

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION

FY 1978

COSTA RICA

**DEPARTMENT
OF
STATE**

JUNE 1976



FISCAL YEAR
1978

ANNUAL BUDGET SUBMISSION

USAID/COSTA RICA

USAID - COSTA RICA
FY 1978 ANNUAL BUDGET SUBMISSION

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DAP VALIDITY STATEMENT

USAID/Costa Rica's existing Development Assistance Program (DAP) was prepared in 1972. Because the Mission believes that significant changes have taken place in Costa Rica since that time and because we wish to define our target groups and program objectives more precisely, we plan to prepare a revised DAP for submission to AID/W in January 1977. In accordance with the approved CASP, this revised DAP will also articulate a new AID strategy in Costa Rica which is based on the opportunity to take advantage of Costa Rica's relative economic and social position and to assist the country to reach "intermediate" status.

The revised DAP will have three major components: (1) a detailed description of the major target groups; (2) assessments for the three major "sectors" within which USAID will be working -- i.e., agriculture/rural development; urban poverty; and rural health/nutrition; and (3) a general development overview and long-term strategy statement for AID in Costa Rica.

The target group definition will be based on a series of surveys and studies already (or in the process of being) done in Costa Rica: e.g., the IFAM/AITEC Cantonal Studies; Nutrition Sector Assessment; 1973 Population Census; 1973 Agricultural Census; and Rural Profile Progress Indicators Study. Data from the Rural Profile Study is currently being processed and will be available for analysis within the next two months. Using this material for the rural and urban sectors, and with TDY assistance from AID/W, the Mission will prepare the definition of target groups by October 1976.

In preparing the three "sector" assessments, the Mission will require substantial outside assistance. Because the assessments should be completed early in FY1977, funds covering the TDY assistance must be obligated during the Transitional Quarter. Looking at the three assessments individually the Mission envisages the following:

- (1) Agriculture/Rural Development Assessment: funds to be obligated during the Transitional Quarter to cover the services of five persons ★ -- an agricultural economist, an anthropologist, a small farm management specialist, an agro-industries

specialist and a land utilization/conservation specialist. The assessment team will begin work by late August 1976, with completion of the study anticipated by the end of November.

- (2) Urban Poverty Assessment: funds to be obligated during the Transitional Quarter to cover the services of four persons★ -- an urban economist/planner, a small industries/enterprises specialist, a housing specialist, and a community services specialist. The assessment team will begin work by mid August 1976, with completion of the study anticipated by late September.
- (3) Rural Health Assessment: funds to be obligated during the Transitional Quarter to cover the services of a health economist★ and a rural health specialist.★ Because the Mission is proposing an FY78 grant project to finance a detailed analysis/evaluation of Costa Rica's rural health programs, this assessment will be basically descriptive. The assessment team will begin work by mid September 1976, with completion of the study anticipated by mid November.

To the extent possible, the USAID expects that short-term TA for sector assessments will be obtained from AID/W and ROCAP.

The third major section of the DAP, development overview and strategy statement, will be prepared by the USAID Mission. At this time, we do not anticipate the need for outside assistance in preparing this component.

★ The composition of assessment teams and scopes of work will be determined in collaboration with AID/W -- hence the above are subject to revision.

SUMMARY TABLE I

Funding Levels for FY 1976, IQ, FY 1977, FY 1978

	<u>FY76</u>	<u>IQ</u>	<u>FY77</u>	<u>FY78</u>
<u>Food/Nutrition</u>				
<u>Grants</u>				
1. Agriculture & Natural Resources 515-11-199-122	160	30	-	-
2. Small Farmer Income 515-11-199-122	-	-	170	350
3. Technical Support 515-11-999-000	10	20	20	20
<u>Loans</u>				
1. Nutrition Program 515-26-560-131	6,000	-	-	-
2. Land Productivity & Rural Employment - 515-22-199-134	-	-	-	11,000
<u>Population/Health</u>				
<u>Grants</u>				
1. Demographic Education 515-11-580-105	274	69	250	300
2. Rural Health Delivery Systems Evaluation 515-11-590-135	-	-	-	380
3. Technical Support 515-11-999-000	98	20	-	-
<u>Education</u>				
<u>Grants</u>				
1. Technical Support 515-11-999-000	7	-	10	10

