levels, and because this Program already has a major portfolio of ongoing activities, an initial PPA of ROCAP's TIO Program will be funded independently and scheduled for the second quarter of FY'92. The contract for evaluating the Regional Environmental and Natural Resources Management Program is expected to be signed in March 1991, and the first RENARM PPA is scheduled for the fourth quarter of FY'92.

Project Evaluations. Project-specific evaluations in FY'91-93, including Closeout Reports, are scheduled as shown in the table below. ROCAP Project evaluations will no longer, however, be conducted in a project context. All

interim, mid-term and end-of-Project (EOP) evaluations for "new portfolio" projects will include an assessment of project performance in the context of the project's contribution to the attainment of Mission strategic objectives specific to the Program of which they are a part. Focusing on project performance in the context of achieving Mission strategic objectives will allow ROCAP to (1) better evaluate project performance; (2) more rapidly and effectively streamline its portfolio of projects and project components; (3) adjust performance indicators as necessary; and (4) clearly articulate how Mission impact is contributing to achievement of larger Bureau Objectives in Central America.

Project-Specific Evaluation and Closeout Report Schedule

FY'91-93

<u>Project</u>	<u>Quarter</u>	<u>Evaluation Type</u>
<u>Democratic Initiatives Program (DIP)</u>		
CA Peace Scholarships Program	4th/93	Closeout Report
Shelter and Urban Development	4th/91	Closeout Report
Regional Agricultural Higher Education	1st/92	External
ORT Growth Monitoring and Education	1st/92	Closeout Report
Technical Support for Food Assistance	1st/92	Closeout Report
<u>Trade and Investment Program (TIP)</u>		
Regional Technology Networks	2nd/91	Interim
Economic Policy and Research	N/A	(evaluated 1st/91)
Export Agribusiness Development Promotion	3rd/93	Closeout Report
Non-Traditional Agricultural Export Support	4th/91	Final
Private Sector Initiatives	2nd/91	FEDEPRICAP efficiency
Private Sector Initiatives	1st/93	Final
Resources for Industrial Development	2nd/91	Closeout Report
Regional Export Management Training	4th/91	Closeout Report
Regional Coffee Pest Control	2nd/91	Final
Rural Electrification Support	3rd/92	Mid-term
Rural Electrification Support	4th/93	Interim
CA Energy Resources	3rd/91	Closeout Report
<u>Environmental/Natural Resources Management Program (RENARM)</u>		
RENARM	4th/92	Interim
RENARM	4th/93	Mid-term
Tree Crop Production	4th/91	Final
<u>Other</u>		
Regional Development Support	4th/92	Mid-term

3.0 NEW PROGRAM INITIATIVES

New project descriptions (NPDs) for FY'92-93, covering those new starts not already approved by AID/W, are found at the end of Section 3.0. The relationship of these and other new (but already approved) projects to ongoing programs and achievement of RDSS and Bureau Objectives is found below. ROCAP has no food aid activities or any project activities to be funded by HC-owned local currency.

Each new project proposal herein is being carefully developed to help meet Bureau and Mission strategic objectives, as well as to meet other ROCAP-specific criteria. Specifically, they: (1) are regional in nature/scope and have potential for significant impact; (2) offer economies of scale if done regionally and/or provide more neutral fora for Central American debate of sensitive issues; (3) have an existing regional institution available to implement the activity, or offer the possibility of developing a new implementing agent or mechanism for use by the region's bilateral USAIDs; and (4) are supportive of the USG regional agenda, as well as of bilateral USAID programs.

ROCAP requests LAC/W and CASC approval to prepare PIDs for those new FY'92 projects not already approved, and to include proposed FY'93 activities in its ABS.

3.1 FISCAL YEAR 1991

ROCAP has three new starts in FY'91. The new INCAP Institutional Strengthening Project (IISP: 596-0164) is a three year, US\$ 4.0 million activity that is the natural outgrowth of two existing health sector projects: ORT Growth Monitoring and Education, and Technical Support for Food Assistance. IISP was designed specifically to: (1) help INCAP complete the transition, already well under way, from an institution concentrating primarily on scientific research to an institution capable of interactive transfer of science-based technologies; and (2) make INCAP increasingly self-sufficient and less reliant on A.I.D. for financial support. As such, IISP is fully consistent with two Bureau Sub-objective: (1) strengthening regional institutions and reducing their dependence on A.I.D. resources; and (2) strengthening regional sectoral programs in the social sectors. The NPD for this Project was approved by AID/W in October 1990, and design is well advanced.

The Export Industry Technology Support Project (EXITO: 596-0165) is a five year, US\$ 8.5 million activity designed to continue the extraordinary accomplishments of the PROEXAG Project, as well as to include an industrial exports support activity modelled on PROEXAG's agribusiness promotion success. A key component of ROCAP's Trade and Investment Program, EXITO is fully consistent with three Bureau Sub-objectives: (1) strengthening private sector promotion of trade and investment; (2) promoting agribusiness development and trade linkages; and (3) promoting investment in market

information systems, and technology development/dissemination. The Project is under design and should be authorized in the fourth quarter of this fiscal year. The NPD for this Project was approved by AID/W in last year's Action Plan.

The existing Regional Agricultural Higher Education Project (596-0129A) will be amended in FY'91 to add US\$ 1.6 million in funding and extend the PACD for one year. Consistent with the Bureau Sub-objective of strengthening regional institutions and reducing their dependence on A.I.D. resources, this amendment will (1) improve CATIE's program and budgeting systems and (2) evaluate other funding source possibilities. The NPD for this Project was approved by AID/W in January 1991, with authorization scheduled for June 1991.

3.2 FISCAL YEAR 1992

ROCAP plans five new starts for FY'92. The Regional Trade and Infrastructure Project (596-0170) is a five year, US\$ 20.0 million activity that will directly support the Bureau Sub-objectives of: (1) strengthening private sector promotion of trade and investment; (2) promoting agribusiness development and trade linkages; and (3) increasing investment in infrastructure. This will be a major component of ROCAP's large Trade and Investment Program, in turn designed to promote achievement of broad-based sustainable economic growth in Central America.

The new Energy Policy Planning and Efficiency Project (596-0161) is a five year, US\$ 6.0 million activity that will: (1) help rationalize sector policies affecting the use of electric power; (2) increase investment in energy efficiency and conservation; and (3) increase the private sector contribution to creation of additional generating capacity. The Project is critically important to help sustain economic growth and increased trade and investment for the region (NPD attached).

The new Regional Democratic Initiatives Project (596-0167) is a five year, US\$ 8.0 million activity that will be the center piece of ROCAP's new Regional Democratic Initiatives Program. An umbrella-type project that focuses specifically on seven Bureau Sub-objectives leading to the development of stable democratic societies, it will be designed over two fiscal years. ROCAP proposes to obligate US\$ 8.0 million in FY'92 for a Municipal Development Support Component that will support increased transfer of authority and resources to local governments; a Legislative Strengthening Component that will strengthen legislative processes and institutions; and a Political Parties Component that will strengthen multi-party systems in Central America through training of political leaders (NPD attached). The Project would be amended in FY'93 to add up to four additional components.

The new Science for Environmental Protection and Agricultural Growth Project (596-0172) is a five year, US\$ 15.0 million activity that is fully consistent with the LAC objective of promoting rational management of natural resources by the public and private sectors. Specifically, the Project will develop the public and private institutional base required to generate profitable and

environmentally sound technologies that efficiently use land, capital and the labor force in Central America. As such, the Project will complement donor, bilateral mission and ROCAP RENARM activities by supporting the base costs of technology development (NPD attached).

ROCAP also proposes to amend the RENARM Project (596-0150) in FY'92 to include four activities easily subsumed under existing Project components (i.e., Environmental Information, Youth Conservation Corps, Training, and Private Sector Environmental Cleanup activities), and to include a new Project component in Coastal Zone Management. These activities will build on the original Project design: the first four activities respond directly to initiatives of the Central Americans, and the Coastal Zone Management Activity was envisioned at the project design phase as a later addition to the Project (NPD attached).

3.3 FISCAL YEAR 1993

In FY'93, ROCAP proposes to amend the Regional Democratic Initiatives Project to incorporate up to four new components: (1) Pluralism/Civic Participation; (2) Civilian Control of the Military; (3) Honesty and Efficiency in Government; and (4) Free and Responsible Press. This will complete the integrated set of seven activities ROCAP believes is necessary to achieve Mission Strategic Objectives related to development of stable democratic societies in Central America (NPD attached).

NEW PROJECT DESCRIPTION

Regional Democratic Initiatives Program (RDI)
FY'92

Bureau Objective I: Development of Stable Democratic Societies.

Sub-Objectives: (1) Strengthen legislative processes and institutions; (2) Strengthen elected local and municipal governments; and (3) Strengthen political parties and the party system.

Program Title: Regional Democratic Initiatives Program (RDI)
(New Project. Subsumes the Leadership Training project proposed in the C.P.)

Project No.: 596-0167
FY: FY'92
LOP Funding: \$8.0 million/5 years
Type of Funding: PSEE and EHR

A. Consistency with Mission Strategy: The ROCAP Regional Democratic Initiatives (RDI) Program is a multi-year, multi-component response to the Bureau's objectives as delineated in the CA 2000 Strategy. The RDI components reflect ROCAP's considered judgement as to our comparative advantages with respect to the relevant thematic areas of the Bureau's DI strategy (see Objectives and Sub-objectives above).

B. Relationship to AID and Other Donor Activities: The RDI Program will be designed as a source of services support to bilateral Missions, and to carry out ROCAP's obligations as Secretariat to LAC's Central America Strategy Committee (CASC). Other donor involvement will be sought through ROCAP coordination with the Consultative Group for Central America, the PDD framework, and through other contacts.

C. Relationship to Overall AID Policy Objectives: The RDI Program derives directly from the AID Administrator's Democracy Initiative (December 1990) and the CA 2000 Strategy.

D. Program Description: ROCAP's new Regional Democratic Initiatives (RDI) Program is a 5 year, US\$ 8.0 million, multi-component effort. The Program purposes are listed above under Sub-objectives. The RDI Program will be funded under a single umbrella-type project. As new components are designed, Project Paper Amendments will be prepared for approval of funding and implementation.

Any component selected for the RDI Program must: (1) be regional in nature/scope, with potential for significant impact; (2) offer economies of scale if done regionally, and/or provide a neutral fora for Central American debate of sensitive issues; (3) be only partially covered by LAC/DI or other

initiatives; (4) take advantage of a particular ROCAP strength; and/or (4) support the USG regional and bilateral Mission agendas. In selecting areas for ROCAP focus, care was taken to avoid duplicating or competing with activities/services already provided by LAC/DI; and to complement the work of that Office in Central America.

The RDI Program will begin with Municipal Development Support, Legislative Strengthening and Political Parties components. These are areas where sufficient work is already completed to make it possible to obligate funds and commence work in the relatively near future. Other components expected to follow in FY'93 are Civilian Control of Military and Pluralism/Civic Participation. To other areas--Honesty and Efficiency in Government and Free and Responsible Press--will be explored with USAIDs and others to determine whether there is a basis for developing specific components for future funding.

