PD-ABE-030

AID COLOMBIA ACTION PLAN

FOR

FY 1993 - 4

Approved for Submission

to AID/Washington

David L. Hobbs, DCM

Prepared by AID Office
James F. Smith, AID Representative
Bogotá, May 8, 1992

A.I.D. COLOMBIA

PROGRAM OBJECTIVES DOCUMENT/ACTION PLAN FY 93-94

MAY, 1992

B

SECTION I: SELECTION OF AND RATIONALE FOR STRATEGIC OBJECTIVES

A. OVERVIEW OF ENVIRONMENT FOR DEVELOPMENT

Approximately one year ago -- six months after the inauguration of dynamic young President Cesar Gaviria -- Colombia embarked upon a program designed to bring about irreversible changes in its civic and economic circumstances.

The program is designated the "Peaceful Revolution" (Revolucion Pacifica). This far-reaching, well-enunciated plan follows lines laid out in general fashion during the early Gaviria days, and in fact continues certain policies initiated by President Gaviria's predecessor, Dr. Virgilio Barco. However, its directions now have been expressly delineated. The new "Peaceful Revolution" goals focus on two development objectives. (Not surprisingly, they resemble closely the LAC Bureau's overall objectives.) First is realization of profoundly beneficial changes in Colombia's justice system, to enable the country to deal much more adequately with all aspects of societal justice and especially with major crimes, including drug trafficking and violence.

This objective calls for, inter alia: (a) establishment of effective operation of a prosecutorial system to replace the former inquisitorial mode; (b) assuring much greater independence and capabilities for the judicial branch; (c) streamlining the system to put far more emphasis on policy guidance; and especially (d) to eliminate the impunity with which druglords and others have operated. (Analyses of the planned changes were outlined in A.I.D. Colombia's Project Paper for justice sector reform and have been repeated in documents such as A.I.D. Colombia's recent MIS report on justice reform.)

The other main aspect of the "Peaceful Revolution" focuses on economic liberalization. One of the key dimensions of that program is a complex of activities geared to produce more stimulation for Colombian productivity, both externally and internally. The process is known by the generic term apertura, or "opening."

Both directions were discussed in last year's Action Plan, and have been examined at length in subsequent documents, including the FY 91 and FY 92 PAADs. The significant point of this presentation, however, is that both "movements" now are well underway, despite problems and crises -- such as development of an extreme energy crisis necessitating eight hours of electricity rationing daily, and labor unrest in relation to privatization of essential services -- which the country has had to cope with recently. The "revolutions" definitely are more-than-initiated and the outlook for success is bright. However, the latter comment must be tempered by the realization that for both

movements, interruption in momentum could prove fatal. In the case of economic liberalization, for example, transition difficulties have characterized the country's recent economic performance. (These are noted in Section II, as well as in the PAAD for FY 92.) In general, however, the Government of Colombia's (GOC) actions continue very much on target.

It also should be obvious that the "twin peaks" of Colombia's key development program square completely with the LAC Bureau objectives of strengthening democratic institutions and promoting self-sustaining economies, as well as with the two strategic objectives selected for the A.I.D. Colombia program (see Sec. I. B. below.) Both objectives also are linked quite directly to potential solutions for Colombia's main problem -- production and distribution of drugs. The U.S. Government (USG) is extremely impressed with Colombia's active commitment to, and initial implementation of, these long-range goals. As the Embassy goals and strategy statement notes, "Country Specific Responsibilities" include:

(a) Continued GOC support and cooperation for U.S. anti-narcotics policies and programs, and the maintenance of Colombia's will to pursue its own vigorous anti-narcotics policies and programs; and

(b) Reduction in barriers to free trade and encouragement of GOC policies which achieve efficiency in the private sector.

(See also Sect. II, B. on performance.) Consequently, A.I.D. Colombia's program plans for FY 1993-94, as well as for FY 92, are directed to continued support for these activities, primarily via continuing annual provision of ESF funds, as part of already pledged narcotics-related economic assistance.* A tentative schema of AID Colomia proposed ojectives (and corresponding sub-objectives) is shown in Diagram 1.

Provision of such support to Colombia is not only a vital stimulus to its own efforts, but also demonstrates to Colombia's neighbors our recognition of the country's leadership in these two areas. This is quite important, given the country's acknowledged leadership in the anti-drug struggle, as well as in promotion of democratic institutions and economic liberalization.

---

* During the 1990 Summit in Cartagena, President Bush pledged $50 million in support annually to Colombia as narcotics-related economic assistance.

Similar considerations apply currently to every other aspect of Colombia's development efforts, including socio-economic development contemplated under the Enterprise for the Americas Initiative, to which Colombia has responded with enthusiasm. In that regard, while pushing primarily for increased trade benefits (as reflected in the apertura emphasis) the country also is extremely interested in other EAI dimensions. One of these relates to the potential for use of international debt for natural resources management. Colombia is in the anomalous position of having a superb track record on payment of international debt, yet is unable to capitalize on that record as it pertains to one of the primary pillars of the EAI, improvement of the environment. Colombia presently owes the USG some $450 million dollars. It wants to cancel a relatively small portion of that debt (20-25%) and utilize the interest payments that would have been made on the canceled principal to support a fund for environmental improvement. The USG has tentatively offered this assistance, as President Gaviria noted in a recent speech launching the GOC's environmental plan. However, this offer, in fact has not resulted in a debt reduction program due to U.S. congressional inaction. A.I.D. should actively support this effort; a provisional plan to do so consequently forms part of our Action Plan.

Additional activities are incorporated in the Action Plan as elements of Colombia's reform program contributing directly to realization of strategic objectives and hence worthy of additional support. One of these is a profound, long-range anti-corruption campaign spearheaded by the Public Ministry, which is designed to (eventually) turn that entity into an Inspector General's Office. Another is an urban services privatization and job creation program, focusing on such strife-ridden locales as Cali and Medellin. Finally, we will be winding down a few "residual" programs, such as health activities and family planning; these processes, though, require some minor support levels in the interim.

The following section outlines the rationale behind the selection of the two primary strategic objecitves (S.O) for Colombia, and the activities that will be undertaken under each to further them.

B. STRATEGIC OBJECTIVES: SELECTION, RATIONALE, IMPLEMENTATION

1. Strategic Objective 1: Improve the effectiveness of the justice system.

a. Problem

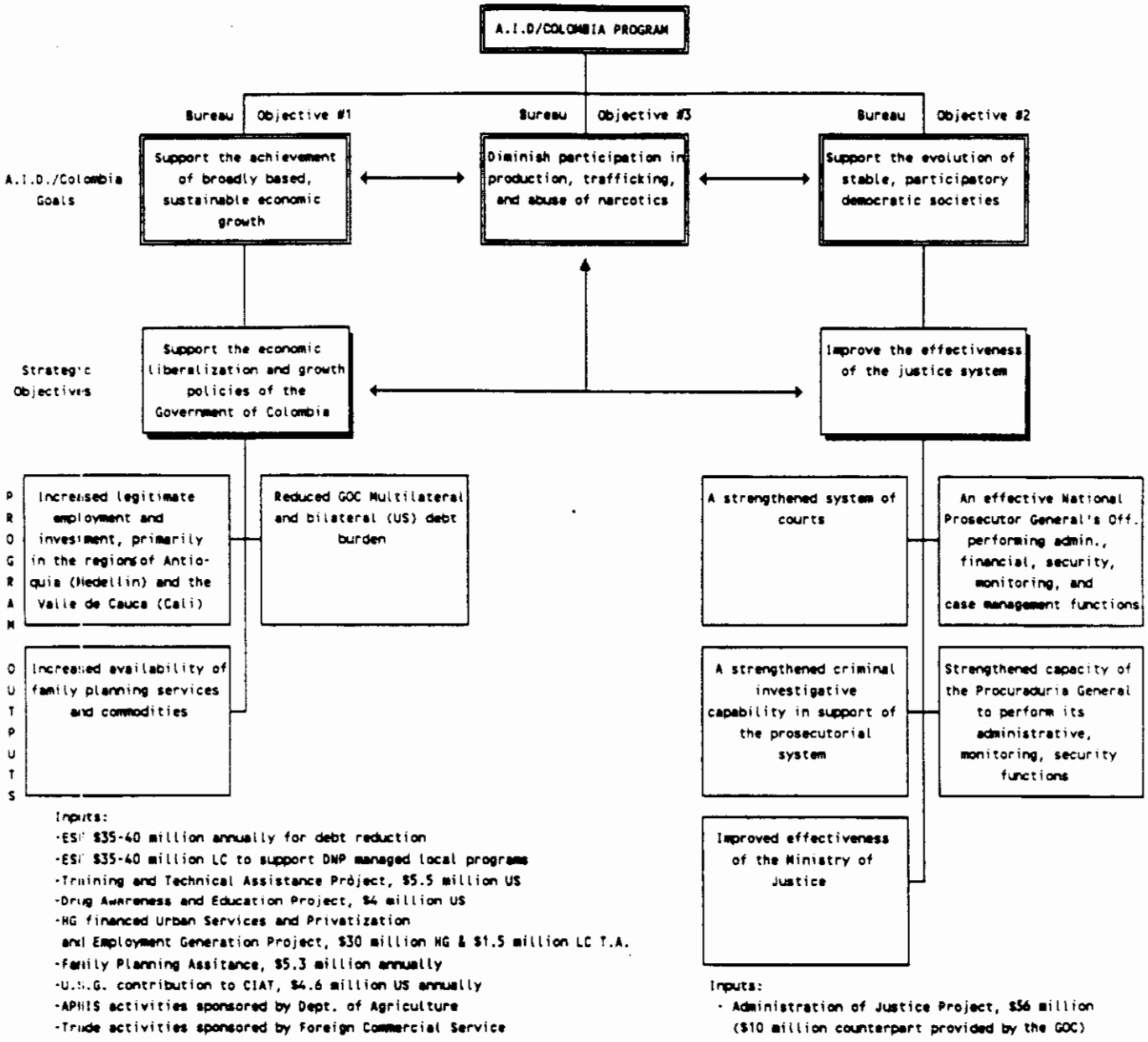
Strategic Objective 1 will address, inter alia, the problem of a weak criminal investigation and prosecution capability in Colombia which allows narcotraffickers and other criminals to operate with impunity. As a result, Colombians have little confidence in their justice system as the basis for the rule of law. The system suffers from a host of interrelated problems including: lack of administrative and operational independence of the courts; an ill-defined role for the prosecutorial function; inadequate administrative capability; overlapping authorities and responsibilities; congestion in the courts; and lack of protection for justice sector personnel and participants.