Country COSTA RICA

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	<u>FY76</u>	<u>IQ</u>	<u>FY77</u>	<u>FY78</u>
<u>Section 106</u>				
<u>Grants</u>				
1. Technical Support 515-11-999-000	20	20	70	70
<u>Loans</u>				
1. Urban Environment 515-22-899-130	-	-	-	7,000
TOTAL	<u>6,569</u>	<u>159</u>	<u>520</u>	<u>19,130</u>
GRANTS	569	159	520	1,130
LOANS	6,000	-	-	18,000
HIGs	-	15,000 ^{1/}	-	10,000 ^{2/}
PL-480				
Title II	355	-	-	-

- 1/ Through CABEL.
- 2/ Bilateral

AGENCY FOR INTERNATIONAL DEVELOPMENT		1. TRANSACTION CODE		2. ABS/CP	
ABS/CP SUMMARY		A A = ADD C = CHANGE D = DELETE		DOCUMENT CODE 6	
5. COUNTRY/ENTITY		4. DOCUMENT REVISION NO.	5. OPERATIONAL YEAR FY	6. BUREAU/OFFICE	
COSTA RICA		[]	[7/7]	A. SYMBOL	B. CODE
				LA	[05]
7. GEOGRAPHIC CODE					
		[515]			

8. TYPE DATA			9. TYPE ASSISTANCE		
[1]	1 = ABS	2 = ABS REVISION	[1]	1 = PROJECT	2 = PROGRAM
	3 = CP	4 = CP NOTIFICATION			

10. PROJECT SEQUENCE NO.	11. PROJECT TITLE (NO CHARACTERS MAXIMUM)	12. QTR. FOR OBLIG.	13. EST. FY	14. APPROPRIATION AUTHORITY	15. PRIMARY PURPOSE CODE	16. LOAN PROGRAM INDICATOR	17. BUDGETS (IN \$000)						
							AY	TQ	OY	BY	LOP		
	<u>Appropriation FN</u> <u>New Projects:</u>												
0122	Small Farmer Income	2/2	80	FN	150	GN	-	-	170	350	870		
0134	Land Productivity & Rural Employment (2)	/2	78	FN	150	L	-	-	-	11,000	11,000		
	<u>On-going Projects:</u>												
0122	Agric. & Natural Resources	-	TQ	FN	153	GC	160	30	-	-	470		
0131	Nutrition Program	-	76	FN	201	I	6,000	-	-	-	6,000		
0000	Technical Support	1/1	-	FN	601	GC	10	20	20	20	-		
	<u>Appropriation PH</u> <u>New Projects:</u>												
0135	Rural Health Delivery Systems Evaluation (3)	/2	78	PH	415	GN	-	-	-	380	380		
	<u>On-going Projects:</u>												
0105	Demographic Education	2/2	79	PH	300	GC	274	69	250	300	3,469		
0000	Technical Support	1/1	-	PH	403	GC	98	20	-	-	-		
	<u>Appropriation EH</u> <u>On-going Project:</u>												
0000	Technical Support	1/1	-	EH	500	GC	7	-	10	10	-		
	<u>Appropriation ST</u> <u>New Project:</u>												
0130	Urban Environment (1)	/2	78	ST	610	L	-	-	-	7,000	7,000		
	<u>On-going Project:</u>												
0000	Technical Support	1/1	-	ST	603	GC	20	20	70	70	-		

18. DATE DOCUMENT RECEIVED IN AID/W			MM	DD	YY

SUMMARY TABLE II

NARRATIVE

Deviations in Funding Levels for FY77

The only deviations in FY77 funding levels are in the following Technical Support activities:

1. Technical Support - FN

\$20,000 are included to cover cost of Agricultural Sector Assessment.

2. Technical Support - EH

\$10,000 are included for short-term training.

3. Technical Support - ST

\$20,000 are included to cover cost of Urban Sector Assessment.

These deviations are caused by the change in the USAID's program strategy as approved in the CASP.