Municipal Development Support: Regional municipal development is currently managed by RHUDO/CA. A grant with INCAE was funded by ROCAP under the C.A. Shelter and Urban Development Project (596-0143) to conduct preliminary analyses, and start the consciousness-raising and networking processes among local leaders and national-level authorities. Initial steps are now being taken to secure broader political commitment to the concept. The next step, to be reflected in the Project Paper, is to produce individual country municipal development plans which will include analysis/design, networking, identification of resources (e.g. taxes), and identification of research, TA and training needed. USAID/Honduras already has a municipal development project from which important lessons have been learned. That project may serve as a general model for other USAIDs. However, each country will require a program tailored to its own needs and circumstances.

In its role as coordinator for the C.A. regional policy agenda, ROCAP will work with the World Bank, EC, IDB and other donors to coordinate major infrastructure/services investments (e.g. water/sanitation, electrification) planned by these institutions with the Municipal Development Support program. In this way, municipal authorities will have actual services to deliver and will gain experience with design, installation and management of services. The idea is to take municipal development beyond civics and management theory, by responding to local needs so citizens will see benefits from supporting their local government.

Political Parties: The second component of ROCAP's RDI Program to be implemented in FY'92 will complement on-going NED activities by improving the public policy skills of political party leadership. ROCAP helped fund a very successful pilot course offered by INCAE to train representatives of political parties from all CA countries. Based on this experience, this component will take potential leaders of political parties (including some military), and train them in the basics of national government policy, planning, budgeting and management. Participants will focus on major public policy issues, and think through the social and economic impact of their decisions as government managers. The course will help develop mutual confidence and trust, and will give participants practical experience in team-building, negotiating and cooperative approaches to governance.

Legislative Strengthening: The Legislative Strengthening component will help legislators and their professional staffs develop a more open, responsive environment where negotiation and compromise moves the legislative agenda forward. Particular emphasis will be on providing constituent service, on response to interest groups, and on developing specialized expertise in drafting legislation. With project support, the Central American Parliament (to form in November 1991) may undertake collaborative research with legislators across the region on themes of common interest (e.g., intra-regional trade barriers). Training will be provided for legislators on issues identification and negotiating skills. This component will also support activities of the Regional Federation of C.A. Legislative Clerks, and ties to US State legislatures will be encouraged. ROCAP will coordinate with other donors--notably the EC--on joint activities in this area. Other activities under this component will be identified during design.

New Project Descriptions for subsequent program components will be submitted for AID/W approval as the elements of such components are more clearly defined.

E. Dialogue Agenda and Policy Impact: ROCAP's RDI dialogue agenda will include transfer of resources and authority from central to local levels of government; reduction of military autonomy; movement from traditional caudillismo to a pluralistic party system; strengthening the capacities of legislatures; increased civic organization and participation in national and local level decision-making; public sector efficiency and elimination of government corruption; and widespread access to responsible press and information sources. Policies to be examined will include national laws affecting decentralization (e.g., taxes and revenue-sharing); laws governing the military; laws and practices related to broad citizen participation in decision-making; and the system of checks and balances among the branches of government.

F. Planned Implementation Arrangements: ROCAP--in consultation with bilateral missions and the A.I.D. LAC Democratic Initiatives office--will develop terms of reference and retain specialized "requirements" contractors similar to ROCAP's existing contract in the export sector. Other mechanisms for implementing the RDI Program will vary according to program component. The Municipal Development Support Component will be regionally managed, with expert services and training made available to USAIDs on a requirements contract or buy-in basis for country program design and implementation. ROCAP staff will coordinate with other donors at the regional level, and help to bring policy issues to regional fora for discussion by Central Americans. A contract for implementation of the Political Parties Component will be awarded through competition among potential U.S. and Central American providers of services. Missions will fund participants from their countries.

G. Sustainability: A.I.D.'s DI strategy is a long-term effort. Each Central American country is at a different level of readiness and political will. AID itself must go through a learning process to determine what works (and what doesn't) in promoting democracy. Given these factors, ROCAP

estimates that at least 10 years will be required to stabilize and institutionalize democracy in Central America. Project sustainability will be measured by the survival of democracy.

H. Mission Management: Regional management by ROCAP will fall under a new Democratic Initiatives Office created to handle the RDI program. One USDH position will be created (upon deletion of one current slot) to oversee the entire program. The staff will consist of institutional contractors and PSCs selected through competition to implement each component.

I. Principal Issues: The first issue is funding. While Democratic Initiatives is a policy priority for LAC and the Agency, there appears to be little in the way of new resources anticipated. All Missions, including ROCAP, will have to review their projected levels and activities to see where resources can be made available. A second issue is that potentially sensitive activities like Municipal Development Support and Civilian Control Over the Military will require the utmost care in design and execution. Regional sharing of experience and information among USAIDs and other donors, hopefully, will help avoid major pitfalls. But difficulties, delays and, perhaps, some false starts should be expected.

NEW PROJECT DESCRIPTION

Energy Policy, Planning and Efficiency (EPPE) Project FY'92

Bureau Objective II: Achievement of Broad-based Sustainable Economic Growth.

Sub-Objectives: (1) Stimulate agricultural production and trade through removal of sectoral policy constraints (and by) promoting technology improvements. (2) Increase investment in infrastructure, market information systems and networks, education and training, and technology development and dissemination. (3) Strengthen rational management of natural resources by the public and private sectors to ensure long-term sustainability and high economic return.

Bureau Objective III: Attainment of Effective Regional Cooperation.

Sub-Objectives: Strengthen regional programs in the energy sector.

Project Title: Energy Policy, Planning and Efficiency (EPPE) Project.
(New Project. Note: This NPD included in previous AP but has not yet been approved by AID/W).

Project Number: 596-0161
FY: FY'92-96
LOP Funding: US\$ 5.0 million/5 years
Type of Funding: PSEE

A. Consistency with Mission Strategy: The Bureau Strategy for Central America argues convincingly that: (1) investment in energy policy, planning and efficiency (as opposed to infrastructure) is a key contributor to the attainment of effective regional cooperation; and (2) removal of sectoral policy constraints is a key contributor to attaining sustainable economic growth. ROCAP concurs, and ROCAP's RDSS as it relates to the energy sector follows directly from that Bureau strategy. Given heavy reliance on fuelwood in some parts of Central America, moreover, efficient energy use also relates to conservation of the region's natural resource base--a key ROCAP program objective.

B. Relationship to A.I.D. and Other Donor Activities: Several multilateral donors (e.g., the IDB and EC) have committed major investments to rehabilitating and building new energy infrastructure in Central America. They currently lack, however, the capacity to provide TA and analytical support in policy analysis and planning to host countries. The EPPE Project would complement these infrastructural investments with just this type of TA.

C. Relationship to Overall AID Policy Objectives: The Agency has identified sustainable economic development as one of its principle objectives. The EPPE Project is clearly consistent with (1) Agency and Bureau identification of sustainable economic development as a principal objective and (2) the Bureau's strategic objective related to attainment of effective regional cooperation. Specific foci of the Bureau's strategy vis-a-vis the energy sector are strengthening of regional grid operations, movement towards common rate structures, privatization, co-generation, expanded use of geothermal and small hydroelectric plants, and expansion of rural coverage.

D. Project Description: The Energy Policy, Planning and Efficiency Project is a five year, US\$ 5.0 million activity whose goal is "To promote broad-based economic growth and development". The purpose of the EPPE Project, attainable in the proposed implementation period, is "To help the CA region plan and manage its electric energy resources more efficiently".

ROCAP has completed a series of analyses which indicate that by 1991, projected energy shortfalls will become a key constraint to development and economic growth in much of the Central American region. This is despite the fact that CA countries are now spending some 25% of development budgets to augment electric power generation and distribution. It is clear that additional capacity is needed now. At the same time, existing capacity can be more efficiently used through international power sharing and purchase arrangements, demand management, and other conservation measures with the active participation and leadership of business and industry. Towards this end, appropriate national and regional policies and programs are needed. Tariff regimes, for example, must be rationalized with the support of business; the private sector should be brought formally into the process of developing national/regional energy policy; and private sector generation of electrical power should be encouraged.

The EPPE Project will be designed to promote these changes. Through training, seminars and other fora, it will help the private sector educate itself on energy issues and facilitate public-private sector dialogue on energy. At the same time, the Project will (1) provide technical training to officials with policy responsibilities; (2) help carry out a fuller exploration of the technical and policy possibilities for greater intra-regional cooperation; (3) better orient public utilities to market realities; (4) stimulate development of private power supplies in the region by identifying the potential for, and impediments to, private power development; and (5) provide TA in demand management. Resulting improvements in policy and end-use efficiency, along with new private sector power supplies, are expected to significantly reduce public funding requirements for new electric plants and rationalize electric power usage.

ROCAP addresses other major energy issues, notably severe deforestation for fuelwood, through other activities. Per LAC instructions contained in 91 State 055738, ROCAP will develop an Energy Sector Assessment for Central America which will analyze principal sectoral issues and assess the various channels through which solutions to regional problems might best be found. At the same time, the urgency of the electric power crisis is so great that ROCAP proposes to proceed simultaneously with implementation of the EPPE Project.

E. Dialogue Agenda and Policy Impact: The dialogue agenda within and among CA countries is a principal feature of the Project, and will focus on policy issues in planning and design technologies for greater efficiency of the electric power facility, constructed or rehabilitated. ROCAP will work closely with the Central America Electric Commission (CEAC) in this respect. Specific policies to be examined include common rate structures, greater privatization/ co-generation, expanded use of environmentally sound alternative energy sources (e.g., hydroelectric and geothermal), and rationalizing the use of the regional grid (power sharing).

F. Planned Implementation Arrangements: Implementation arrangements will include use of an institutional contract to conduct training and policy dialogue activities (e.g., seminars and workshops). A second contract will be awarded to an organization which can promote and extend the use of demand management models, and work directly with the private sector to develop alternative and co-generation electrical power projects.

G. Sustainability: The EPPE Project will be designed to improve regional capacity for increased electrical power generation and conservation, and ROCAP believes that Project achievements will be sustainable by the EOP.

H. Mission Management: The Project will be managed as part of ROCAP's Trade and Investment Office. ROCAP will employ a full-time PSC Energy Advisor to monitor the project, coordinate with international donors involved in energy infrastructure, and interface with infrastructure projects and the proposed CA Municipal Development Component of the RDI Project.

I. Principal Issues: The principle issue is whether C.A. governments have the political will to make essential policy/pricing changes. Their actions during the Gulf War indicate that they will individually and collectively move to rationalize energy use, increase generation capacity, reduce subsidies, and charge tariffs which reflect true generation and delivery costs.