b. Rationale for Selection

A.I.D. Colombia has selected improvement of the administration of justice as a key strategic objective because such basic reform will (a) strengthen the GOC's capacity to confront all forms of societal injustice, including terrorism and narcotrafficking with all their attendant economic costs and corrupting influence; and (b) create a more favorable climate for democratic institutions and economic enterprises to flourish.

It must also be emphasized that strengthening Colombia's justice system is a Country Team effort, in which most other Embassy sections and agencies are taking very active roles -- and will continue to do so. Under the leadership of the Ambassador and DCM, inputs from the Political Section, NAS, DOJ, ICITAP, DEA, RSO and Legatt (to mention only some of the most active) are welded into a complete support package. This process is described in more detail in Section II, but needs to be underscored here. While AID funding and activity are critical to the program, they must not be thought of as solitary or exclusive. In Colombia, support for justice reform is, and will continue to be, a total USG priority.

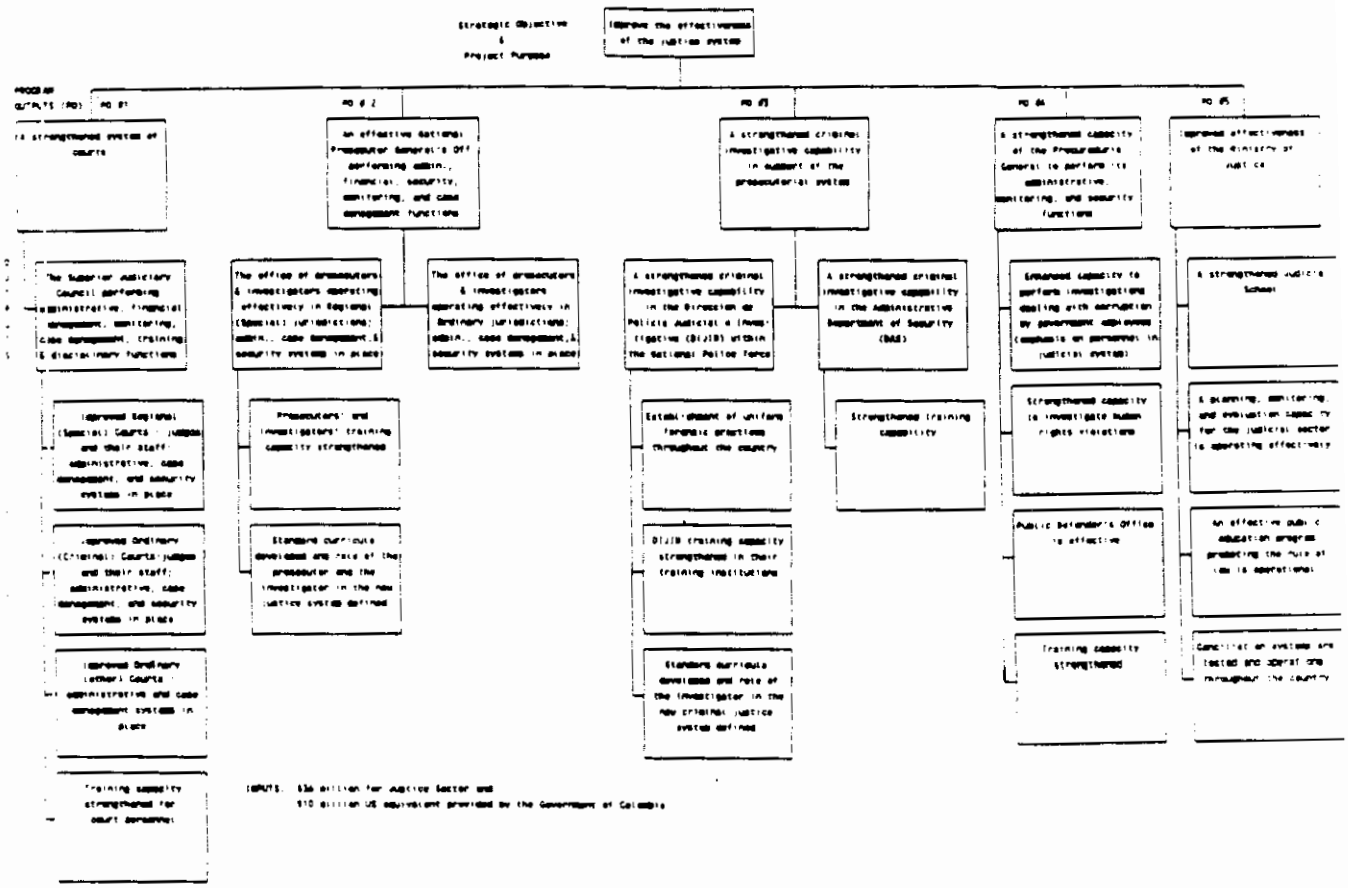
A.I.D. COLOMBIA OVERALL PROGRAM STRUCTURE



Inputs:
- ESF $35-40 million annually for debt reduction
- ESF $35-40 million LC to support DNP managed local programs
- Training and Technical Assistance Project, $5.5 million US
- Drug Awareness and Education Project, $4 million US
- HG financed Urban Services and Privatization and Employment Generation Project, $30 million HG & $1.5 million LC T.A.
- Family Planning Assitance, $5.3 million annually
- U.S.G. contribution to CIAT, $4.6 million US annually
- APHIS activities sponsored by Dept. of Agriculture
- Trade activities sponsored by Foreign Commercial Service

Inputs:
- Administration of Justice Project, $56 million ($10 million counterpart provided by the GOC)

A.I.D. Colombia
Strategic Objective # 1



BEST AVAILABLE COPY

c. Implementation Strategy

The main instrument through which A.I.D. Colombia will pursue this Strategic Objective is its $36 million Justice Sector Reform project. This program, authorized in 1991, supports a comprehensive, six year judicial reform effort spearheaded by the GOC. The program outputs identified are concerned with building institutional capacity in the justice sector. Each program output focuses on a different component within the judicial system that needs strengthening if there is to be increased effectiveness overall. While some of these components may have higher priority than others, to ignore any one of them would have serious negative consequences on the reform effort. Program outputs include the following:

- A strengthened system of Regional (Special) and Ordinary Courts administered by judges and their staff.

- An effective Prosecutor General's Office performing administrative, financial, security, monitoring, and case management functions.

- A strengthened criminal investigative capacity in support of the prosecutorial system.

- A strengthened capacity of the Public Ministry (Procuraduria General) to perform its administrative, monitoring, and security functions.

- Improved effectiveness of the Ministry of Justice.