NARRATIVE PROGRESS STATEMENT
FOR ON-GOING GRANTS

AGRICULTURE & NATURAL RESOURCES PROJECT

515-11-199-122

This project is a transitional one with which USAID has funded a series of activities in support of its on-going loan activities, and for development of a new project #122, Small Farmer Income.

During the past fiscal year, funds were obligated (1) to extend a contract with Michigan State University to assist Costa Rica's Marketing Commission and PIMA in the development of a central wholesale produce market; (2) to finance a USDA-conducted Agricultural Projects Analysis Course for 25 mid-level officials within Costa Rica; (3) to develop and install an area frame sampling methodology in Costa Rica; (4) to finance technical assistance in the area of food technology; (5) to complete the Nutrition Sector Assessment and design of Loan 026; and (6) to finance consultants for development of the new Small Farmer Income Project.

During the Transition Quarter \$30,000 will be obligated to complete financing for the Area Frame Sample, whereupon the project will terminate. During FY77 the new Small Farmer Income Project (#122) will be initiated. Its purpose will be to increase the cash incomes of small farmers by (1) reducing post-maturity agricultural losses, (2) maintaining or improving product quality for which higher prices are paid, and (3) planning production activity to take better advantage of existing market opportunities.

DEMOGRAPHIC EDUCATION

515-11-580-105

The population/family planning project is on schedule as of June 1976.

Family planning services are now available in 140 rural health posts. Education and motivation are being extended to rural areas through mass communication media; community based committees are being formed by the Costa Rican Demographic Association. Birth rates are down to 31.6 (1974), mortality rates to 5.0 (1974), infant mortality 37.6 (1974).

Family planning services are widely available through the Ministry of Health and the Social Security Institute. There were 20 thousand new acceptors last year. Sixty graduate nurses were trained as Women's Health Care Specialists and 120 auxiliary nurses were trained to staff rural health posts.

New Project Paper was submitted in April 1976. Its purpose remains to reduce the national fertility by consolidating the family planning program. Innovative outputs are: increased paramedical training; information and distribution systems by non-medical referral agents in rural areas. Fifty per cent of women of fertile age in rural areas are to be protected with effective methods of contraception.

TECHNICAL SUPPORT

515-11-999-000

This project includes four appropriation categories: Food and Nutrition, Population and Health, Education and Human Resources, and Selected Development Problems.

During the past year, funds have been used for participant training and invitational travel, short-term TA for project development, and for the Project Manager for the FY76 Nutrition Loan.

During the Transitional Quarter, funds will be required under the Food and Nutrition, Health, and Selected Development activity appropriations in order to finance sector assessments. These sector assessments will be instrumental in preparing the Mission's new Development Assistance Program due in January and in developing new PRP's and PP's for new FY78 projects.

FISCAL TABLES FOR ON-GOING GRANTS

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FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

Project Name Small Farmer Income Initial Obligation FY 77 Date 6/11/78
 Project Number 616-11-199-122 Final Obligation FY 79 Date Last PAR
 Appropriation 72-11X1023 Total Cost \$870,000 Date Next PAR

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	FY 1977 & FY 1978					
				Component	Obligations by Cost Component/MOI				Total
					Direct Aid	Contract	PASA	Total	
Actual FY 1977			6/30/76	77	77	77	77	77	77
Estimated Int. Qtr.			Ino. prior year funds		70				70
Estimated FY 1977	170	90	9/30/76	10	50				60
Proposed FY 1978	350	240	9/30/77	50	120				170
			9/30/78	40	70				110
			Total	100	240	70	110		350

Name of Contractor	Contract/PASA Funding Periods			On Board Personnel				
	FY 1976 Obligations mo/yr-mo/yr	Int. Qtr. Obligations mo/yr-mo/yr	FY 1977 Obligations mo/yr-mo/yr	FY 1978 Obligations mo/yr-mo/yr	6/30 1976 No.	9/30 1976 No.	9/30 1977 No.	9/30 1978 No.
Project Manager & Short-term Consultants			11/76 - 11/77	11/77 - 11/78				
Period			70	110				
Amount								
				Direct Hire				
				PASA				
				Contract			1	1
				Participants			2	10
				ST				
				IT				