NEW PROJECT DESCRIPTION

Science for Environmental Protection and Agricultural Growth (SEPAG) Project
FY'92

Bureau Objective II: Achievement of Broad-based Sustainable Economic Growth.

Sub-Objective: Rational management of natural resources by the public and private sectors to ensure long-term sustainability and high economic return.

Bureau Objective III: Attaining Effective Regional Cooperation.

Sub-Objective: Strengthening sectoral programs in environment and natural resources.

Project Title: Science for Environmental Protection and Agricultural Growth (New Project. Note: This Project was included in ROCAP's FY'92 CP under a different name).

Project Number: 596-0172
FY: FY'92-98
LOP Funding: US\$ 15.0 million
Type of Funding : ARDN/Environmental Monies

A. Consistency with Mission Strategy: Sustainable growth in the agricultural sector is key to attainment of AID Objectives in Central America. Sustaining growth requires careful husbanding of the natural resource base. Science-based agriculture is a sine qua non to attainment of this objective, i.e., development and refinement of technologies that produce sustainable incomes at market prices while protecting water resources, maintaining or enriching soils, and avoiding negative impacts on biodiversity. Given fiscal limitations on national budgets, and the scarcity of trained people, new forms of regional cooperation will be required to achieve the LAC Sub-objective of "rational management of natural resources by the public and private sectors to ensure long-term sustainability and high economic return." This cooperation must include private participation, including cost sharing, in the decisions required for shaping educational and research programs.

B. Relationship to A.I.D. and Other Donor Activities: All Central American Missions are supporting agricultural trade and environmental programs, and several donors provide funding related to environmental, agricultural production, and trade promotion programs. Few donor and AID Missions provide support for the base costs of technology development, however, choosing instead to allocate funds for extension of production, trade or environmental programs to target populations.

C. Relationship to Overall AID Policy Objectives: Sustainable economic growth and protection of the environment are key policy objectives of AID.

D. Project Description: The Project is directed to the goal of sustainable agricultural growth in the context of sustainable use of the natural resource base. The purpose of the Project is to develop the institutional base, public and private, to generate profitable and environmentally sound technologies to efficiently utilize land, capital, and the labor force in Central America. Currently, agricultural production increases are the result of past investments in education and research or, increasingly in the case of non-traditional exports, imported technologies. Retrenchment of public sector budgets has reduced or eliminated investments in research to address current production bottlenecks ("second and third generation problems") and the development of technologies compatible with environmental principles and economic forces.

This project will expand regional cooperation in agricultural research in order to strengthen science-based education and outreach programs to address common constraints throughout Central America. Linking national programs to regional institutions and expanding the circle of participants to include private enterprises--business, commodity organizations, quasi-governmental bodies--research and education programs will be fostered to maximize the use of scarce scientific personnel, and a wide range of outreach mechanisms. Increasing numbers of women are already entering agricultural science programs, and this project will pay special attention to accelerating this trend.

E. Dialogue Agenda and Policy Impact: The policy dialogue expected during this project will focus on changing the institutional environmental and research agenda to match the new policy set which supports sustainable growth in the context of sustainable use of natural resources.

F. Planned Implementation Arrangements: Grant agreements with Title XII Universities will be explored as a primary mechanism for implementation.

G. Sustainability: The Project is expected to demonstrate new, cost-effective means of financing the required scientific research and education programs in the region. If successful, financial sustainability will result.

H. Mission Management: The Project will be managed by the Regional Agricultural Development Office.

I. Principal Issues: Principal issues: (1) In an era of decreasing national and AID budgets, can sufficient funds be allocated to test new institutional arrangements for research, and science-based education and outreach programs? (2) Will national political forces permit expansion of regional ties in research, education and outreach?

NEW PROJECT DESCRIPTION

RENARM Project Amendment
FY'92

Bureau Objective II: Achievement of Broad-based, Sustainable Economic Growth.

Sub-Objectives: Encourage the preservation and sustainable use of the natural resource base.

Project Title: RENARM Project: Conservation Newsbureau, Youth Conservation Corps, Training, Environmental Clean-up, and Coastal Zone Management Activities (Amendment).

Project Number: 596-0150

FY: FY'92

LOP Funding: US\$9.1 million (US\$2.4 million FY'92)

Type of Funding: ARDN; HRD

A. Consistency with Mission Strategy: Environmental preservation and sustainable use of the Central American natural resource base is a central theme of ROCAP's strategy. This theme is most explicitly expressed through the RENARM Project. The proposed Amendment will strengthen ROCAP's ability to pursue this theme in a more comprehensive way.

B. Relationship to A.I.D. and Other Donor Activities: This Amendment comprises a set of activities which together constitute a logical expansion of RENARM's scope without deviating from the original, fundamental objective of the Project. Thus, the Amendment is fully consistent with the ROCAP program which is, by design, compatible with A.I.D.'s overall environmental program in Central America. It is consistent with other donors' environmental programs as well.

C. Relationship to Overall A.I.D. Policy objectives: The Amendment will help achieve the Purpose of the RENARM Project and thus is as consistent with overall A.I.D. policy as is the Project itself.

D. Project Description: The Project Amendment will support five distinct activities which build on the original design and contribute directly to the achievement of the Project Purpose, which is "To create the conditions for public and private institutions to generate, transfer, and apply the information and technology essential for the sustained use of natural resources (in Central America)". Four respond directly to initiatives of Central Americans and the fifth was envisioned at the project design phase as a later addition to the Project.

The new elements of the Project, four of which are easily subsumed under existing project components, will: expand and strengthen Central America-based conservation news activities; help establish a Central American Youth Conservation Corps; support the establishment in Central America of a new Masters Degree program in environmental management; facilitate the introduction into Central America of private sector initiatives in the area of environmental clean-up; and initiate a new project component focused on Coastal Zone resources.

1. The established press in Central America still lacks the knowledge to identify key environmental events and trends and the interest to follow them closely and professionally. The tendency is to respond to the sensational or to accept as "filler" whatever happens to arrive when additional space is available. At the same time there is a growing interest in environmental affairs in Central America, among decision makers and the general public, and therefore an intellectual market for reliable news and information on the environment.

Sources of information on conservation news in Central America are very limited, and constrained by staff and financial resources. The RENARM Conservation News activity would strengthen regional information flows on conservation matters through staff training, provision of operating expenses to appropriate organizations, and purchase of needed equipment. (LOP: \$1.4 million.)

2. The Partners of the Americas, in conjunction with the Youth Conservation Corps (YCC) of the U.S., has recently completed a Central American workshop to explore the possible establishment of Central American YCC chapters. The workshop was quite successful and the level of interest high. As a result, Partners and the YCC have agreed to undertake a joint effort to foster the establishment of the YCC movement in the region. This amendment will assist in the effort by underwriting initial start-up costs and the opening of a regional YCC office in Central America. C.A. USAIDS would be expected to cover some national level costs to the extent there is interest. RENARM funding would decline over time as C.A. country chapters seek indigenous sources of support. (LOP: \$1 million.)

3. The number of Central American environmental NGOs continues to grow steadily and the NGO movement attracts highly motivated and, in some cases, scientifically trained membership and staff. Management is another question however. As individual NGOs increase in size the primary concern becomes less the need for more resources, although this remains a major concern, but the need to manage what is available more rationally, to plan for the future - both programatically and financially - and to act in accordance with plans rationally and realistically developed. In short, skilled management will be required for the NGOs to evolve from struggling groups of highly dedicated amateurs to well established institutions able to plan with confidence and to develop their programs and activities in ways which make most efficient use of their resources.

To help meet the need for trained managers in the C.A. environmental movement, the Amendment will support the establishment of a new Masters in Environmental Management degree program at INCAE, the premier institute of management training in Central America. INCAE has expressed strong interest in establishing such a program and has submitted to ROCAP a proposal to undertake a three year effort to make it a reality. (LOP: \$1.1 million.)

4. Environmental clean-up is a highly profitable industry in the United States--from both business and environmental perspectives. There is no such industry in the Central American region, yet serious environmental degradation continues and the need for massive remedial action grows apace. This is particularly true with regard to water and air pollution, solid waste disposal, and toxic substances. The Amendment would support a joint CCAD-FEDEPRICAP proposal to foster the creation of a private sector environmental clean-up industry in Central America by: (1) creating awareness of the environmental problem and the business opportunities it presents; (2) training and technical assistance; (3) undertaking policy reform where necessary; and (4) seeking appropriate funding mechanisms, almost certainly to include joint ventures with established U.S.-based firms. (LOP: \$1.4 million.)

5. Coastal zone management is a subject of considerable interest to several C.A. USAIDs as well as numerous environmental NGOs, both regional and international. It is an area of significant environmental fragility, with direct relevance to the survival of numerous species of flora and fauna, yet it is also an area of major economic importance. ROCAP is funding the preparatory work and the core costs of a workshop on coastal zone management to be held in Central America in September 1991. The intent is to reach a consensus among interested parties on the major challenges, opportunities, and priorities in the management of Central American coastal zone resources. A preliminary plan of action will also be developed. The Amendment will incorporate the findings of this workshop, as well as the contributions of NGOs, USAIDs and others, into the design of a new Coastal Zone Management component of RENARM. (LOP: \$4.0 million.)

E. Dialogue Agenda and Policy Impact. Policy dialogue will focus on rational use of Coastal Zone resources to protect biodiversity, as well as to ensure the continuity of economic activity dependent on the preservation of the environmental integrity of this extremely fragile ecological zone.

F. Planned Implementation Arrangements: The Conservation News, Youth Conservation Corps, Education and Environmental Clean-up activities will be implemented through grant agreements with the entities noted in the relevant item under Section D (above); implementation arrangements for the Coastal Zone Management Component will be defined once the nature of the activities to be undertaken are more clearly identified.

G. Sustainability of Proposed Activities: This question will be addressed in the detailed design of each activity; however, the YCC, Education and Environmental Clean-up activities are intended to be sustainable, without

further RENARM support, within three years. The Conservation News Activity will need to be viewed as a public good-although with no permanent claim on ROCAP support, and the Coastal Zone Management Component is not yet clearly defined.

H. Mission Management: The RENARM Project will continue to be managed in the Environmental and Natural Resources Division of the Regional Agricultural Development Office (RADO).

I. Principal Issues: No important issues have been identified as of this time.

NEW PROJECT DESCRIPTION

Regional Democratic Initiatives (RDI) Program Amendment
FY'93

Bureau Objective II: The Development of Stable Democratic Societies.

Sub-Objectives: (1) Promote honesty and efficiency in government; (2) Support civilian control of police and military; (3) Promote pluralism and civic participation; and (4) Promote a free and responsible press.

Program Title: Regional Democratic Initiatives (RDI) Program: Civilian Oversight of Military, Pluralism/Civic Participation, Honesty and Efficiency in Government, and Free and Responsible Press Components. (Amendment to proposed FY'92 new start.)

Project No.: 596-0167

FY: FY'92-01

LOP Funding: Amended to US\$ 20.0 million/10 years (Overall RDI Project).