At the heart of changes being institutionalized is removal of the judicial system from administrative control of the Ministry of Justice, thus separating the judicial function from the executive branch. This reform is complemented by creation of a Prosecutor General's office with investigative capacity. A critical dimension in promoting these profound institutional changes will be the training of all participants in the judicial process, including judges, clerks, prosecutors, and police investigators. The A.I.D. project will provide support for such training.

Judicial reform is a continuous process. It must be built into the social and governmental institutions to assure long term impact. Many entities and individuals -- universities, bar associations, think-tanks, active and retired judges and government officials -- have contributed to and will contribute to its redefining and strengthening. The strategy being implemented by the GOC, with assistance from the USG, is designed to include all the various inputs and interests.

In pursuing this Strategic Objective, priority is given

wherever possible, to removing obstacles to the prosecution of major narcotics traffickers. The impunity with which drug traffickers have operated in Colombia is the most notorious example of a generalized failure to bring criminals to justice. Reassertion of the rule of law in these cases requires treatment of fundamental problems inherent in the judicial system. Drug prosecutions cannot be made more effective apart from improving the overall criminal justice system; systemic reform is the approach that the project will take.

However, the emphasis on improving Colombia's criminal justice system -- especially that related to drug-trafficking -- should not be thought of as the exclusive rationale or outcome of this program. Improvement of the entire system, including civil jurisdictions and alternative methods of conciliation, form very important portion of the program. An objective tree for the overall program is shown in Diagram II.

d. Measurement of Performance of S.O.

At the strategic objective level, indicators have been selected that will measure: 1) the ability of the system to convict major criminals, 2) the system's efficiency, accessibility and fairness, and 3) the confidence Colombians have in their justice system. In many cases, the same indicators used for the strategic objective are used for two or more of the program outputs. At present, relatively few systems are in place to gather such data. Consequently, it is more feasible to keep the number of indicators to a minimum. In nearly every instance, data collection mechanisms will have to be developed in the executing institutions. This will be done through support from project activities. A realistic expectation for baseline data being available is 24 months. Once the baseline is in place, targets for each program output and the S.O. can be set.

The following are the program indicators:

STRATEGIC OBJECTIVE 1: Improve the effectiveness of the judicial system.

Indicators:

1. Narco-trafficking/terrorist and related crime convictions as percent of total such crimes investigated. (Special Courts)

2. Serious felony (Ordinary Courts) convictions as percent of total such crimes investigated.

3. Average processing time of all criminal cases (investigation to sentence).

4. Average processing of other cases.

5. Public opinion regarding fairness and accessibility of justice system.

Program Output 1.1: A strengthened system of Regional (Special) and Ordinary Courts administered by judges and their staff.

Indicators:

1. Narco-trafficking/terrorist and related crime (Special Courts) convictions as percent of total such crimes investigated.

2. Serious felony (Ordinary Courts) convictions as percent of total such crimes investigated.

3. Average processing time of criminal cases (investigation to sentence).

4. Average processing time of other cases.

Program Output 1.2: An effective Prosecutor General's Office performing administrative, financial, security, monitoring, and case management functions.

Indicators:

1. Narco-trafficking/terrorist and related crime (Special Courts) convictions as percent of total such crimes investigated.

2. Serious felony (Ordinary Courts) convictions as percent of total such crimes investigated.

3. Average processing time of criminal cases (investigation to sentence).

Program Output 1.3: A strengthened criminal investigative capacity in support of the prosecutorial system.

Indicator:

1. Number of cases reaching the sentencing stage as percent of the number of cases for which investigations are begun.

Program Output 1.4: A strengthened capacity of the Public Ministry (Procuraduria General) to perform its administrative, monitoring, and security functions.

Indicators:

1. Criminal or disciplinary actions by the Prosecutor General's Office and Procuraduria against public sector personnel corruption and illicit enrichment (including judges, prosecutors, investigators, etc.), as percent of total actions.

2. Criminal or disciplinary actions by the Prosecutor General's Office or the Procuraduria against human rights violations, as percent of total actions.

Program Output 1.5: Improved effectiveness of the Ministry of Justice.

Indicators:

1. A planning, monitoring, and evaluation system is operational in the judicial system.

2. Public opinion regarding fairness and accessibility of justice system.

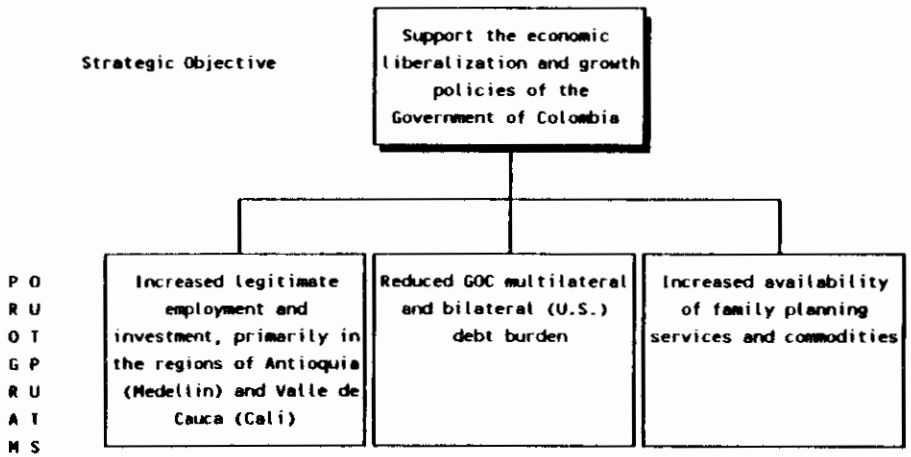
3. Percent of cases resolved through conciliation and similar mechanisms.

2. Strategic Objective 2: Support the economic liberalization and growth policies of the Government of Colombia.

a. Problem

Strategic Objective 2 will address the problem of a less-than-fully liberalized Colombian economy which is preventing the generation of additional foreign exchange earnings for the country and, in the medium to long run, additional employment. The Gaviria administration has made great strides toward apertura, but the program still has a long way to go. In particular, several key national industries which are currently state-owned will need to be privatized in order to achieve maximum efficiency and profitability and reduce their financial drain on the national budget. Further economic policy reforms are needed to reduce government control and regulation of the private sector, increase exports, create licit new employment opportunities, especially in areas where drug production and trafficking has been rife, (particularly because there is speculation that in the short term, the policies of apertura will increase unemploymnt as firms adjust to international competition), to produce economic growth and enhance the GOC's ability to wage its war against narcotrafficking.

A.I.D. Colombia
Strategic Objective #2



Inputs:
- $35-40 million ESF for debt reduction annually
- $35-40 million LC for projects managed by DNP annually
- $5.5 million for Training and Technical Assistance Project
- $4 million for Drug Awareness and Education Project
- $30 million HG, Urban Services, Privatization, and Employment Generation Project; $1.5 million LC Urban Services T.A.
- $4.6 million CIAT program annually
- $5.3 million family planning assistance annually
- APHIS activities supported by the U.S. Department of Agriculture
- Trade activities supported by the U.S. Foreign Commercial Service

b. Rationale for Selection

The reasons for the selection of this strategic objective are twofold: 1) In the spirit of the Enterprise for the Americas Initiative, A.I.D. Colombia will assist in strengthening economic relations between our two countries and increase opportunities for two-way trade; and 2) a strengthened legitimate economy provides the best defense against the attractions of the drug trade which, for many Colombians, currently offers the only viable means of subsistence.

c. Implementation Strategy

This strategic objective will be pursued through various avenues. The first will be the Counternarcotics and Economic Revitalization Program (ESF Cash Transfer) and its associated local currency program. The latter is managed by the National Planning Department (DNP). This annual $35-40 million dollar program will help ease Colombia's economic situation, compensating at least minimally for economic lossess suffered as a result of its rigorous and successful counternarcotics program. The process initially makes additional foreign exchange available for payment of debt owed by the GOC to multilateral donors and to the United States, and thus frees up an equivalent amount of dollars for alternative use. The local currency program managed by the DNP will fund development activities of national priority under the categories of economic liberalization and alternative development, especially in the departments of Antioquia (Medellin) and Valle de Cauca (Cali).

Another important activity that will support this strategic objective is the Training and Technical Assistance (TAT) project. TAT will provide support through training and TA in areas related to apertura. This project should be approved in AID/W in June. Implementation will be underway by the end of the fiscal year.

The Drug Awareness and Education Project, scheduled to begin in FY 93, will further this strategic objective by focusing its efforts on Cali and Medellin, and other urban centers where the drug trade is active. It will attempt to redirect the energies of young people away from drug abuse, trafficking and its associated violence and toward productive economic activities. To the extent these efforts are successful, these selected urban areas will gain in productive contribution from their citizens and hence suffer lesser economic consequences from the drug trade and drug abuse.