**FORMAT FOR FISCAL DATA
ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION**

Project Name Technical Support - Health Initial Obligation _____ Date PROP/Revision _____
 Project Number 515-11-900-000 Final Obligation _____ Date Last PAR _____
 Appropriation 72-11X1024 Total Cost Indefinite Date Next PAR _____

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	Cost Component	FY 1977 & FY 1978 Obligations by Cost Component/MOI							
					6/30/76	9/30/76	9/30/77	9/30/78	Direct Aid		Total	
									77	78		77
Actual FY 1976	98		6/30/76	U.S. Tech.								
Estimated Int. Qtr.	20	25	inc. prior year funds	Local & Ton.								
Estimated FY 1977 Proposed		68	9/30/77	Participants								
		25	9/30/78	Commodities								
		25		Other Costs								
				Total								

1/ Includes 2 short-term consultants for Sector Assessment

Name of Contractor	Contract/PASA Funding Periods		FY 1977 Obligations mo/yr-mo/yr	FY 1978 Obligations mo/yr-mo/yr	On Board Personnel							
	FY 1970 Obligations mo/yr-mo/yr	Int. Qtr. Obligations mo/yr-mo/yr			9/30 1976	9/30 1977	9/30 1978	No.				
1. PSC - Nutrition Project Manager	9/76 - 9/78											
Period Amount	98											
2. Health Sector Assessment Team	7/76 - 12/76											
Period Amount	20											
					Direct Hire	Contract	Participants	ST	IT			
						3 1/1						

Country COSTA RICA

Proposed New Grant Projects - FY 1978 Alternative Funding Levels

<u>Project</u>	(Alternative A)		(Alternative B)		(Alternative C)	
	<u>Dollars</u>	<u>Full Funding Level</u> <u>Months from</u> <u>Date of</u> <u>Obligations</u>	<u>Forward Funding</u> <u>According to</u> <u>A-368</u> <u>Dollars</u>	<u>Grant Resources</u> <u>Curtailed</u> <u>Months from</u> <u>Date of</u> <u>Obligation</u>	<u>Dollars</u>	<u>Months from</u> <u>Date of</u> <u>Obligation</u>

1. Rural Health Delivery Systems Evaluation Appropriation 72-11X1024	380	24	360	268	18
---	-----	----	-----	-----	----

NOTE: Since proposed project duration is only two years and since bulk of project cost is contract personnel, Mission recommends that project be fully funded in FY78. Alternative B follows A-368 guidelines to forward fund personnel on new contracts for up to 24 months. The reduction from Alternative A is due to single year funding for commodities and other costs. Alternative C forward funds personnel for 18 months and commodities and other costs for one year.

FY78 NEW PROJECTS LISTING

GRANTS

1. Rural Health Delivery Systems Evaluation \$ 350,000

LOANS

1. Land Productivity and Rural Employment \$11,000,000

2. Urban Environment \$ 7,000,000

While the level is higher than in recent years, it is part of a USAID strategy to help Costa Rica accelerate its economic development process, spread the benefits of development throughout the country, and reach a point at which required external U.S. assistance will be minimal. (See CASP.)

Individual PID's for the three new projects are attached as annexes to this Budget Submission. They explain and support the individual funding levels and the activities which will be financed.

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LONG RANGE PROJECTIONS

NARRATIVE

During the period FY78-82, the USAID will be assisting the GOCR as it accelerates its economic and social development process while improving the distribution of the benefits of development through policies of growth with equity. The two major loans in FY78 are the first steps in AID's new strategy for Costa Rica, as set forth in the most recent CASP. From FY79-82, the Mission anticipates program levels of approximately \$9,000,000 per annum.

Although the Mission is still in the process of preparing its revised DAP and new sector assessments are scheduled for the Transitional Quarter and early FY77, it is clear now that AID's long-range strategy will be concentrated on programs which are highly congruent with our legislative criteria and the GOCR's own goals of equitable development.