Type of Funding: PSEE and EHR

Consistencies and Relationships. The RDI Program is a multi-component response to the Bureau's DI objectives as delineated in the CA 2000 Strategy. The ROCAP RDSS follows directly from that Strategy, and RDI Program components reflect ROCAP's considered judgment as to our comparative advantages with respect to the relevant thematic areas of the Bureau's DI Strategy. The consistency of the Program with Mission strategy; its relationship to AID and other donor activities; its relationship to overall AID policy objectives; dialogue and policy impact; sustainability; mission management; and principal issues factors are discussed in the NPD for the portion of the RDI Program to be designed in FY'92.

Project Amendment Description. This action would amend the RDI Program to a 10-year, US\$20.0 million activity. Analogous to RENARM, the Amendment would include up to four additional components. The Civilian Oversight of the Military Component will "support civilian oversight of government" through provision of technical assistance and training designed to encourage dialogue between civilian and military leaders. Principal target groups will be public and private sector leaders and institutions. The Pluralism/Civic Participation Component will "promote pluralism and civic participation" in government through leadership training, and through provision of technical assistance and training targeted at civic groups and other non-governmental organizations. The Honesty and Efficiency in Government, and Free and Responsible Press Components will be explored with USAIDs and others to determine the optimum means of achieving their respective objectives.

4.0 RESOURCE REQUIREMENTS

4.1 PROGRAM RESOURCES NECESSARY TO CARRY OUT THE ACTION PLAN

Ideally, the proposed program would be carried out at the level of US\$30.0 million per year in DA plus an amount of ESF sufficient to allow us to address key bottlenecks in the physical economic infrastructure of the region. However, the program still makes sense at somewhat lower levels. For FY'91 and FY'92, projected levels barely suffice and for FY'93 we would need an increase to bring us closer to the US\$30.0 million plus planning level given us in prior years.

By adding US\$ 6.7 million in anticipated reobligations to the US\$ 17.0 million of FY'91 new obligating authority (NOA), an FY'91 OYB of US\$ 23.6 million is foreseen. This should be sufficient to start two new activities: helping INCAP achieve financial viability, and extending our existing technical support for agricultural exports to light industrial exports. We would also add activities to our Agricultural Higher Education Project.

At the US\$18.0 million OYB level (per the FY'92 CP), FY'92 will be very tight. FY'92 is the critical year in putting into place our new Regional Development Strategy Statement. Despite mortgage build-up, we would plan to authorize major new activities in democratic initiatives, energy policy and planning, trade and investment, and sustainable agriculture. The scope of RENARM would also increase. Once these are in place, our entire FY'92-97 strategy will be under implementation.

For FY'93 and beyond, no major additions to the portfolio are contemplated at this time. Rather, as program/project development permit, we will consolidate all activities in or around four main (and existing) project vehicles--RENARM (-0150), Democratic Initiatives (-0167), Regional Trade and Infrastructure (-0170) and Regional Development Support (-0162). These would be amended as necessary to maintain the FY'93 level of effort. To service the resultant mortgage, ROCAP's annual OYB would need to rise to the neighborhood of US\$26.0 million. This would still be well below the planning levels we have been given at each of the last three Action Plan reviews.

4.2 MORTGAGE ANALYSIS BY FUNCTIONAL ACCOUNT

ROCAP projects are largely authorized in multiple accounts; hence, subject to CNs, we have a reasonable degree of flexibility. Our largest project for example, RENARM, is authorized in all accounts except CS and ESF. None the less, there are potential problems in the PSEE and EHR accounts. The new US\$20.0 million Regional Trade and Infrastructure Project (-0170) will be two thirds PSEE; the US\$5.0 million Energy Policy, Planning and Efficiency Project (-0161) will be all PSEE; EXITO (-0165) will be half PSEE; and the new US\$20.0 million RDI Program (-0167) will be half PSEE and half EHR. From a managability standpoint, this is somewhat deceptive in that the time frame for larger projects is upwards of ten activities.

4.3 OE BUDGET NEEDS

ROCAP continues to maintain its program while reducing the staff and OE costs despite increased responsibilities. In CY'91, ROCAP will close out nine projects and an additional two projects in CY'92. Over this same period, and subject to the availability of funding, ROCAP will begin eight new project activities. The impact of this will be a net reduction in OE-funded staff by one and a half positions to a level of ten USDH positions by the end of FY'91. With increased responsibilities and higher than average turnover, however, increased resources will be needed for the Action Plan period.

ROCAP OE resource requirement levels reflect the increased responsibilities given to ROCAP under the C.A. 2000 Strategy, which requires ROCAP to assume a Secretariat role and also undertake major initiatives in environment, promotion of democracy and trade and investment. If our OE budget levels are further reduced below what we consider to be the minimum required to meet our management responsibilities, Mission management will be forced to reduce the number of proposed activities directed towards being responsive to LAC management in the execution of the leadership role given to ROCAP by the Bureau.

There are two potential factors that could have a major impact on our OE requirements. One is that a local retirement plan for the FSN staff not covered by Civil Service retirement could increase annual payroll costs by as much as 30%. It has not been decided if the plan will be applied retroactively and, if so, the period of time for which payment will be required. The potential liability, however, could be substantial. Another concern is that Guatemala has economic problems that have resulted in a local annual inflation rate of over 60%, which will result in a large devaluation of local currency once an IMF plan is implemented.

We are developing detailed cost estimates for ROCAP which clearly identify recurring and non-recurring OE costs. We are also reviewing ways to further reduce OE costs in the future, and hope to have this review completed by the time the ABS is submitted. ROCAP plans to reduce OE costs over the Action Plan period through a reduction of USDH and FSN staff, and we are also moving towards more self-contained projects like RENARM whereby staff needed to manage a given project are financed with project funds.

ROCAP is reducing vulnerabilities noted in the Internal Control Assessment in two ways. First, we have increased the number of site visits by project managers; and second, we have established an Internal Control Committee composed of senior staff and chaired by the Deputy Director to give increased attention to these issues.

Without the benefit of a control level, our projections for OE resource needs (in \$000s) for FY'91-93 are as follows:

OE Budget Need Projections
FY'91-93
(US\$ 000s)

<u>Fiscal Year</u>	<u>Dollar OE</u>	<u>Trust Fund OE</u>	<u>Total</u>
1990 (Actual)	686	1,367	2,053
1991	1,449	435	1,884
1992	1,900	75	1,975
1993	2,000	75	2,075

4.4 PROGRAM USES OF LOCAL CURRENCY AND PL-480

ROCAP has neither program uses of local currency, nor PL-480 responsibilities.

4.5 TRUST FUND BALANCES

With the significant decline in ESF resources for USAID/Guatemala, ROCAP will no longer be able to draw on local Trust Funds for its budget. ROCAP still expects to receive funding of US\$ 75,000 for its office in Costa Rica for the Action Plan period.

ROCAP has only sufficient OE Trust Funds to pay for its FSN payroll costs. Even some of the FSN payroll costs may have to be funded by US dollars if the retirement proposal is approved. ROCAP used reverse accommodation exchange in FY'91 to pay for non-deferable costs that were due in the first quarter. These costs are now being transferred to OE dollar funds and we anticipate no reverse accommodation exchange for the rest of the fiscal year.

Based on the above information, we are providing the following Trust Fund availability table:

Trust Fund Availability

FY'91-93
(US\$ 000s)

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Expected Deposits</u>	<u>Projected Usage</u>	<u>Ending Balance</u>
1990 (Actual)	-0-	686	686	-0-
1991	-0-	435	435	-0-
1992	-0-	75	75	-0-
1993	-0-	75	75	-0-

OE-funded and other category staffing levels required are as follows:

OE-Funded Staffing Levels

FY'91-93
(FTE's)

<u>Fiscal Year</u>	<u>USDH</u>	<u>FSN</u>	<u>Total</u>
1990 (Actual)	12	30	42
1991	11	22	33
1992	10	22	32
1993	10	22	32

Other Categories of Employment

<u>Fiscal Year</u>	<u>N-PSC (Proj.)</u>	<u>TCN-PSC</u>		<u>PASA (OE)</u>	<u>Manpower (OE)</u>	<u>FSNIC (OE)</u>	<u>TOTAL</u>
		<u>OE</u>	<u>Project</u>				
1990 (Actual)	1	1	1	1	4		8
1991	1	1	5	1	10		18
1992	1	1	6	1	10		19
1993	1	1	7	1	10		20

4.6 SUMMARY PROGRAM FUNDING TABLE

A Summary Program Funding Table is attached as Table 5, and Projected Mortgage and Obligation Tables are attached in Annex C as Tables C1 (FY'91), C2 (FY' 92 and FY'93) and C3 (Mortgage Analysis).

Table 5

Summary Program Funding Table
Dollar Program by Functional Account
(\$ 000)

<u>Project No. and Title</u>	<u>G/L</u>	<u>FY 91 a/</u>	<u>FY 92</u>	<u>FY93</u>
<u>ARDN</u>				
596-0000.3 PD&S	G	525	500	500
596-0108 AG. Export Support	G	0	0	0
596-0123 Exp. Agrib. Dev. Amend. (LAAD)	L	0	0	0
596-0129(A) Ag. Higher Education (CATIE)	G	1500	0	0
596-0129(B) Ag. Higher Education (EARTH)	G	600	0	2000
596-0143 CA Shelter & Urban Dev.	G	0	0	0
596-0149 Private Sector Initiatives	G	220	0	0
596-0150 Natural Resources Management	G	4185	4645	3500
596-0162 Regional Development Support	G	0	0	0
596-0165 EXITOS (FY91)	G	500	325	1850
596-0170 EAI Support & Infrast. Plng.	G	0	900	0
596-0172 SEPAG (FY92)	G	0	1500	2000
<u>TOTAL ARDN</u>		7530	7870	9850
GRANT		7530	7870	9850
LOAN		0	0	0
<u>HEALTH</u>				
596-0000.8 PD&S	G	150	100	100
596-0150 Natural Resources Management	G	1287	0	250
596-0162 Regional Development Support	G	144	100	148
596-0169 INCAP Institutional Strenghtening	G	1390	1500	110
<u>TOTAL HEALTH</u>		2971	1700	608
GRANT		2971	1700	608
LOAN		0	0	0
<u>CHILD SURVIVAL</u>				
596-0000.7 PD&S	G	0	0	0
596-0169 INCAP Institutional Strenghtening	G	0	1000	0
<u>TOTAL C.S.</u>		0	1000	0
GRANT		0	1000	0
LOAN		0	0	0

Table 5
(concl.)