A proposed HG-financed Urban Services Privatization and Employment Generation project, intended for a FY 93 start, will further this strategic objective by opening the urban services sector to increased participation by the private sector and by generating jobs in such areas. The HG will also provide a source

of foreign exchange borrowing to the GOC at favorable rates of interest, and will stimulate new construction in the housing sector.

In addition, the substantial family planning assistance A.I.D. has been providing to Colombia, will continue during the population assistance "phase out" period. By contributing to a reduced rate of population growth, particularly as the economy grows or at least remains constant, per capita income will increase and bring with it attendant benefits (increased tax collections, increased private investment, reduced government transfer payments, etc.) that will contribute to economic growth.

Finally, the R&D Bureau-funded CIAT program (a tropical agricultural research station in Cali), as well as other Country Team-funded activities in support of Corr Report recommendations (APHIS activities and the Department of Agriculture-funded AFTOSA program) and two-way trade between the United States and Colombia (Foreign Commercial Service activities) also contribute to this strategic objective.

Program outputs for this S.O. include the following:

- Reduced GOC multi- and bilateral (U.S.) debt burden

- Increased legitimate employment and investment, primarily in the regions of Antioquia (Medellin) and Valle de Cauca (Cali)

- Increased availability of family planning services and commodities

d. Measurement of Performance of S.O.

Because this strategic objective is comprised of activities that do not lend themselves to usual A.I.D. project impact measurement procedures (which require activities with specific, measurable output indicators), general economic trend indicators will be used instead. The indicators selected are in areas that A.I.D. Colombia is supporting through program activities, but cannot claim to have sole impact on. In addition, the GOC's National Planning Department reports to A.I.D. Colombia only in general terms on peso-funded activities. Consequently, specific indicators for these activities are not presented.

With this understanding, this strategic objective's trend indicators are the following:

STRATEGIC OBJECTIVE 2: Support the economic liberalization and growth policies of the Government of Colombia.

Trend Indicators:

1. Debt/export ratio
2. Export growth
3. Private investment
4. No. of state-owned enterprises privatized
5. Rates of employment in Cali and Medellin
6. Housing starts in Bogota, Cali and Medellin

Program Output 2.1: Reduced GOC multi- and bilateral (U.S.) debt burden.

Indicators:

1. Payment of $35-40 million foreign official (multilateral and U.S.) debt annually with ESF resources (Banco de la Republica records)

Program Output 2.2: Increased legitimate employment and investment, primarily in the regions of Antioquia (Medellin) and Valle de Cauca (Cali).

Indicators:

1. Rates of employment in Cali and Medellin
2. Private investment in Cali and Medellin
3. Housing starts in Cali and Medellin
4. Number of young people, in selected urban areas (Cali and Medellin), who report unfavorable attitudes toward drug use/trafficking
5. Growth in exports

Program Output 2.3: Increased availability of family planning services and commodities

Indicators:

1. Availability of social market-priced contraceptives in pharmacies throughout Colombia

3. Summary Tables

(Tables I and II were not completed for this Action Plan since, as noted, baseline data does not yet exist, and indicators may be modified before such baseline information is obtained).

4. Other Activities

The "other" activities that the A.I.D. Colombia program will support fall into two categories -- activities that are in phase-out stages, and those which are considered to be important in their own right but do not directly further one of the two strategic objectives. In the first category are R&D-Bureau supported health activities; these will be phased out during the Action Plan period. In the second category are environmental activities -- the Parks-in-Peril program and the potential Environmental TA program in support of the EAI debt-reduction-for-environment proposal (if it is accepted) -- as well as R&D Bureau-funded Science Advisor activities and the University Linkages program.

The Other Activities category is very small, representing an effort to keep the program tightly focused on the two major program priorities. This attention to focus and concentration will continue over the Action Plan period.

SECTION II: PROGRAM PERFORMANCE

As noted in Section I, since last year A.I.D. Colombia has concentrated its support on two priority efforts -- reform of the country's justice system and assisting in economic liberalization activities. Sucesses of the GOC in both areas have been impressive.

In the first of these two areas, during the past year the GOC secured full legislative approval -- including constitutional reform -- for the AOJ reform program concepts. This of course was a major effort, involving not only drafting and approving an entire new Constitution, but also persuading a transition "Congress" to approve already-promulgated emergency degrees, which helped establish such essential items as the anti-narcotics, anti-violence courts of public order.

The Government also advanced significantly on implementation fronts as well. During the past year, the innovative "faceless" courts of public order heard more than 700 drug-trafficking cases, and convicted some 70% of those indicted. During the latter half of the year, the GOC filled the (highly-dangerous) posts of Prosecutor General, and Director of the entire judicial system. Not only were plans advanced for operation of these, and other, streamlined institutions, but additional essential actions took place as well such as preparation of a new code of criminal procedure and training of key individuals (from the Public Ministry) in techniques for proving illicit enrichment.

A.I.D. cooperated as a fundamental funding source for both planning and implementation activities. Following approval -- in June, 1991 -- of what is the largest single A.I.D.-funded justice

improvement program in the world ($36 million over the next four years), A.I.D. signed the project agreement covering that support in August, 1991. Since then a million dollars has been spent (as an amendment to previous grant activities) for such activities as: (1) drafting and distributing the new code of criminal procedure; (2) preparation of the (detailed) statute establishing the Prosecutor General's Office; (3) continued support to the Courts of Public Order; (4) development and promulgation of a (highly-successful) demonstration court operation (in Itagui); (5) development of local "courts of conciliation" as an alternative to the over-burdened "normal" system; and (6) training -- in advanced investigative techniques -- for selected members of the Public Ministry (Procuraduria) and police officials. A.I.D. also sponsored a highly successful orientation trip for judges of the public order courts to the United States.

The effects of the program were not limited to these accomplishments, however. Under the direction of the Ambassador and the DCM, a team approach helped facilitate and coordinate inputs from a variety of sources. As a consequence, activities such as continuing intensive efforts toward judicial protection -- including NAS' furnishing armored cars and communication equipment -- have been incorporated into the program. The sharing of assets seized from drug traffickers also figures in the overall effort, as does the growing outreach of evidence sharing under the direction of the Department of Justice. ICITAP has developed a training plan for this year and begun training programs for the intended Prosecutor General's Office and the police investigative units that collaborate with the prosecutors.

Equally significant is the fact that the team approach has been accepted by Colombian counterparts. At the urging of A.I.D. and the Embassy, the GOC has formed a high-level Executive Committee to direct the overall reform program. Under its policy guidance, implementation activity is advancing on all fronts. The Minister of Justice and his advisors are encouraged enough by the actions that they personally requested the AA/LAC to assure that funding would be accelerated, and an additional amount -- beyond that originally planned -- be made available for FY 92-93. We agree with their appraisal and have adjusted our plans accordingly.

A.I.D.'s contribution to Colombia's economic <u>apertura</u> focuses primarily on utilization of peso funding (generated by balance of payments cash transfers) to support activities gauged to help increase and diversify exports and promote alternative development. This program is managed by the National Planning Department. Last year, A.I.D. contributed $40 million dollars (plus $1.0 million for the A.I.D. trust fund) to this program (as part of a total ESF package of $50 million.) Achievements which the A.I.D. funds helped support included: (a) establishment of a "quality corporation," dedicated to improvement of Colombia's

products, and to which some sixty of Colombia's most dynamic companies belong; (b) initiation of plans and activities to rehabilitate Antioquia, including promotion of licit small businesses in that region; (c) rehabilitation of key rail and other access routes toward the North Coast; and (d) experimentation on innovative agricultural crops, especially tropical fruits and other products which faced phyto-sanitary barriers. (Descriptions of representative activities supported by this program are attached in Annex II.)

For FY 92-93 (and 94), at the recommendation of DNP, this support will be targeted toward fewer, higher impact activities, although still directed toward the overall economic liberalization and alternative development objectives. On that score, it must be noted that the country's overall economic performance during the past year did not keep pace with apertura plans. Due to deliberately tight monetary policies, high interest rates, and (at least initial) uncertainty over the results of the initiatives described above -- plus a series of unforseen but very damaging crises in the energy and communications fields -- the economy did not grow at rates expected, and certain sectors suffered disproportionately. This situation is further described in the FY 92 PAAD.

However, the overall malaise can be attributed to a considerable extent to unfamiliarity with this aspect of the "revolution." The U.S. Mission's conclusion is that the policy is still very sound, and, if anything, requires our continued support and demonstration of confidence.