In the rural or agricultural sector, this will mean projects which seek the following objectives: (1) the establishment and implementation of systems to promote rational resource and land use planning for the benefit of small farm agriculture; (2) the incorporation of marketing and commercialization factors in agricultural production planning in order to maximize land productivity, small farm family incomes, and rural employment; (3) the coordination of agricultural sector institutions through the implementation of field projects with groups of small farmers, (4) the stimulation of rural employment, and (5) the development of permanent linkages between groups of small farmers, agricultural institutions, and the national agricultural marketing system. Progress in these areas will increase per capita income of the rural poor and narrow the differences between them and the national averages for Costa Rica.

Until the DAP is completed, the Mission is unable to identify other specific sectors within which it will be working. But because preliminary data indicate growing employment problems in the country, it is likely that USAID will focus its efforts on the generation of new employment opportunities in both rural and urban areas. As follow-on to its present and planned activities in health and nutrition, USAID also envisages possible future loan

assistance in these sectors, e.g., completion of the rural preventive health system as a "model" for developing countries. The urban loan proposed for FY78 may lead toward innovative low-cost shelter programs utilizing HIG resources.

Future GOOCR-USAID programs will also emphasize local problems and strengthening the capability of national institutions to reach down to the local level. This will require a better understanding of the real constraints facing the "poor majority". To what extent can small farmers increase their income? What are the factors which constrain their opportunity to increase their income? The solutions to narrowing the socio-economic gap in Costa Rica are not merely the redistribution of income or consumption. Rather, efforts must be directed toward the systemic phenomena which cause and perpetuate these gaps. This may require new institutional approaches to the delivery of development services and new relationships between institutions and people. Future USAID programs will be focused on the development of these new innovative systems and relationships, all of which will lead to improved well-being for individuals.

COUNTRY PROGRAM COSTA RICA

LONG RANGE PROGRAM PLAN

(Whole \$ Millions)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Food/Nutrition	<u>11.4</u>	<u>6.4</u>	<u>6.3</u>	<u>5.3</u>	<u>5.3</u>
Grants	0.4	0.4	0.3	0.3	0.3
Loans	11.0	6.0	6.0	5.0	5.0
Population/Health	<u>0.7</u>	<u>0.5</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>
Grants	0.7	0.5	0.2	0.2	0.2
Loans	-	-	2.0	2.0	2.0
(Population)	(0.3)	(0.3)	-	-	-
(Grants)	(0.3)	(0.3)	-	-	-
(Loans)	(-)	(-)	-	-	-
(Health)	(0.4)	(0.2)	(2.2)	(2.2)	(2.2)
(Grants)	(0.4)	(0.2)	(0.2)	(0.2)	(0.2)
(Loans)	(-)	(-)	(2.0)	(2.0)	(2.0)
Education	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>
Grants	0.01	0.02	0.02	0.02	0.02
Loans	-	-	-	-	-
Section 106	<u>7.07</u>	<u>3.07</u>	<u>1.07</u>	<u>2.07</u>	<u>2.07</u>
Grants	0.07	0.07	0.07	0.07	0.07
Loans	7.00	3.00	1.00	2.00	2.00
TOTAL	<u>19.2</u>	<u>10.0</u>	<u>9.6</u>	<u>9.6</u>	<u>9.6</u>
Grants	1.2	1.0	0.6	0.6	0.6
Loans	18.0	9.0	9.0	9.0	9.0
HIG's	10.0	10.0	10.0	10.0	10.0

EVALUATION PLAN

In recent weeks USAID has been 50% understaffed on its authorized US personnel. Mission Evaluation Officer departed post May 15 and his replacement has not arrived. Under these circumstances of drastic understaffing we have had no choice but to temporarily suspend evaluation functions until the arrival of the new officer.

Final evaluations were conducted for the following loans:

- 515-L-020 - Highway Maintenance
- 515-L-022 - Agricultural Development
- 515-L-023 - Municipal Development

On grants and other projects:

Project 515-11-580-105 - Demographic Education was last evaluated in June 1975.

RTAC was last evaluated in June 1975

OCC (Organización de Ciudadanas Costarricenses) was last evaluated in June 1975.