Summary Program Funding Table
Dollar Program by Functional Account
(\$ 000)

<u>Project No. and Title</u>	<u>G/L</u>	<u>FY 91 a/</u>	<u>FY 92</u>	<u>FY93</u>
<u>EDUCATION & HUMAN RESOURCES</u>				
596-0000.4 PD&S	G	344	100	100
596-0130 CA Peace Scholarships (CAPS)	G	8	0	0
596-0150 Natural Resources Management	G	1529	0	250
596-0162 Regional Development Support	G	353	200	200
596-0165 EXITOS (FY91)	G	0	0	142
596-0167 Democratic Initiatives	G	0	1000	2000
<u>TOTAL ED. & H.R.</u>		2234	1300	2692
GRANT		2234	1300	2692
LOAN		0	0	0
<u>PSEE (SDA)</u>				
596-0000.6 PD&S	G	500	500	500
596-0128 Industrial Development	G	250	0	0
596-0129(B) Ag. Higher Education (EARTH)	G	0	0	0
596-0146 CA Rural Electrifi. Support	G	0	0	0
596-0147 Economic Policy Research	G	500	250	500
596-0149 Private Sector Initiatives	G	511	0	0
596-0150 Natural Resources Management	G	1070	1450	3500
596-0161 Energy Policy Plann. & Effic.	G	0	500	2000
596-0162 Regional Development Support	G	891	1000	500
596-0165 EXITOS (FY91)	G	500	330	1850
596-0167 Democratic Initiatives	G	0	1000	500
596-0170 EAI Support & Infrast. Plng.	G	0	1100	3500
<u>TOTAL PSEE</u>		4222	6130	12850
GRANT		4222	6130	12850
LOAN		0	0	0
<u>TOTAL DEVELOPMENT ASST. ACCOUNT</u>				
TOTAL DA		16957	18000	26000
TOTAL GRANT		16957	18000	26000
TOTAL LOAN		0	0	0

a/ Excludes reobligations

5.0 MISSION ISSUES

Issue 1: Environmental Spending Target. The FY'92 environmental spending target imposed on ROCAP is excessive--particularly in view of the reduced OYB. It amounts to more than half of our '92 OYB and if we are forced to meet it, it will severely reduce the FY'92 funding available to start the new Regional Trade and Infrastructure Project. Indeed, it is likely that this would be delayed by a year. (Note: This Action Plan is proposing an environmental target of some US\$7.8 million in FY'92, approximately US\$1.7 less than the assigned US\$9.5 million target.) Additionally, ROCAP requests confirmation that "spending" under the FY'92 environmental spending target is equivalent to or will be satisfied by obligation rather than disbursement.

Issue 2: Reobligation from the Economic Recovery Project (596-0114). At the SAR review, ROCAP was told to proceed with programming the US\$6.7 million from the Economic Recovery Project with CABEI. We will initiate this de-obligation on May 1.

Issue 3: Use of ESF Leverage. Is use of ESF leverage in support of payment of obligations to regional institutions a dead issue?

Issue 4: CABEI. What does A.I.D. do about CABEI, and what is ROCAP's continuing role here, if any, aside from monitoring?

Issue 5: CACC Earmark. Can funds under the FY'90 CACC earmark of US\$ 500,000 ESF be used to support the PDD?

Issue 6: Trust Fund Access. If ROCAP remains in Guatemala, it will need continuing trust funds or an increase in OE dollars. USAID/Guatemala has stated that it will not supply trust funds to ROCAP operations after FY'92. If this decision stands, ROCAP's OE budget will go from \$1.449 million in FY'91 to \$2.000 million in FY'92.

Issue 7: EARTH. ROCAP assumes that it will take over responsibility for EARTH under our new SAPEG Project beginning in FY'92.

Issue 8: RHUDO. The Municipal Development Project has been developed to date by RHUDO using ROCAP funds. The planned new project raises the question of whether to continue this two-tier relationship, or whether to bring RHUDO organizationally within ROCAP. RHUDO relocation and, inevitably, USDH staff cuts would be part of that integration.

Annexes

Annex A

ROCAP CY 1991 Implementation Work Plan

This Annex presents ROCAP's CY'91 Implementation Work Plan, prepared in accordance with the LAC Bureau's "FY '92-93 Action Plan Guidance for LAC Bilateral Missions" dated October 1990. The organization of this Work Plan follows the Strategic Objectives and Sub-objectives articulated in the new C.A. 2000 Strategy. Some actions, although contributing directly and proximally to achievement of more than one Sub-objective, are listed only under the Sub-objective for which they most apply. As only significant Mission actions are reported, some projects that are active in ROCAP's CY'91 portfolio are not represented. These include primarily those projects that are either being phased out, or will be just beginning during this calendar year.

Table 1

ROCAP CY'91 Implementation Work Plan

I. STRATEGIC OBJECTIVE 1: DEVELOPMENT OF STABLE DEMOCRATIC SOCIETIES

1. IMPROVE THE ADMINISTRATION OF JUSTICE THROUGH INCREASING THE INDEPENDENCE, PROFESSIONALISM AND EFFECTIVENESS OF THE JUDICIARY AND POLICE.

N/A.

2. PROMOTE THE EXERCISE AND PROTECTION OF CIVIL AND HUMAN RIGHTS.

N/A.

3. STRENGTHEN ELECTORAL PROCESSES AND INSTITUTIONS.

N/A.

4. STRENGTHEN LEGISLATIVE PROCESSES AND INSTITUTIONS.

N/A. Note: The Regional Democratic Initiatives Program will include actions to be taken in CY'93 contributing directly to this sub-objective.

5. STRENGTHEN ELECTED LOCAL AND MUNICIPAL GOVERNMENTS THROUGH DECENTRALIZATION OF AUTHORITY AND CONTROL OVER FINANCIAL AND HUMAN RESOURCES.

Shelter and Urban Development (596-0143).

Action 1: The Central American Institute of Business Administration (INCAE) will conduct two dialogue seminars in El Salvador for the purpose of defining a national strategy for municipal development and identifying those policy and functional areas wherein change, strengthening and coordination will be required. These seminars will involve senior national and municipal government officials as well as community representatives. Target: 3/91 (DIO).

Action 2: INCAE will conduct four seminars/workshops in Guatemala in an effort to develop a national municipal development agenda for the next five years. These workshops will deal with issues of decentralization, policy reform, provision of basic infrastructure, etc. The first meeting, involving both departing and newly elected mayors, was held in January 1991. The second seminar, involving newly elected delegates to the Guatemalan Congress, was held in February 1991. The two seminars to be held in March and May will involve municipal and national government officials, members of Congress and community representatives all sitting together. Target: 5/91 (DIO).

Action 3: INCAE will conduct a series of four seminars/workshops in Costa Rica to discuss the role of municipalities in national development and to define a basic sectoral agenda regarding the key issues of decentralization, necessary legislative and administrative reform, and participatory democracy. These working sessions will be held in March, April, June and July and will involve municipal and national government officials, members of the C.R. Congress and community representatives. Target: 7/91 (DIO).

Note: The Regional Democratic Initiatives Program will include actions to be taken in CY'92 contributing directly to this sub-objective.

6. PROMOTE HONESTY AND EFFICIENCY IN GOVERNMENT THROUGH TRANSPARENCY OF DECISION-MAKING PROCESSES AND HEIGHTENED ACCOUNTABILITY OF CIVIL SERVICE STRUCTURES.

Note: The Regional Democratic Initiatives Program will include actions to be taken in CY'93 contributing directly to this sub-objective.

7. SUPPORT CIVILIAN CONTROL OF THE POLICE AND THE MILITARY, AND DEMILITARIZATION, BY ENCOURAGING DIALOGUE BETWEEN CIVILIAN AND MILITARY LEADERS AND PROMOTING CIVILIAN OVERSIGHT OF GOVERNMENT.

N/A. Note: The Regional Democratic Initiatives Program will include actions to be taken in CY'93 contributing directly to this sub-objective.

8. STRENGTHEN POLITICAL PARTIES AND THE PARTY SYSTEM.

N/A. Note: The Regional Democratic Initiatives Program will include actions to be taken in CY'92 contributing directly to this sub-objective.

9. PROMOTE AND STRENGTHEN PLURALISM AND CIVIC PARTICIPATION THROUGH NON-GOVERNMENTAL ORGANIZATIONS AND LEADERSHIP TRAINING.

Private Sector Initiatives (596-0149).

Action 1: Conduct workshops and seminars with national business associations to encourage the participation by individual business men and women in civic activities and in leadership and management training programs. Target: 12/91 (TIO).

Note: The Regional Democratic Initiatives Program will include actions to be taken in CY'93 contributing directly to this sub-objective.

10. PROMOTE ALTERNATIVE INFORMATION SOURCES, INCLUDING A FREE AND RESPONSIBLE PRESS, OTHER MEDIA, AND SOCIAL/ECONOMIC RESEARCH ORGANIZATIONS.

Note: ROCAP supports numerous social/economic research organizations. Only SIECA, however, conducts social and economic research directly and proximally related to promotion of democratic societies. SIECA may be restructured during CY'91 after clarification of CA government commitments to the organization, but in any case ROCAP will have limited future involvement with SIECA per se and is actively looking at other sources for the development and divulgation of important economic and social data and information. The Regional Democratic Initiatives Program, however, will include actions to be taken in CY'93 contributing directly to this Sub-objective.

II. STRATEGIC OBJECTIVE II: ACHIEVEMENT OF BROAD-BASED, SUSTAINABLE ECONOMIC GROWTH.

1. FURTHER LIBERALIZE EXTERNAL AND INTRAREGIONAL TRADE IN GOODS AND SERVICES.

Private Sector Initiatives (596-0149).

Action 1: The Federation of Private Sector Entities for Central America and Panama (FEDEPRICAP) will conduct a series of informal meetings at senior national levels to strengthen regional public policy bodies working for trade liberalization. Target: 12/91 (TIO).

Action 2: Through a series of meetings among FEDEPRICAP, national government and private sector entities, work will be done to: (1) promote the integration of Panama into Central America; (2) promote the creation of an integrated Central American position with regard to the Enterprise for the Americas Initiative (EAI); and (3) ensure the compatibility of Central American and Mexican efforts with EAI free trade concepts. Target: 12/91 (TIO).

Action 3: Private sector studies on Central American entry into GATT and on strengthening commercial ties with the EEC will be refined. Target: 6/91 (TIO).

Regional Export Management Training (596-0124).

Action 1: The Central American Institute of Business Administration (INCAE) will conduct a total of 24 seminars for business managers and executives of export firms and government officials in the five C.A. countries and Panama (6 seminars of one-day duration, 16 of three-days, and 2 of five-day duration). Foci of these various seminars will be on trends and changes regarding the Caribbean Basin Initiative, extraregional export policy, and functional export management areas such as production, marketing, capital generation, export policy, quality control, etc. Target: 7/91 (DIO).

Action 2: INCAE will conduct 6 one-day seminars and 1 three-day seminar for senior government officials and private sector leaders. The three-day seminar will address the E.A.I., free trade policies, regional integration and industrial reconversion issues vis-a-vis export promotion. The one-day seminars will place special emphasis on the industrial reconversion process and the necessary adjustments which will need to be made by the C.A. countries and Panama to become increasingly competitive in the international export market. Target: 8/91 (DIO).