SECTION III: PORTFOLIO ANALYSIS -- NEW AND TERMINATING PROJECT/NON-PROJECT INITIATIVES

A. NEW INITIATIVES

The following is a summary of the new activities proposed for initiation during the Action Plan period (see Annex I for NPDs on activities in excess of $500,000 that were not previously presented):

ACTIVITY-PROJECT TITLE & NO.	FUNDING SOURCE & AMOUNT	FY AUTHORIZED/ INITIATED	STRATEGIC OBJECTIVE
1) Strengthening Democratic Institutions	ITT DA - $1.05 million ($400,000 in FY 92)	FY 92	1
2) Training and TA	NSD-18 ESF - $5.5 million ($2.5 million in FY 92)	FY 92	2
3) Cash Transfer	NSD-18 - $36,500,000 NSD-18 - $39,000,000	FY 93 FY 94	2 2
4) Urban Services Privatization and Employment Generation	HG ($30 million) ($15 million in FY 93) ESF LC trust fund/HG LC ($1.5 million) ($500,000 in FY 93)	FY 93	2
5) Drug Awareness and Education	NSD-18 ESF - $4.0 million ($2.0 million in FY93)	FY 93	2
6) Environment TA	ITT DA - $150,000 ($75,000 in FY 93)	FY 93	Other

B. TERMINATING ACTIVITIES

Most of the activities that were to terminate (or at least to cease receiving A.I.D. funding) in order to begin streamlining the A.I.D. Colombia program, have already done so. A few of these activities are now being funded through the DNP's Core Economic Opportunity Budget. The only other activities that are scheduled to terminate during the Action Plan period are the R&D-funded health and (possibly) population activities (depending on the population phase-out plan to be developed over the next few months).

SECTION IV: RESOURCE REQUIREMENTS

A. DA/ESF Funding

LAC Regional: As outlined in the Summary Funding Tables below, the A.I.D. Colombia program will require approximately $800,000 in LAC Regional Development Assistance funds in each of FY 92, 93 and 94. For FY 92-94, $50 million in NSD-18 ESF is also required annually (an aditional $2.25 million carries over from FY 91 in the FY 92 budget) for the A.I.D. Colombia counternarcotics program.

Central Bureaus: Again, as shown below, the A.I.D. Colombia program is planning to receive from central A.I.D. funding sources, approximately $10.4 million in FY 92, $10.2 million in FY 93, and $10.2 million in FY 94.

B. OE Funding

A.I.D. Colombia has projected its operating expense needs for the Action Plan period, from both trust fund and dollar sources, as follows (see Annex III for detailed requirements):

Fiscal Year	Dollars	Trust Fund*	Total OE Requirement
FY 92	$ 131,600	$ 258,460	$ 390,060
FY 93	89,200	336,600	425,800
FY 94	180,500	462,100	642,600

* This includes an 18-month reserve as provided for in Bureau guidance

C. Staff Resources

The A.I.D. Colombia program currently utilizes the following staffing pattern:

USDH
One A.I.D. Representative
One Deputy A.I.D. Representative/Program Officer

FSN DH
One Project Management Assistant
One Program Specialist

FSN PSCs
One Senior Program Management Specialist (OE-funded)
One Senior Financial Analyst (OE-funded)
Two Project Management Assistants (OE-funded)
One MIS Consultant (Program-funded)
Three Secretaries (OE-funded) (two slots currently vacant)

U.S. PSC
One AOJ Advisor (Program-funded)

With the arrival of the number two USDH in Colombia in late spring/early summer of 1992, and the hiring of two additional FSN PSC secretaries, the A.I.D. Colombia staffing pattern described above will be complete. It is the A.I.D. Rep's intention to convert one of the PSC secretaries to DH status to allow for handling of the substantial flow of classified materials through the A.I.D. Colombia office. The Senior Program Specialist will also be converted to DH status.

At last year's Action Plan review, Bureau support was provided for a third USDH position in Colombia in light of the significant challenges being undertaken with the $36 million AOJ program, the $5.5 million training program, the $4.0 million drug awareness project and the $35-40 million cash transfer and associated local currency program. No action has yet been taken on this position, however, and this third USDH slot is essential to adequate management of the program. It is anticipated that this third person would be either a Financial Management Officer or a Project Officer, depending upon the availability of a USDH Financial Management Officer and the responsibilities to be assumed by the number two USDH position. Due to the extensive work which will be required with the new grantees on financial management requirements of the A.I.D.-funded activities, as well as supervision of the new RIG audit requirments, and the difficulty of working expeditiously via long distance with the Controller in Lima, A.I.D. Colombia's preference is that the third USDH position be a financial type and that a US PSC Project Officer be sought. If a USDH Financial Officer is not available, then we would propose hiring a US PSC for this function and seek a USDH PDO. In either case, we would have a ceiling of three USDH and two US PSCs.

A careful redelination of roles and responsibilities of A.I.D. Colombia staff was made during FY 92, and with these

changes, and with the addition of two additional secretaries, the PSC Controller or PDO, and the third USDH position, it is expected that management of the ambitious A.I.D. Colombia program will be accelerated and substantially smoothed.

With this staffing pattern, adequate staff will exist in A.I.D. Colombia to monitor non-federal audits of all grantees receiving in excess of $25,000. Without the Financial Management Officer position, the program will continue to suffer problems adequately managing the financial management and audit requirements of this very ambitious program.

Table III
SUMMARY FUNDING TABLE

	($000s) FY 92	FY93	FY94	Strategic Ob. No.	Bureau Ob. No.
LAC Bureau					
DA					
ITT	400	400	400		
Strengthening Democratic Institutions (Anti-Corruption and Legislative Strengthening) (Buy-in to LAC/DI Activities)	(400)	(325)	(325)	1	2, 3
Environment TA*	---	(75)	(75)	N/A	1
Parks-in-Peril**	400	400	400	N/A	1
Sub-total DA:	800	800	800		
ESF					
ESF - NSD-18					
Balance of Payments	37,000	36,500	39,000	2	1, 3
Justice Sector Reform	12,500***	9,250	7,750	1	2, 3
Training and T.A.	2,500	2,000	1,000	2	1
Drug Awareness	---	2,000	2,000	2	3
MIS	250	250	250	1, 2	3
Sub-total ESF:	52,250	50,000	50,000		
TOTAL LAC BUREAU:	53,050	50,800	50,800		
Other Bureau-Funded					
R&D					
- POP Activities	5,300	5,300	5,300	2	1
- Health Activities	200	---	---	N/A	1
- CIAT	4,600	4,600	4,600	2	1
- Science Advisor	200	200	200	N/A	1
- University Linkages****	100	100	100	N/A	1
PRE/H (HG)	---	(15,000)	(15,000)	2	1
TOTAL NON-LAC:	10,400	10,200	10,200		
PROGRAM TOTAL:	63,450	61,000	61,000		

Footnotes on following page.

Table IIIa

SUMMARY FUNDING TABLE -- LAC Bureau DA

	FY 92	($000) FY93	FY94	Strategic Ob. No.	Bureau Ob. No.
ARDN	250	250	250		
1. ITT	(50)	(50)	(50)	N/A	1
2. Other (Parks-in-Peril)	(200)	(200)	(200)	N/A	1
POP	0	0	0		
1. ITT					
2. Other					
HE	0	0	0		
1. ITT					
2. Other					
CS	0	0	0		
1. ITT					
2. Other					
AIDS	0	0	0		
1. ITT					
2. Other					
EHR	100	100	100		
1. ITT	(100)	(100)	(100)	1	1, 2
2. Other					
PSEE	450	450	450		
1. ITT	(250)	(250)	(250)	1	2
2. Other (Parks-in-Peril)	(200)	(200)	(200)	N/A	1
Total LAC DA:	800	800	800		

* To go forward if EAI legisltion is amended and GOC debt reduction for environment proposal is approved.

** Bureau earmark.

*** Of this amount, $2.25 million is obligation of FY 91 NSD ESF. Note: Project LOP includes total ICITAP LOP of $6.5 million.

**** Additional proposals pending - if acceptd, FY 93-94 budget will increase. Currently includes Javeriana University linkage with U. of N. Carolina and U. of Pennsylvannia awarded in 1991.