PL-480 TITLE II

NARRATIVE

The Title II program is currently scheduled to terminate in FY77 and no FY78 submission is contemplated.

The CARE input in FY's 76 and 77 is already greatly reduced in accordance with a phased plan for GOOCR assumption of all food requirements for its National Nutrition Program by late 1978. The food technology component of AID's Nutrition Loan (026) will assist the GOOCR in achieving this objective.

COUNTRY/PROGRAM COSTA RICA

SUPPORT TO PRIVATE VOLUNTARY ORGANIZATIONS
TO DEVELOPING COUNTRY COOPERATIVES

(\$ 000)

	<u>FY 1977</u>	<u>FY 1978</u>	<u>Functional Account</u>
ONGOING			
A. Ongoing OPG's			
1. AITEC-Integral Rural Dev.	100	-	FN
B. DELFI- Women's Training & Job Placement	70	16	ST
C. CARE- Soybean Production & Food Mix Processing	<u>66</u>	<u>66</u>	FN
SUB-TOTAL	236	82	
NEW			
A. Urban Environment (PVO to be determined)	-	1,000	ST
B. CRS- Food Production & Nutrition Education	<u>200</u>	<u>200</u>	FN
SUB-TOTAL	200	200	
TOTAL	436	1,200	

NOTE:

No part of on-going OPG's goes to cooperatives. Possible new OPG's may address cooperative organizations.

Country COSTA RICA

TABLE 1

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Program Analysis for Orals and Condoms
to Achieve Replacement Level of Population Growth

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
A. "Full Supply" Analysis						
1. Women 15 - 49	469	491	511	531	553	572
2. 65% of line A1	304.9	319.2	332.2	345.2	359.5	371.8
3. 46% x line A1	140.3	146.8	152.8	158.8	165.4	171.0
4. Annual stock require- ments						
a. Orals - .8 x A3 x 13	1,459.1	1,526.7	1,589.1	1,651.5	1,720.2	1,778.4
b. Condoms - .2 x A3 x 100	2,806.0	2,936.0	3,056.0	3,176.0	3,308.0	3,420.0
B. Annual New Supply - Non AID						
1. Private Commercial Sector						
a. Orals	203.4	203.4	203.4	203.4	203.4	203.4
b. Condoms	553.7	553.7	553.7	553.7	553.7	553.7
2. Other Donors						
a. Orals	1,667.2	1,326.0	1,034.2	1,167.8	1,302.2	1,474.6
b. Condoms	575.3	1,944.4	2,334.8	2,725.8	3,070.9	3,445.0
3. Host Country Procurement						
a. Orals	-	-	-	-	-	-
b. Condoms	-	-	-	-	-	-
4. Total In-Country New Supply						
a. Orals	1,870.6	1,529.4	1,237.6	1,271.2	1,505.6	1,678.0
b. Condoms	1,129.0	2,498.1	2,888.5	3,279.5	3,624.6	3,998.7
C. Gap to Be Filled						
1. Orals (A4a - B4a)	+411.5	+2.7	351.5	280.3	111.1	100.4
2. Condoms (A4b - B4b)	1,677.0	437.9	167.5	+103.5	+316.6	+578.7
D. AID Bilateral Supply Objectives						
1. Orals	-	-	-	-	- a/	- a/
2. Condoms	-	1,757.9	4,469.0	2,030.5	1,905.4	1,721.3

a/ According to orals = 1.3 x A1 - B4a, if USAID shipped orals to Costa Rica there would be an excess of 786.7 and 934.4 (000's) orals above 10% objective.