2. STRENGTHEN PRIVATE SECTOR ORGANIZATIONS PROMOTING TRADE AND INVESTMENT AND COOPERATE WITH OTHER U.S. GOVERNMENT TRADE AND INVESTMENT PROMOTION EFFORTS.

Private Sector Initiatives (596-0149).

Action 1: FEDEPRICAP will participate in two regional Presidential meetings on trade policy of private sector entities. Target: 12/91 (TIO).

Action 2: The first steps to institutionalize an accessible data bank information system on commercial opportunities for national business associations will be taken. Target: 12/91 (TIO).

Action 3: A series of national meetings to further cooperation on complementarities in producing extraregional exports will be held. Target: 12/91 (TIO).

Action 4: A series of workshops and seminars on entrepreneurial philosophy, management concepts for small and medium-sized businesses, and free market economies will be conducted. Target: 6/91 (TIO).

Export Agribusiness Development Promotion (596-0123).

Action 1: Eight new loans will be provided to risk-taking businessmen involved in new non-traditional agricultural export endeavors. This should increase foreign exchange earnings and employment, and promote linkages with U.S. markets. Target: 12/91 (TIO).

Economic Policy and Research (596-0147).

Action 1: A study of public sector measures of support for private sector export expansion will be completed, including private sector participation in formulating public sector policies and programs. Target: 12/91 (TIO).

Action 2: A study will be completed on obstacles to trade in C.A. Target: 12/91 (TIO).

Action 3: A coordinated planning process operational within A.I.D. in C.A. designed to identify needed changes in public policies, regulations and administrative procedures that will reduce or eliminate trade obstacles. Target: 12/91 (TIO).

3. REFORM FISCAL SYSTEMS BY IMPROVING TAX STRUCTURES AND ADMINISTRATION, IMPROVING EFFICIENCY OF GOVERNMENT SERVICE DELIVERY, AND PRIVATIZING STATE-OWNED PRODUCTIVE ENTERPRISES.

N/A

4. STRENGTHEN THE ABILITY OF THE FINANCIAL SECTOR TO MOBILIZE DOMESTIC RESOURCES AND CHANNEL THEM EFFICIENTLY TO THE MOST PRODUCTIVE SECTORS OF THE ECONOMY, AND CONTINUE TO PROMOTE ACCESS TO OUTSIDE SOURCES OF LONG-TERM INVESTMENT CAPITAL.

Private Sector Initiatives (596-0149).

Action 1: A series of seminars and workshops for stockbrokers on the functioning of stock markets will be conducted. Target: 12/91 (TIO).

Action 2: A legislative framework example for Central American stock markets will be prepared. Target: 7/91 (TIO).

Action 3: A series of studies aimed at the eventual integration of all Central American stock markets will be undertaken. Target: 8/91 (TIO).

Action 4: A series of conferences on worker and small investor participation in capital markets will be convened. Target: 8/91 (TIO).

Economic Policy and Research (596-0147).

Action 1: A study of regional regulatory and legal obstacles to intraregional and external capital investment flows will be completed in coordination with FEDEPRICAP. Target: 12/91 (TIO).

Regional Export Management Training (596-0124).

Action 1: INCAE will conduct a total of 24 seminars for business managers and executives of export firms and government officials in the five C.A. countries and Panama (6 seminars of one-day duration, 16 of three-days, and 2 of five-day duration). Foci of these various seminars will be on trends and changes regarding the Caribbean Basin Initiative, extraregional export policy, and functional export management areas such as production, marketing, capital generation, export policy, quality control, etc. Target: 7/91 (TIO).

5. STIMULATE AGRICULTURAL PRODUCTION AND TRADE BY REMOVING MACROECONOMIC AND SECTORAL POLICY CONSTRAINTS; PROMOTING TECHNOLOGY IMPROVEMENTS; REDUCING TENURE INSECURITY; AND PROMOTING AGRIBUSINESS DEVELOPMENT AND TRADE LINKAGES WITH US AND NEIGHBORING MARKETS.

Non-traditional Agricultural Exports (596-1018).

Action 1: A series of seminars will be conducted on the Japanese market for non-traditional agricultural exports, addressing consumer preferences, government regulations, cost factors, etc. Target: 5/91 (TIO).

Action 2: New planting trials will be completed for blackberries and exotic cut flowers in Panama and Nicaragua, and trials of "edomame" or green soybeans for the Japanese market will be carried out throughout C.A. Target: 6/91 (TIO).

Action 3: Technical assistance will be provided to assist with flower-inducing techniques in mangoes, to investigate the potential for black pepper in Costa Rica, and to observe tropical flower plantings. Target: 6/91 (TIO).

Action 4: Shipments made to Europe, especially those transiting London, will be closely monitored with particular attention to melons. Target: 6/91 (TIO).

Action 5: Technical assistance will be provided in Nicaragua to: (1) closely supervise melon plantings; (2) assist with packing shed procedures, including quality control; (3) assist in finding markets for Nicaraguan crops; (4) investigate areas for new crops; (5) rehabilitate a tomato processing plant; and (5) help sustain the office of the Nicaraguan export organization APENN. Target: 6/91 (TIO).

Private Sector Initiatives (596-0149).

Action 1: A series of studies and conferences, between C.A. business men/women and Mexican counterparts, will be conducted related to agribusiness trade and investment opportunities that will further commercial ties between the two markets. Target: 8/91 (TIO).

Regional Agricultural Technology Networks (596-0127).

Action 1: IICA/PROCACAO will coordinate networking of expanded cacao variety adoption trials in Belize, Costa Rica, El Salvador, Honduras and Guatemala. The materials to be tested are high-yielding hybrids and promising clones that are resistant to Black Pod disease. Target: 12/91 (RADO).

Action 2: In the CATIE biotechnology laboratory, use of tissue culture techniques will accelerate the process of genetic improvement of cacao germ plasm, and permit greater storage capacity and free exchange of cacao germ plasm using simple methods of in vitro conservation. Target: 5/91 (RADO).

Action 3: A series of regional seminars, workshops and short courses will be conducted by IICA/PROCACAO staff for producers and technicians in cacao production technology, including imported cultural practices and post harvest methodology. Target: 12/91 (RADO).

Action 4: New regional planting trials will occur to increase germ plasm diversification using materials from other germ plasm banks around the world. Target: 12/91 (RADO).

Action 5: The demonstration and promotion of cacao production in the region will be carried out through distribution of publications, e.g., handbooks and technical bulletins, and through demonstration trials cultivated and harvested on producer fields. Target: 12/91 (RADO).

Action 6: National Advisory Groups will be formed by producers in all central American countries participating in the cacao project, including Mexico, Belize and Dominican Republic. Target: 12/91 (RADO).

Regional Agriculture Higher Education (596-0129A).

Action 1: CATIE will grant 10 additional Master of Science degrees in the agricultural sciences and natural resources (Forestry). Target: 9/91 (RADO).

6. INCREASE INVESTMENT IN INFRASTRUCTURE, MARKET INFORMATION SYSTEMS AND NETWORKS, EDUCATION AND TRAINING, AND TECHNOLOGY DEVELOPMENT AND DISSEMINATION.

Private Sector Initiatives (596-0149).

Action 1: A series of workshops and seminars on transportation bottlenecks to trade will be conducted, with the objective of setting priorities for feasibility/engineering studies and identifying projects for donors in the context of the PDD and Regional Executive Secretariat. Target: 6/91 (TIO).

Export Industry Technology Support (596-0165).

Action 1: Diagnostic analyses of: (1) market information needs for selected light industry products; (2) technology development needs for increased light industry exports; and (3) non-traditional export capital requirements will be initiated. Target: 12/91 (TIO).

7. INCREASE PARTICIPATION IN INCOME-GENERATING OPPORTUNITIES BY SEGMENTS OF THE SOCIETY PREVIOUSLY ISOLATED FROM THE ECONOMIC SYSTEM.

N/A

8. INCREASE ACCESS TO BASIC EDUCATION AND IMPROVE THE EFFICIENCY OF THE EDUCATION SYSTEM/

N/A.

9. INCREASE ACCESS TO BASIC PRIMARY HEALTH CARE, FAMILY PLANNING, AND NUTRITION SERVICES BY THE POOR AND IMPROVE THE EFFICIENCY OF THOSE DELIVERY SYSTEMS.

N/A (See actions listed for ORT, Growth Monitoring and Education (596-0115); Technical Support for Food Assistance (596-0116); and INCAP Institutional Strengthening (596-0169) under "Strengthen Regional Institutions and Reduce their Dependence on A.I.D. Resources", LAC Objective III Sub-objective 2.)

10. PROMOTE SOUND ENVIRONMENTAL LAWS AND REGULATIONS WHICH ARE EFFECTIVELY ENFORCED, AND RATIONAL MANAGEMENT OF NATURAL RESOURCES BY THE PUBLIC AND PRIVATE SECTORS TO ENSURE LONG-TERM SUSTAINABILITY AND HIGH ECONOMIC RETURN.

Regional Environmental and Natural Resources Management (596-0150).

Action 1: Draft Policy Inventories reviewed and revised and regional themes and commonalities identified and discussed with Missions, CCAD and other actors; follow-up actions on regional policy initiatives will be identified and timetable for action established. Target: 12/91 (RADO).

Action 2: Regional workshop held for C.A. shrimp export industry and regulatory agencies to demonstrate Turtle Excluder Device technology and to explain new U.S. legislation requiring their use in harvesting shrimp for U.S. market. Target: 3/91 (RADO).

Action 3: Regional workshop and seminar held for representatives of C.A. livestock industry; regional and international environmental NGOs to discuss and move toward consensus on role of livestock production in the context of environmentally sustainable agricultural production systems. Target: 9/91 (RADO).

Action 4: Regional Coastal Resource Management seminar held to discuss and build consensus among C.A. NGOs, donor organizations, public and private sector groups on priorities and next steps for rational management of the region's coastal resources. Target: 9/91 (RADO).

Action 5: Four Central American environmental NGO representatives begin year-long fellowship programs with The Nature Conservancy. Target: 8/91 (RADO).

Action 6: Contract awarded for provision of Masters Degree training for fourteen Central Americans in Environmental Education. Target: 6/91 (RADO).

Action 7: Production of a multi-media educational project on Rio Platano Biosphere Reserve by Wildlife Conservation International/Carribbean Conservation Corps consortium's Paseo Pantera project which will outline the importance of the area to wildlife conservation, the threats to, and conservation needs of the area. Products will include a video, slide/tape show, slide library, brochures, posters, and magazine articles. Target: 12/91 (RADO).

Action 8: An international workshop on buffer zone management held in Central America. Target: 10/91 (RADO).

Action 9: Design and authorization of Project Amendment for Tree Cropping and Pesticide Management activities. Target: 3/91 (RADO).

Action 10: Five significant "buy-ins" or joint ventures involving USAIDs and RENARM with NGOs and/or regional institutions including integrated Pest Management program initiated in Guatemala through joint venture of USAID/Guatemala, CATIE, ICTA and Zamorano. Target: 12/91 (RADO).