Table IIIb

ESTIMATED FUNDING REQUIREMENTS AND SOURCES BY STRATEGIC OBJECTIVE

Strategic Objective No. 1: Improve the effectiveness of the judicial system

($000s)

Funding Sources:	FY 92	FY93	FY94
LAC Bureau			
DA (ITT)			
Strergthening Dem. Institutions	400	325	325
Sub-total DA:	400	325	325
ESF (NSD-18)			
Justice Sector Reform	12,500	9,250	7,750
MIS (50%)	125	125	125
Sub-total ESF:	12,625	9,375	7,875
TOTAL LAC BUREAU:	13,025	9,700	8,200
Other Bureau-Funded	---	---	---
S.O. No. 1 TOTAL:	13,025	9,700	8,200

Strategic Objective No. 2: Support the economic liberalization and growth policies of the Government of Colombia

Funding Sources:	FY 92	FY93	FY94
LAC Bureau			
DA	---	---	---
ESF (NSD-18)			
Balance of Payments	37,000	36,500	39,000
Training and T.A.	2,500	2,000	1,000
Drug Awareness	---	2,000	2,000
MIS (50%)	125	125	125
Sub-total ESF:	39,625	40,625	42,125
TOTAL LAC BUREAU:	39,625	40,625	42,125
Other Bureau-Funded			
R&D	9,900	9,900	9,900
- PCP Activities	(5,300)	(5,300)	(5,300)
- CIAT	(4,600)	(4,600)	(4,600)
PRE/H (HG)	---	(15,000)	(15,000)
TOTAL NON-LAC:	9,900	9,900	9,900
S.O. No. 2 TOTAL:	49,525	50,525	52,025

SECTION V: A.I.D. REPRESENTATIVE AND AID/W INITIATED ISSUES

1. Need for Further DA Funds: In keeping with decisions of the AP review last year, this plan minimizes the use of DA funds. However, the question still remains as to whether this is a wise course. Colombia is still a recognized MDC, one with a number of advantages as a possible "bridge" between U.S. institutions and those of LDC neighbours. Utilization exclusively of ESF monies lessens many opportunities to promote more "normal" development activities, especially ones that could provide models of institutional development for the LDCs. Should AID re-consider its position in this regard, especially for the out-years?

2. Proportion of ESF Funding: Also raised last year was the question of proportionate division of ESF funding available in connection with Andean anti-narcotics activities. The main issue -- upon which basis should such funding be distributed -- was left largely unanswered, except for a vague indication that this is a "political" question. That undoubtedly is so, but what should the "political" criteria be? Development of an equation between need, stimulus, and result might be in order here. While Peru and Bolivia might readily demonstrate great need, certainly considerable weight should be placed on what we are getting for our bucks. In this regard Colombia's track record in attacking the narcotics problem and implementing sound economic policies while keeping to its democratic tradition, far outshines any of the rest. Should not AID contemplate a possibility of significantly increasing Colombia's "share" of the ESF money, as a demonstration to others that "this is the way to go?" The GOC has made several strong overtures toward upping totals and specific portions of monies for justice reform, for example. Presuming that in fact they have the capacity, should we not push for additional -- not simply re-distributed -- funding for this?

SECTION VI: TROPICAL FORESTS AND BIODIVERSITY ANALYSES

Sections 118 and 119 of the Foreign Assistance Act require that every country strategy document (in this case, the POD) or other country plan (such as the Action Plan) prepared by A.I.D. is to include an analysis of: (1) the actions necessary in that country to achieve conservation and sustainable management of tropical forests and biological diversity, and (2) the extent to which the actions proposed for support by A.I.D. meet the needs thus identified.

In 1991, A.I.D. funded the preparation of a comprehensive environmental profile and strategy document for Colombia entitled, Perfil Ambiental de Colombia (Environmental Profile of Colombia). This document, which is being used as a reference and a guidebook by environmental NGOs as well as the GOC

environmental agency, INDERENA, outlines, among other things, the actions necessary to achieve conservation and sustainable management of tropical forests and areas of high biologically-diversity. Without summarizing the recommended actions here, it can be said that INDERENA and the other organizations working on environmental issues in Colombia, including NGOs, now have a clearer understanding of the actions required to achieve conservation of the country's forest and other biological resources.

In addition, A.I.D. is providing funds through the Parks-in-Peril Program for improving the management of four nature preserves in Colombia. If the GOC's EAI debt-reduction-for-environment proposal is accepted, A.I.D. also stands ready to provide any assistance needed for development of an environmental trust fund in Colombia.

ANNEX I

NEW PROGRAM DESCRIPTION

LAC BUREAU OBJECTIVE:	Support the achievement of broadly-based sustainable economic growth/Address Special Concerns (Drug Trafficking)
MISSION STRATEGIC OBJECTIVE:	Support the economic liberalization and growth policies of the Government of Colombia
PROGRAM NAME:	Counternarcotics and Economic Revitalization Program
PROGRAM NUMBER:	514-9006 & 514-9008
PROGRAM FUNDING:	$36.5 million in Fy 93 $39 million in FY 94
TYPE OF FUNDING:	ESF
IMPLEMENTING AGENCY:	National Planning Department

A. Consistency of Project with Mission Strategy

Consistent with the NSD-18 Andean Counternarcotics Strategy, the objective of this ESF assistance program is to help offset the damage to the Colombian economy caused by the drug war through encouraging economic liberalization policies that promote investment, job creation, and outward-oriented diversification. The cash transfer program provides direct support to the GOC for the Bureau's counternarcotics objective. The dollar funds provide foreign exhange for the payment of official GOC debt to the USG, the World Bank and the InterAmerican Development Bank. The local currency contributed by the GOC supports the counternarcotics objective and the sustainable economic growth objective through support for economic liberalization and alternative economic development.

B. Relationship to A.I.D. and Other Donor Activities:

Other bilatateral and multilateral donors also provide support for the counternarcotics and economic liberalization programs of the GOC.

C. Activity Description

The cash transfer dollars will be used for repayment of GOC oficial bilateral debt to the USG and multilateral debt to the World Bank and the InterAmerican Bank and will be obligated

through a bilateral grant agreement with the GOC.

The GOC will provide the peso equivalent of the cash transfer which will be administered by the National Planning Department to support economic liberalization and alternative development activities, especially in the departments of Antioquia (Medellin) and Valle de Cauca (Cali).

D. Sustainability of Proposed Activities:

The issue of sustainability does not apply to the dollar funded activities. The local currency funded activities finance discrete activities which support economic liberalization and alternative development activities which will continue beyond the life of the funding with GOC resources.

E. Potential Issues

None.

NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVE:	Support the achievement of broadly-based sustainable economic growth.
MISSION STRATEGIC OBJECTIVE:	Support the economic liberalization and growth policies of the Government of Colombia
PROJECT NAME:	Urban Services Privatization and Employment Generation
PROJECT NUMBER:	514-9007
PROJECT FUNDING:	FY 1993: $500,000 TA; $15 million HG FY 1994: $500,000 TA; $15 million HG FY 1995: $500,000 TA LOP 1995: $1.5 million TA; $ 30 million HG
TYPE OF FUNDING:	TA from HG or ESF LC Capital Assistance from the Housing Guaranty Program

A. Consistency of Project with Mission Strategy

The project goal is to promote economic liberalization and alternative development through policy dialogue and the provision of urban services and housing. The project purpose is to support urban employment generation and the revitalization of major drug market-dependent urban centers. The project will also promote policy, institutional, and regulatory changes in the housing and urban services sector which will result in a diminished role for the public sector and an expanded role for the private sector in delivery of these services. In addition, the project provides opportunities for U.S. construction sector exports.

B. Relationship to A.I.D. and to Other Donor Activities

This proposed project provides assistance to the GOC in addition to the cash transfer and projectized ESF resources, consistent with the objectives of the current NSD-18 assistance, by supporting alternative development and economic revitalization activities.

C. Relationship of Project to Overall A.I.D. Policy Objectives

This proposed project supports the basic goal of USG and LAC Bureau development policy in Colombia which is to support the achievement of broadly-based, sustainable economic growth and alternative development. Specifically, the project will encourage economic policies that promote investment, productive employment and outward-oriented diversification; a vigorous private sector response; and increased economic opportunities for the disadvantaged.

D. Project Description

1. Problem Statement and Project Rationale

The project directly addresses the problem of inadequate urban employment generation due to the inefficient and ineffective use of financial and human resources in the urban services sector and unnecessarily high costs of these services. These inefficiencies promote the deterioration of urban areas, limit the ability of major centers being developed to their optimal levels, and limit their ability to attract potentially higher levels of private sector investments. As a result, urban employment levels are not being optimized.

The achievement of the project purpose will enhance the role of the private sector in the direct delivery of housing and related services. Project resources will facilitate the introducion and reinforcement of policy, institutional, and regulatory reforms of the GOC aimed at shifting the public sector out of this area. There is strong support within central and local governments and the private sector for expansion of housing and urban services delivery for the following reasons:

- Housing and urban services construction is the motor of the construction sector. The construction sector, in turn, represents the single most important potential source of urban employment generation, for both skilled and unskilled labor. Urban employment generation, particularly in drug market-dependent centers such as Cali and Medellin, is key to the success of an alternative economic development strategy.