Country COSTA RICA

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	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
E. Total New Supply						
1. Orals (B4a + D1)	1,870.6	1,529.4	1,237.6	1,271.2	1,505.6	1,678.0
2. Condoms (B4b + D2)	1,129.0	4,256.0	7,357.5	5,310.0	5,530.0	5,720.0
F. Remaining Supply Gap						
1. Orals (A4a - E1)	+411.5	+2.7	351.5	280.3	214.6	100.4
2. Condoms (A4b - E2)	1,677.0	+1,320.0	+4,301.5	+2,134.0	+2,222.0	+2,300.0
G. People Gap						
1. Orals (F1 ÷ 13)	-	-	27.0	21.6	16.5	7.7
2. Condoms (F2 ÷ 100)	16.8	-	-	-	-	-
3. Total (G1 + G2)	16.8	-	27.0	21.6	16.5	7.7

TABLE 2
AID Bilateral Logistic and Financial Analysis
of Orals

<u>Country</u> <u>COSTA RICA</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
A. AID Inventory Analysis					
1. Beginning of year stock	-	-	-	-	-
2. Add: Scheduled deliveries	-	-	-	-	-
3. Less: Expected Use	-	-	-	-	-
4. End of Year Stock	-	-	-	-	-

TABLE 3
AID Bilateral Logistic and Financial Analysis
of Condoms

Country COSTA RICA

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
A. AID Inventory Analysis					
1. Beginning of year stock	0	758.0	2,917.0	2,030.5	1,905.4
2. Add: Scheduled deliveries	1,758.0	5,227.0	1,713.5	2,474.9	3,015.9
3. Less: Expected Use	1,000.0	2,310.0	2,600.0	2,900.0	3,200.0
4. End of year stock	758.0	2,917.0	2,030.5	1,905.4	1,721.3
	-	-	-	-	-

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IDENTIFICATION DOCUMENT FACESHEET
TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE

A = ADD
C = CHANGE
D = DELETE

PID

2. DOCUMENT CODE
1

3. COUNTRY/ENTITY
COSTA RICA

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS)
 515-0130

6. BUREAU/OFFICE
A. SYMBOL LA B. CODE 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)
 URBAN ENVIRONMENT

8. PROPOSED NEXT DOCUMENT

A. 2 = PRP
 3 = PP

B. DATE MM YY
 1 0 7 6

10. ESTIMATED COSTS
(\$000 OR EQUIVALENT, \$1 = 8.54 colones)

FUNDING SOURCE		BASE
A. AID APPROPRIATED		7,000
B. OTHER U.S.	1.	
	2.	
C. HOST COUNTRY		5,000
D. OTHER DONOR(S)		
TOTAL		12,000

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION

a. INITIAL FY 7 8 b. FINAL FY 8 0

11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 78		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) ST	610		860		7,000		7,000
(2)							
(3)							
(4)							
		TOTAL		7,000		7,000	

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

862

869

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)

BU

14. SECONDARY PURPOSE CODE

619

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

Improvement in the San José environment sufficient to reduce the critical socio-economic disparities between slum concentrations and the rest of the city.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

Improvement in income opportunities, housing, and community services in 41 distinct barrios designated as most needy and encompassing about one half of the slum population of San José.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

3 MM TA for urban sector assessment and 2 man weeks for PRP development. Sources are AID/W and ROCAP

18. ORIGINATING OFFICE CLEARANCE

Signature

Joe J. Sconce
Joe J. Sconce
A.I.D. Affairs Officer

Date Signed

MM DD YY
 0 6 2 5 7 6

19. DATE DOCUMENT RECEIVED BY AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

URBAN DEVELOPMENT

I. PROBLEM AND RESPONSE

A. The Problem

Of Costa Rica's 2,000,000 population close to one-third live in Metropolitan San José ^{1/}. Within this group, perhaps one-third inhabit areas and endure living conditions characteristic of slum barrios throughout Latin America. Given the markedly higher levels of education and political freedom this group enjoys in contrast to comparable groups elsewhere, however, the urban poor of San José represent a serious political force and an exceptionally wasteful underutilization of manpower. Migration from the countryside into this environment is causing this group to grow at a rate somewhat exceeding San José's overall current growth.

The problem to be addressed by this Project is the deterioration of living conditions among the urban poor and the proliferation of slum areas within the San José metropolitan area.

B. The Response

The GOOCR has recently begun to encourage the various state offices dealing with these barrios to increase their efforts in improving infrastructure and sanitary conditions, expanding income opportunities, and the delivery of basic community services. Specific project areas in which AID assistance has been solicited include:

1. Income Opportunities - vocational training, credit and technical assistance for small businessmen. A PVO/OPG and a PCGP will be considered as alternatives or complements to DL financing.