Action 11: The preparation of two books, Paseo Pantera: The Bridge to Biodiversity, and Paseo Pantera: Discovering the Wild Places of Central America will be initiated. Target: 7/91 (RADO).

Action 12: Production of silvicultural guidebooks for 14 multi-purpose tree species recommended for use in Central America as result of over ten years of applied research in the region. Target: 12/91 (RADO).

Action 13: Maps and planning documents for one watershed in each country ready for implementation (under Watershed Management component of CATIE program). Target: 12/91 (RADO).

Action 14: Five Integrated Pest Management guidelines evaluated in the field and 8 others updated. Target: 12/91 (RADO).

Action 15: Three graduate courses each provided in Tree Cropping, Watershed Management, and Plant Protection at CATIE. Target: 7/91 (RADO).

III. STRATEGIC OBJECTIVE III: ATTAINMENT OF EFFECTIVE REGIONAL COOPERATION.

1. SUPPORT FORA FOR CENTRAL AMERICAN REGIONAL DIALOGUE.

Economic Policy and Research (596-0147).

Action 1: The project will be reoriented to provide technical support to regional policy dialogue. Target: 5/91 (TIO).

Action 2: Policy studies will be completed and proposals made to stimulate regional dialogue and policy coordination. Target: 12/91 (TIO).

Action 3: Case studies on industries that have been successful in reconvertng to produce efficiently and export outside the C.A. region will be completed. Case studies will be disseminated and discussed among industrialists and public sector officers. Target: 12/91 (TIO).

Action 4: A study of possibilities and priorities for regional tariff harmonization to facilitate trade and investment will be completed. Target: 12/91 (TIO).

2. STRENGTHEN REGIONAL INSTITUTIONS AND REDUCE THEIR DEPENDENCE ON A.I.D. RESOURCES.

ORT, Growth Monitoring and Education (596-0115); Technical Support for Food Assistance (596-0116); and INCAP Institutional Strengthening (596-0169).

Action 1: At least one market survey and an internal INCAP capabilities assessment will be conducted to identify INCAP's potential future market and develop its technical menu of services. Target: 11/91 (DIO).

Action 2: The ORT and Food Assistance projects will be evaluated and lessons learned articulated to identify and strengthen INCAP interventions in health and nutrition. Target: 10/91 (DI).

Regional Export Management Training (596-0124).

Action 1: A broad-based and intensive market analysis to determine the market for INCAE's services, how INCAE has been/is responding to the market, its cost recovery/competitiveness vis-a-vis its "products", etc. will be completed. This analysis will be conducted to better equip INCAE to become more self-sustaining in anticipation of considerably reduced A.I.D. financing. Target: 7/91 (TIO).

3. UNDERTAKE STUDIES AND POLICY DIALOGUE SUPPORTING TRADE LIBERALIZATION.

Economic Policy and Research (596-0147).

Action 1: A study of problems and policies for reactivation of C.A. integration and free trade area in SIECA/CEIE study agenda will be completed. Target: 12/91 (TIO).

Action 2: A study of problems, opportunities and policies for opening C.A. to international trade will be completed. Target: 12/91 (TIO).

Action 3: A quantitative model to illustrate the impacts/implications of an increase in exports will be developed. Target: 12/91 (TIO).

Action 4: A study of public policy changes needed to facilitate and promote export growth will be completed in coordination with FEDEPRICAP. Target: 12/91 (TIO).

Action 5: A study of public sector measures of support for private sector export expansion completed, including private sector participation in formulating public sector policies and programs. Target: 12/91 (TIO).

Action 6: A study will be completed on obstacles to trade in C.A. Target: 12/91 (TIO).

Action 7: Case studies on industries that have been successful in reconverting to produce efficiently and export outside the C.A. region will be completed. Case studies will be disseminated and discussed among industrialists and public sector officers. Target: 12/91 (TIO).

Regional Export Management Training (596-0124).

Action 1: Nine additional case studies and three technical notes will be completed by INCAE. These case studies and T.N.s will, among other things, focus on the effect of trade policies on selected export firms operating in Central America. Target: 8/91 (TIO).

4. STRENGTHEN OR INITIATE REGIONAL SECTORAL PROGRAMS IN TRADE INFRASTRUCTURE, ENERGY, SOCIAL SECTORS, AND ENVIRONMENT AND NATURAL RESOURCES.

Trade Infrastructure.

N/A. Note: The Regional Trade and Infrastructure Project (596-0170) will include actions to be taken in CY'92 directly related to this sub-objective.

Energy.

Rural Electrification Support (596-0146).

Action 1: The NRECA/CARES Program will continue the implementation of improved rural electric investment planning tools to temper politically motivated investment decisions with ones based on economic criteria. In conjunction with this, the Demand Assessment and Site Selection Methodology will be applied to 300 villages in Guatemala, Honduras and El Salvador. Target: 12/91 (TIO).

Action 2: CONELECTRICAS will be established in Costa Rica as an operating entity. This rural electric cooperative consortium is planning an important 15 megawatt hydroelectric project with the technical help of CARES and funding from IDB. NRECA will provide technical backstopping, a full range of utility management services for its members, and some financing through an innovative debt-swap arrangement. Target (for establishment of CONELECTRICAS): 12/91 (TIO).

Action 3: Rural electric cooperatives will be reestablished as a future form of rural electrification organization in Honduras. In conjunction with this, CARES will finish a complete feasibility study for certain identified areas in this country. Target: 9/91 (TIO).

Action 4: The legal and operational establishment of the Belize Rural Electrification Association (BREA) will be completed. A full time advisor, resident in Belize as a CARES staff member, is contemplated along with significant technical support. This private sector energy initiative will allow for a streamlined rural electrification program in this country. Target (for completing the legal and operational establishment of BREA): 12/91 (TIO).

Action 5: An environmental support initiative will be established. The Program is planning to initiate a pilot forestation-hydro basin scheme in one country in the region, and to develop a forestation scheme for wood pole production enhancement in Guatemala in conjunction with the INFORDE program funded under the RENARM Project. Target: 9/91 (TIO).

Action 6: Several activities aimed at enhancing the environment for power sector decentralization as a way of improving utility efficiency will be pursued. CARES will conduct a prefeasibility study for an isolated rural electrification pilot project, and complete a municipal audit in Guatemala with a view towards establishing models for decentralization in rural areas. Target: 9/91 (TIO).

Action 7: Operations and institutional/management training will be provided. CARES will continue training efforts for senior engineers and operations staff with courses in use of new distribution standards, rural electric distribution and line construction, and distribution design and staking. Courses will include management planning and control of electric distribution companies; organization, management and operations of electric distribution systems; and service excellence. The Program will also distribute at least 2000 copies of manuals or documents concerning rural electrification. Target: 7/91 (TIO).

Action 8: Operational system data acquisition facilities will be provided. This will improve the ability in the electric utilities to acquire the operating data necessary to properly evaluate the performance and losses of the power system networks. Target: 9/91 (TIO).

Action 9: New distribution standards for rural electrification in Guatemala, El Salvador, Belize, and Honduras will be completed and adopted. It is estimated that cost savings due to the introduction of these standards could surpass 20% in construction materials and labour. Target: 9/91 (TIO).

Action 10: The transfer of U.S surplus electric equipment to utilities in the region will be supported. Shipment will be arranged of donated materials to two countries in Central America. Target: 9/91 (TIO).

Action 11: Assist USAID/Nicaragua in the design of NRECA's FY'91 US\$5.0 million earmark slated exclusively for activities in Nicaragua. Target: 12/91 (TIO).

Action 12: The demonstration and promotion of productive use programs will be assisted. Field demonstrations will be carried out in Guatemala and El Salvador which include handout materials regarding safety, uses of electricity, and benefits of electrification. Target: 12/91 (TIO).

Action 13: Working relationships between national utilities and five additional NGOs in productive use activities will be established. Target: 8/91 (TIO).

Action 14: Permanent professional and field staff in power utilities will be established and supported in their efforts to carry out programs on productive uses of electricity. CARES will provide technical assistance and training (e.g. productive use promotion and evaluation) in this important area. Emphasis will be given to productive use-related issues such as small business administration, credit handling, and marketing of goods manufactured with electric equipment. Target: 12/91 (TIO).

Social Sectors

See actions listed for ORT, Growth Monitoring and Education (596-0115); Technical Support for Food Assistance (596-0116); and INCAP Institutional Strengthening (596-0169) under "Strengthen Regional Institutions and Reduce their Dependence on A.I.D. Resources", LAC Objective III Sub-objective 2.)

Environment/Natural Resources Management

See actions listed under Regional Environmental and Natural Resources Project ("Promote Sound Environmental Laws and Regulations...", LAC Object II Sub-objective 10).

Annex B

Listing of ROCAP Projects by LAC Bureau Objective and Sub-objective

(Tables 6a and 6b)

This Annex (Tables 6a and 6b) of ROCAP's FY 92-93 Action Plan is organized pursuant to Bureau Objectives and Sub-objectives articulated in the C.A. 2000 Strategy.

Listing of FY'92-93 ROCAP Projects by LAC Bureau Objective and Sub-objective

LAC STRATEGIC OBJECTIVE I: THE DEVELOPMENT OF STABLE DEMOCRATIC SOCIETIES

<u>LAC Sub-Objective</u>	<u>ROCAP Program Element</u>
1. Improve the administration of justice through increasing the independence, professionalism, and effectiveness of the judiciary and police.	1. N/A
2. Promote the exercise and protection of civil and human rights.	2. N/A
3. Strengthen electoral processes and institutions.	3. N/A
4. Strengthen legislative processes and institutions.	4. Democratic Initiatives (596-0167; Proposed)
5. Strengthen elected local and municipal governments through decentralization of authority and control over financial and human resources.	5. Democratic Initiatives (596-0167; Proposed) Rural Electrification Support (596-0146)
6. Promote honesty and efficiency in government through transparency of decision-making processes and heightened accountability of civil service structures.	6. Democratic Initiatives (596-0167; Proposed)
7. Support civilian control of the police and military and demilitarization through encouragement of dialogue between civilian and military leaders, and promote civilian oversight of government.	7. Democratic Initiatives (596-0167; Proposed)
8. Strengthen political parties and the party system.	8. Democratic Initiatives (596-0167; Proposed)
9. Promote and strengthen pluralism and civic participation through non-governmental organizations and leadership training.	9. Democratic Initiatives (596-0167; Proposed) Private Sector Initiatives (596-0149)
10. Promote alternative information sources, including a free and responsible press, other media, and social/economic research organizations.	10. Democratic Initiatives (596-0167; Proposed)

Table 6a (con't)

Listing of FY'92-93 ROCAP Projects by LAC Bureau Objective and Sub-objective

LAC STRATEGIC OBJECTIVE II: THE ACHIEVEMENT OF BROAD-BASED, SUSTAINABLE ECONOMIC GROWTH:

LAC Sub-Objective

ROCAP Program Element

- | | |
|---|--|
| <p>1. Further liberalize external and intraregional trade in goods and services.</p> | <p>1. Private Sector Initiatives (596-0149)
Economic Policy and Research (596-0147)</p> |
| <p>2. Strengthen private sector organizations promoting trade and investment and cooperate with other U.S. Government trade and investment promotion efforts.</p> | <p>2. Exp. Industry Technology Support (596-0165)
Private Sector Initiatives Project (596-0149)
Export Agribusiness Dev. Promotion (596-0123)
Regional Technology Networks (596-0127)
Economic Policy and Research (596-0147)</p> |
| <p>3. Reform fiscal systems by improving tax structures and administration, improving efficiency of government service delivery, and privatizing state-owned productive enterprises.</p> | <p>3. N/A</p> |
| <p>4. Strengthen the ability of the financial sector to mobilize domestic resources and channel them efficiently to the most productive sectors of the economy, and continue to promote access to outside sources of long-term investment capital.</p> | <p>4. Private Sector Initiatives (596-0149)
Economic Policy and Research (596-0147)
Regional Trade and Infrastructure (596-0170)</p> |
| <p>5. Stimulate agricultural production and trade through removal of macroeconomic and sectoral policy constraints; promote technology improvements; reduce tenure insecurity; and promote agribusiness development and trade linkages with U.S. and neighboring markets.</p> | <p>5. Exp. Industry Technology Support (596-0165)
Private Sector Initiatives (596-0149)
Export Agribusiness Dev. Promotion (596-0123)
Non-traditional Agricultural Exports (596-0108)
Regional Technology Networks (596-0127)
Regional Trade and Infrastructure (596-0170)</p> |

Table 6a (con't)

Listing of FY'92-93 ROCAP Projects by LAC Bureau Objective and Sub-objective

LAC STRATEGIC OBJECTIVE II: THE ACHIEVEMENT OF BROAD-BASED, SUSTAINABLE ECONOMIC GROWTH (con't)

LAC Sub-Objective

ROCAP Program Element

- | | |
|---|---|
| <p>6. Increase investment in infrastructure, market information systems and networks, education and training, and technology development and dissemination.</p> | <p>6. Rural Electrification Support (596-0146)
Private Sector Initiatives (596-0149)
Exp. Industry Technology Support (596-0165)
Regional Trade and Infrastructure (596-0170)</p> |
| <p>7. Increase participation in income-generating opportunities by segments of the society previously isolated from the economic system.</p> | <p>7. N/A</p> |
| <p>8. Increase access to basic education and improve the efficiency of the education system.</p> | <p>8. N/A</p> |
| <p>9. Increase access to basic primary health care, family planning, and nutrition services by the poor and improve the efficiency of those delivery systems.</p> | <p>9. N/A</p> |
| <p>10. Promote sound environmental laws and regulations which are effectively enforced, and rational management of natural resources by the public and private sectors to ensure long-term sustainability and high economic return.</p> | <p>10. Regional Envir./Nat. Res. Mgt. (596-0150)</p> |

Listing of FY'92-93 ROCAP Projects by LAC Bureau Objective and Sub-objective

LAC STRATEGIC OBJECTIVE III: THE ATTAINMENT OF EFFECTIVE REGIONAL COOPERATION

LAC Sub-Objective

ROCAP Program Element

- | | |
|--|---|
| <p>1. Support fora for Central American regional dialogue.</p> | <p>1. Economic Policy and Research (596-0147)
 Private Sector Initiatives (596-0149)
 Energy Policy Planning and Efficiency (596-0161)
 Regional Trade and Infrastructure (596-0170)</p> |
| <p>2. Strengthen regional institutions and reduce their dependence on A.I.D. resources.</p> | <p>2. INCAP Institutional Strengthening (596-0164)
 Regional Envir./Nat. Res. Mgt. (596-0150)
 ORT Growth Monitoring and Education (596-0115)
 Technical Support for Food Assistance (596-0116)
 Regional Trade and Infrastructure (596-0170)</p> |
| <p>3. Undertake studies and policy dialogue supporting trade liberalization.</p> | <p>3. Economic Policy and Research (596-0147)
 Private Sector Initiatives (596-0149)
 Regional Trade and Infrastructure (596-0170)</p> |
| <p>4. Strengthen or initiate regional programs in the Trade Infrastructure, Energy, Social, and Environmental and Natural Resources sectors.</p> | <p>4. <u>Trade Infrastructure:</u>
 Regional Trade and Infrastructure (596-0170)</p> |

Energy:

- Rural Electrification Support (596-0146)
- Energy Policy Planning and Efficiency (596-0161)

Social Sectors:

N/A

Natural Resources:

- Regional Envir./Nat. Res. Mgt. (596-0150)

SPECIAL CATEGORY ACTIVITIES:

DEVELOPMENT SUPPORT

- 1. Regional Development Support (596-0162)

Table 6b

ROCAP Portfolio (FY'91-93) Summary by Mission Program Office and Bureau Strategic Objective

<u>ROCAP Program</u>	<u>LAC Objective/Project Name</u>	<u>Number</u>	<u>PACD</u>	<u>LOP Amount (Millions)</u>	<u>Active FY'92-93</u>	<u>Existing Amendment</u>	<u>FY '92-93 Status</u>	<u>Design Approval Status</u>
<u>ROCAP DEMOCRATIC INITIATIVES OFFICE (DIO)</u>								
<u>Strategic Objective I: Development of Stable Democratic Societies</u>								
	Democratic Initiatives Program	596-0167	/ /01	8.00	Yes		x ('93)	x ('92) TBA
	C.A. Peace Scholarship Program (CAPS)	596-0130	09/30/93	6.89	Yes	x		
	Shelter and Urban Development	596-0143	09/30/91	4.00	No	x	(Phasing out FY'91)	
<u>Strategic Objective III: Attainment of Effective Regional Cooperation</u>								
	INCAP Institutional Strengthening	596-0164	/ /94	4.00	Yes		x ('91)	Approved
	Regional Agricultural Higher Education GUA	596-0129A	(08/31/92)	7.00	Yes	x	(Phasing out FY'92)	
	ORT Growth Monitoring and Education	596-0115	11/30/91	9.65	No	x	(Phasing out FY'92)	
	Technical Support for Food Assistance	596-0116	11/30/91	6.10	No	x	(Phasing out FY'92)	
<u>ROCAP TRADE AND INVESTMENT OFFICE (TIO)</u>								
<u>Strategic Objective II: Achievement of Broad-Based, Sustainable Economic Growth</u>								
	Regional Technology Networks	596-0127	12/31/92	2.50	Yes	x		
	Economic Policy & Research	596-0147	08/31/93	3.90	Yes	x		
	Export Agribusiness Dev. Promotion (LADD)	596-0123	03/31/93	20.75	Yes	x		
	Regional Trade and Infrastructure	596-0170	/ /96	20.00	Yes		x ('92)	Approved
	Export Industry Technology Support	596-0165	/ /96	8.50	Yes		x ('91)	Approved
	Non-Traditional Agricultural Exports	596-0108	09/30/91	9.00	No	x	(Phasing out FY'91)	
	Private Sector Initiatives (FEDEPRICAP)	596-0149	08/27/92	2.98	Yes	x	(Phasing out FY'92)	
	Resources for Industrial Development	596-0128	05/31/91	1.37	No	x	(Phasing out FY'91)	
	Regional Export Management Training	596-0124	06/31/91	6.80	No	x	(Phasing out FY'91)	
	Regional Coffee Pest Control	596-0090	05/31/91	6.00	No	x	(Phasing out FY'91)	

Table 6b (concl.)

ROCAP Portfolio (FY'91-93) Summary by Mission Program Office and Bureau Strategic Objective

ROCAP Program	LAC Objective/Project Name	Number	PACD	LOP Amount (Millions)	Active FY'92-93	FY '92-93 Status		Design Approval Status
						Existing	Amendment New Project	
<u>ROCAP TRADE AND INVESTMENT OFFICE (TIO) (con't)</u>								
<u>Strategic Objective III: Attainment of Effective Regional Cooperation</u>								
	Rural Electrification Support (CARES)	596-0146	03/31/94	10.00	Yes		X	
	Energy Policy and Planning	596-0161	/ /96	6.00	Yes			X ('92) Approved
	C. A. Energy Resources (Los Alamos)	596-0134	06/30/91	24.20	No		X	(Phasing out FY'91)
<u>ROCAP AGRICULTURAL DEVELOPMENT OFFICE (RADO)</u>								
<u>Strategic Objective II: Achievement of Broad-Based, Sustainable Economic Growth</u>								
	Regional Envir./Nat. Res. Mgt. (REARM)	596-0150	09/30/95	48.50	Yes			X
	Policy Initiatives	596-0150	09/30/95	9.14	Yes			X
	Awareness, Education, Biodiversity	596-0150	09/30/95	9.00	Yes			X
	Plant Protection	596-0150	09/30/95	9.70	Yes			X
	Watershed Management	596-0150	09/30/95	4.39	Yes			X
	Production from Natural Forests	596-0150	09/30/95	3.66	Yes			X
	Tree Crop Dissemination	596-0150	09/30/95	4.50	Yes			X
	Pesticide Management	596-0150	09/30/95	4.00	Yes			X
	Coastal Zone Management	596-0150	09/30/95	2.00	Yes			X ('93) T8A
	Tree Crop Production	596-0117	08/31/91	9.00	No			X (Phasing out in FY'91)
<u>ROCAP OFFICE OF PROJECT AND PROGRAM DEVELOPMENT (PPD)</u>								
	Regional Development Support	596-0162	07/31/95	2.50	Yes			X

Annex C

Projected Mortgage and Obligation Tables

Table C1

Summary Program Funding Table, FY'91

ROCAP -- FY91 PROJECTED OBLIGATIONS

FY91 ALLOCATION OF NOA plus REORS

PROJ #	NOA + REORS	TOTAL NOA	AFROM	HE	EMR	PIREB	PIREB REORS
0000 0	1702	1519	023	150	344	000	183
096-0128	250	250				250	0
096-0120A	1500	1500					0
096-0120B	1800	600					1200
096-0130	8	8			8		0
096-0143	0	0					0
096-0147	620	500				500	120
096-0149	931	731	220			511	200
096-0180	10071	8071	4185	1287	1529	1070	2000
096-0161	N/A						
096-0162	1388	1388		144	353	891	0
096-0168	4000	1000	800			500	3000
096-0167	N/A						
096-0169	1390	1390		1390			0
096-0170	N/A						
096-0172	N/A						
CHECK	23660	16957	7530	2971	2234	4222	6703
CONTROL	23660	16957	7530	2971	2234	4222	6703
+/-	0	0	0	0	0	0	0
SUBTOTAL							

Adj - 6.6 from 0114
 +92.8 from 0147
 +10 other

REQUIRED FY91 FUNDING TARGETS: CS > 1990, CLIMATE CHANGE > 899