- The expansion of urban services is critical to the revitalization of these major urban centers and to making them attractive to increased private sector investment in productive sectors, fostering additional employment opportunities, and reinforcing the opportunities for counternarcotics and alternative development activities.

- Housing and related services of potable water and sanitation are basic needs which are not accessible to the majority of Colombians. It is estimated that 50% of populations

residing in these urban centers do not have access to potable water, with the vast majority being lower income families. GOC and private sector leaders understand that the principal problem is the high cost and inefficiency of services delivery due to excessive inefficient public sector involvement. An increased role of the private sector is a principal objective of central and local government leaders to overcome this constraint and to achieve greater efficiencies.

From the point of view of U.S. commercial interest, the expansion of construction activities, which is considered to be a direct result of privatization of housing and related services delivery in concert with current GOC economic liberalization policies, will create opportunities for U.S. exports of construction materials.

2. Project Elements

Project activities are centered on creating the necessary institutional and regulatory environemnt to permit the private sector to assume the role of principal provider of shelter and urban services delivery in Colombia. The assumption is that private sector interests can deliver these services more efficiently and make better use of available resources.

Technical assistance and training will be provided through the TA project, financed with HG or ESF local currency, to assist the GOC to identify, design and implement necessary policy changes in the sector. Capital resources, generated from Housing Guaranty loans, are necessary to implement prototype demonstration activities consistent with these policy and institutional changes. This assistance will be provided on a selected, demonstration basis in two urban centers of Colombia (Medellin and Cali) in support of the following types of activities:

a. Economic Development Planning and Financial Management Systems at the Regional and Local Government Levels

The GOC has implemented major changes in its new Constitution of 1991 which devolve substantial financial and management responsibilities for development activities to regional and local governments. These changes, in concert with the emphasis on a diminished role for the public sector in services delivery, provide increased opportunities for a greater role of the private sector throughout Colombia in urban employment-generating activities, including housing and related services development. Among the specific activites to be supported by this component include:

- Design and implementation of prototype urban revitalization projects in these major, deteriorated urban

centers of Colombia which introduce innovative designs and standards in integrated urban development and are implemented in concert with private sector organizations.

- Technical assistance to these regional and local governments, on a demonstration basis, to develop their capacity to set development priorities and design, plan, implement and monitor private sector undertaking of these activities. This includes the development of basic infrastructure and institutions in these major population centers to enable them to attract private investment and to respond to market-generated economic signals. As the GOC decentralizes budgetary resources to the local level, more development will be undertaken by regional and local governments as opposed to the central government. The capacity of these governments to undertake efficient programs, with strong private sector participation in implementation, needs to be strengthened.

- Development of the capacity of these regional and local governments to manage increased financial resources and to introduce new policies and regulations to enhance cost recovery for publicly-financed infrastructure and related services required for private sector investment.

b. Implementation of the National Social Interest Housing System

In 1991, the GOC approved legislation creating a new National Social Interest Housing System with the goal of producing a minimum of 500,000 low-cost housing solutions annually including complete houses, low-cost improvements, and serviced sites. The legislation removes direct involvement of the central government in the production of housing and gives a greater role to the private sector (informal and formal), non-governmental organizations and municipal governments in planning, design and construction of housing and related services delivery. The Minister of Development requested technical assistance to implement this policy from the U.S. Ambassador beginning with three mega-projects (1,000 units each) this year in major urban centers. The U.S. Ambassador concurred with this request.

Technical and capital assistance will be required to facilitate the institutional and regulatory changes necessary to implement the National Social Interest Housing System in the following areas:

- Identification of roles and responsibilities between the public and private sectors in the design and implementation of activities. This includes the identification of innovative management and implementation roles for the large number of existing private formal and informal organizations and local governments in the delivery of these services.

- Development of a national housing and urban services investment program, focused on reinforcing the urban revitalization of major drug market-dependent urban centers.

- TA to central and local governments in contract management for private sector housing construction. This includes assistance in managing the financial aspects of contracts as well as a system to verify work-in-place in order to enhance accountability of contractors to the public sector and local beneficiaries.

- Design and implementation of innovative low-cost housing and related services demonstration projects with private sector companies and organizations in selected urban centers of Colombia.

- Reform of the current process for issuance of building permits to shorten the issuance period from one year to ten days. The current system, operating in the context of a moderately high inflation rate economy, is a major disincentive to private sector investment in shelter and infrastructure development.

E. Planned Implementation Arrangements

Technical assistance will be obligated through an agreement with the GOC. The majority of technical assistance will be obtained locally and will be funded by HG and/or ESF-generated local currency.

HG Loans will be contracted directly by the Central Bank or Ministry of Finance. Local currency, generated through the HG loan borrowing(s) to undertake the aforementioned activities, will be monitored by the Ministry of Development and passed on to relevant implementing agencies. The specific uses of this local currency will be further defined during the project design period.

F. Sustainability

As mentioned above, the 1991 constitutional reforms decentralize an increasing amount of authority and resources management to departmental, provincial, and municipal governments. It authorizes the return of one-half of national government bugetary resources from the value-added tax to local and regional governments beginning in 1992. Additionally, the Constitution called for the popular election of Governors of Departments for the first time this year. Governors are charged with planning and management of implementable, technically-sound, and defensible development programs.

A.I.D. Colombia believes that these constitutional changes provide the financial and human resources necessary to sustain

the demonstration activities subsequent to termination of A.I.D. funding. However, A.I.D. capital and technical assistance resources are required from A.I.D. to fund these demonstration efforts in these Colombian cities, which otherwise would not be undertaken because of the inadequate experience in Colombia in the areas of private delivery of low-cost housing and innovative urban revitalization programs.

G. Mission Management Role

A.I.D. Colombia does not anticipate this project posing an additional management burden to its small staff. RHUDO/South America and a project-funded local hire advisor in Colombia will provide virtually all of the technical and management support required by this project. Current RHUDO/SA activities with the A.I.D. Representative in Chile, where a $50 million HG and a nearly $2 million TA program are being managed by RHUDO/SA, in collaboration with a resident advisor in Chile, provide a positive track record of RHUDO/A.I.D. Rep cooperation in program management. The planned TA budget is adequate to cover the costs of these resident advisor services over a three-year period.

H. Potential Issues

None.

ANNEX II
Illustrative List of DNP Projects

A. APERTURA (Trade Expansion)

1. Micro-entrepreneurs Development
2. Micro-enterprise Promotion
3. Entrepreneurial Development/NGO's
4. The Magdalena Highway
5. The Pasto-Tumaco Highway
6. The Quality Foundation
7. Pork Pests Control
8. Cattle Tuberculosis Control
9. Aftosa Control
10. Aftosa Research
11. Sigatoka Plantain/Banana Disease
12. Fruit Flies
13. Commercialization of Apples
14. Agricultural Modernization

B. DECENTRALIZATION AND REGIONAL ECONOMIC GROWTH

15. The Medellin Advisory Council
16. Rehabilitation Plan Water Systems
17. Water Systems Improvement/Cholera Prevention
18. The Cartagena Channels and Lagoons

C. DEVELOPMENT OF HUMAN RESOURCE BASE

19. Socio-economic Opportunities for Youth at risk
20. Business Administration Assistance

As reported by the Department of National Planning, the following are a sample of the accomplishments to date for some of the projects listed above:

THE QUALITY FOUNDATION (Project #6)

OBJECTIVE: To introduce the concept of quality control to the private and public sectors in order to increase competitiveness in the production of goods and services. This should result in increased exports, rationalized imports, and additional positive environmental impacts.

ACCOMPLISHMENTS:

- The First Entrepreneurial Leadership Seminar for CEO's and top managers of the leading Colombian companies was undertaken. Forty-five top Colombian executives attended to learn modern managerial techniques to enhance quality control mechanisms in their corporations.

- The first program to train professionals in designing, installing, and monitoring quality mechanisms within private organizations was developed and implemented. The program trained 120 professionals from 70 companies.

- Seminars on the subject of quality control were conducted in principal Colombian cities for 87 middle managers.

THE PASTO TUMACO ROAD (Project #5)

OBJECTIVE: To improve the Pasto-Tumaco highway which connects Colombia's second largest port on the Pacific Ocean (Tumaco) with the fertile Andean region.

ACCOMPLISHMENTS:

- Of the 93.2 km between the towns of La Verbena and El Diviso, 68% was leveled, 5% was paved, and. 26 km. were completely built. The 109 km. between the towns of El Diviso and Tumaco was paved.

THE MAGDALENA HIGHWAY (Project #4)

OBJECTIVE: To improve the Magdalena Highway to lower transportation costs for agro-industrial producers who supply both domestic and foreign markets.

ACCOMPLISHMENTS:

- Of the 271 km segment between the towns of La Lizana and San Alberto, 34 km were leveled, 65 km were graveled, 9 km were paved, and a 650 meter bridge was built.

THE MEDELLIN ADVISORY COUNCIL (Project #15)

OBJECTIVE: To revitalize Medellin.

ACCOMPLISHMENTS:

- <u>Training and Technical Assistance to Improve and Increase Employment</u>

  - The first Store-Keepers Association was created, and the members were given training. This a key economic group of employers.

  - NGO programs provide medical assistance and rehabilitation for drug addicted persons.

- A comprehensive study on drug addition including alcoholism was financed. The published work was used to focus strategies and policies in this field.

o Rehabilitation of Secondary School Buildings

- Nine secondary school buildings, located in highly troubled zones, were restored and furnished.

o Enhancement of Urban Areas

- A large, urban community, La Esperanza, was completely rebuilt. This activity included restoration of school buildings, construction of a water channel, improvements of athletic fields, and building of a theater.

o Assistance to Create and Strengthen Small Businesses

- Studies were undertaken to develop a Production Development Center which will become the biggest and most specialized institution to support small business development.

o Support to Small Towns Which Belong to Medellin's Metropolitan Area

- The contract to construct the high school building of the town of Bello was signed.

WATER SYSTEMS IMPROVEMENT\CHOLERA PREVENTION (Project #17)

OBJECTIVE: To improve the water and sewage systems of Pacific coast municipalities near the border with Peru to prevent the spread of cholera.

ACCOMPLISHMENTS:

o The first phase of the Buenaventura's aqueduct was finished.

o The technical capacity to support the municipalities to design their water and sewage systems were hired.

THE CARTAGENA CHANNELS AND LAGOONS (Project #18)

OBJECTIVE: To foster the health status of the citizens of Cartagena and rehabilitate the local economy through cleaning up of Cartagena's lakes and lagoons.

ACCOMPLISHMENTS:

- Four dredging works have been started in Cartagena. This work is eliminating sources of environmental pollution.

ANNEX III

04/27/92

EXPENSE CATEGORY	FUNC CODE	TRUST FUNDS TO DATE	TRUST FUNDS PROJECTED	DOLLARS FY-92 TO DATE	DOLLARS FY-92 PROJECTED	TOTAL	TRUST FUND FY-93	DOLS FY-93	TRUST FUND FY-94	DOLS FY-94
MISSION NAME COLOMBIA										
U.S. Direct Hire										
Other Salary	U105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Educ. Allow's	U106	0.00	8.10	0.00	12.00	20.10	4.00	0.00	0.00	55.40
COLA	U108	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Benefits	U110	0.00	25.90	0.00	4.00	29.90	0.00	0.00	29.70	5.50
Post Assign Trv	U111	0.00	2.44	0.00	4.60	7.04	0.00	0.00	5.00	0.00
Post Assign Frt	U112	0.00	0.00	0.00	35.00	35.00	0.00	0.00	0.00	0.00
Home Lv Trv	U113	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.30	3.70
Home Lv Frt	U114	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00
Educ Trv	U115	0.00	0.00	0.00	5.00	5.00	0.00	4.50	0.00	4.50
R & R Trv	U116	0.00	0.00	0.00	3.80	3.80	0.00	4.50	0.00	4.50
Other Trv	U117	0.00	0.00	0.00	0.00	0.00	0.00	4.50	0.00	4.50
Subtotal	U100	0.00	36.44	0.00	64.40	100.84	4.00	13.50	39.00	98.10
F.N. Direct Hire										
F.N. Basic Pay	U201	16.40	13.00	0.00	0.00	29.40	34.50	0.00	39.50	0.00
Overtime/Holiday Pay	U202	1.50	0.50	0.00	0.00	2.00	3.00	0.00	3.00	0.00
All Other Code 11-F.N.	U203	2.52	1.18	0.00	0.00	3.70	6.20	0.00	7.20	0.00
All Other Code 12-F.N.	U204	3.51	7.79	0.00	0.00	11.30	13.20	0.00	15.20	0.00
Benefits - Former F.N.	U205	0.00	0.00	0.00	0.00	0.00	12.20	0.00	5.00	0.00
Subtotal	U200	23.92	22.47	0.00	0.00	46.39	69.10	0.00	69.90	0.00
Contract Personnel										
U.S. PSC Sal/Benefits	U302	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
All Other US PSC Costs	U303	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FN PSC Sal/Benefits	U304	23.43	56.60	0.00	0.00	80.03	140.00	0.00	161.00	0.00
All Other FN PSC Costs	U305	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Manpower Contracts	U306	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	U300	23.43	56.60	0.00	0.00	80.03	140.00	0.00	161.00	0.00
Housing										
Res. Rent	U401	0.00	0.00	0.00	0.00	0.00	44.00	0.00	50.00	0.00
Res. Utilities	U402	0.55	1.85	0.00	0.00	2.40	3.00	0.00	3.50	0.00
M & R	U403	0.40	1.60	0.00	0.00	2.00	3.60	0.00	4.20	0.00
LQA	U404	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Security Guards	U407	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ORE	U408	0.00	0.00	0.30	0.90	1.20	0.00	1.20	0.00	1.20
REP	U409	0.00	0.00	0.00	0.90	0.90	0.00	2.00	0.00	2.00
Subtotal	U400	0.95	3.45	0.30	1.80	6.50	50.60	3.20	57.70	3.20

Office Operations										
Office Rent	U501	0.00	1.50	0.00	0.00	1.50	1.50	0.00	1.50	0.00
Office Utilities	U502	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bldg. M & R	U503	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equip. M & R	U508	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Communications	U509	11.00	19.00	0.00	0.00	30.00	40.00	0.00	45.00	0.00
Security Guards	U510	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Printing	U511	0.00	0.20	0.00	0.00	0.20	0.20	0.00	0.20	0.00
Site Visit-Mission	U513	1.40	0.00	19.58	2.50	23.48	0.00	25.00	0.00	25.00
Site Visit-AID/W	U514	0.00	0.00	8.27	6.00	14.27	0.00	16.50	0.00	18.20
Info Meetings	U515	0.00	0.00	0.00	0.00	0.00	0.00	3.00	0.00	3.00
Training	U516	0.00	0.00	12.76	9.00	21.76	0.00	9.00	0.00	12.00
Conference Attendance	U517	0.00	0.00	12.19	0.00	12.19	0.00	14.00	0.00	16.00
Other Ops Travel	U518	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	5.00
Supplies	U519	0.62	4.00	0.26	0.00	4.87	8.00	0.00	8.00	0.00
Cont Consult Svcs.	U521	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cont Mgt/Prof Svcs.	U522	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Spec Studies/Analysis	U523	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADP H/W Leases/Maint	U525	0.00	3.00	0.00	0.00	3.00	5.00	0.00	7.00	0.00
ADP S/W Leases/Maint	U526	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trans/Freight U500	U598	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
All Other Cont. Svcs	U599	14.00	33.00	0.00	0.00	47.00	18.20	0.00	20.80	0.00
Subtotal	U500	27.02	60.70	53.06	17.50	158.28	72.90	72.50	82.50	79.20
NXP Procurement										
Vehicles	U601	0.00	0.00	0.00	21.40	21.40	0.00	0.00	0.00	0.00
Res. Furniture	U602	0.00	15.00	0.00	0.00	15.00	0.00	0.00	15.00	0.00
Res. Equipment	U603	0.00	37.00	0.00	0.00	37.00	0.00	0.00	37.00	0.00
Office Furniture	U604	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Office Equipment	U605	0.20	26.80	0.00	0.00	27.00	0.00	0.00	0.00	0.00
Other Equipment	U606	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADP H/W Purchases	U607	0.00	0.00	0.00	18.30	18.30	0.00	0.00	0.00	0.00
ADP S/W Purchases	U608	0.00	0.00	1.26	5.00	6.26	0.00	0.00	0.00	0.00
Trans/Freight U600	U698	0.00	0.00	0.00	3.20	3.20	0.00	0.00	0.00	0.00
Subtotal	U600	0.20	78.80	1.26	47.90	128.16	0.00	0.00	52.00	0.00
Total OE Expense Budget		75.52	258.46	54.62	131.60	520.20	336.60	89.20	462.10	180.50