2. Housing - urbanization, sites and services projects, home improvement, community facilities. HIG as well as DL financing will be considered.

^{1/} As used here, Metropolitan San José includes the Canton Central and eleven contiguous Cantons within the Province of San José.

3. Community Services - road improvement, electrification, garbage collection and disposal, local markets.

The Goal of this Project will be an improvement in the environment in Metropolitan San José to the point where the inhabitants of the poorest barrios have sufficient perceived economic opportunity and social benefits to defuse the political hazard inherent in the present slum concentrations.

The Purpose of this Project will be an improvement in housing, income opportunities, and community services in 41 distinct barrios in Metropolitan San José identified through socio-economic surveys by INVU (the National Housing Agency) as the most seriously deteriorated. These barrios encompass about 15,000 - 20,000 families, or close to 100,000 people, somewhat more than one-half of the slum population. The three Project components suggested herein are among those identified in the PADCO "Guidelines for Formulating Projects to Benefit the Urban Poor in the Developing Countries" (November, 1975) as typically of high potential impact on slum conditions.

C. The Project

The GOCR has not yet suggested specific inputs, outputs, cost levels, or a funding breakdown. Mission speculations on these points follow.

1. Income Opportunities

Vocational training in a variety of basic trades is presently offered by INA (the National Apprenticeship Institute) and several secondary-level vocational schools. Following an analysis of current manpower needs in San José at these skills levels, selected training programs will be expanded and new ones may be initiated. At the same time credit and technical assistance will be offered small businessmen, with some preference to those in the areas of production indicated in the manpower survey as suffering labor shortages. The credit program may be suitable for a Productive Credit Guarantee Program; while the training and the business promotion implied in the credit program could be attractive to a PVO, and may justify an OPG.

2. Housing

Urbanization will include street alignment and paving, water and electric mains, storm sewers, street lighting, and similar basic

infrastructure. New housing will be constructed both under contracts and utilizing the sites and services concept. Credit will be made available for supervised home improvement loans. Community facilities -- small parks, public recreation areas, buildings perhaps -- may be considered an extension of "urbanization". The engineering and construction capacity for this exists in San José, and the banking system can administer a home-improvement supervised loan program.

3. Community Services

The INVU slum survey tabulates the basic services in each of the 41 barrios in the Project area, and indicates the improvements necessary to bring them up to comparability with a San José average. The outputs to be sought in street improvement, electrification, sanitation, and the like will follow the findings of this survey. An adequate engineering and construction capacity exists in San José. The execution term of the Project will be three years.

D. Assumptions

The major assumption is two-fold: (1) that the Project design, and especially the output level, will take into account accurately the probable growth of the San José slums during the period in which Project benefits and overall success will be measured; and (2) that the GOCR will continue Project activities in sufficient volume thereafter to maintain the economic and social gains recorded by the Project.

Minor assumptions are that land scarcity and legal requirements will not interfere with new housing construction, relocation, and the sites and services concept; that the banks will participate in the home improvement and small business credit programs, whether under DL or PCGP financing; that the unemployed will seek training and employment in the areas selected; and that the various public utilities (electricity, water, roads) will participate in the Project and will provide their inputs -- perhaps engineering services, labor, administration, accounting -- as may be required.

E. Related Activities

There are a number of urban programs with external financing planned or underway in Costa Rica, but those which deal with San José tend

to be of a citywide scope and are not focussed directly upon the needs of the slum barrios. IDB projects include a sewer system for the south side of San José, partially complete; and a flood control program presently in the feasibility study phase, within which certain projects of immediate urgency have been financed with GOCR funds. IBRD projects fall in the transportation sector, with highway construction and improvement, mass transit improvements, and traffic control projects under consideration. CABEI and the U.K. are providing funds for the second stage of the Metropolitan aqueduct system.

In addition to these externally-financed projects, the GOCR with its own funds is financing a series of projects directly related to the slum barrios: studies of urban renovation, including slum clearance, slum rehabilitation, and the delivery of public services in these areas; health and nutrition programs including preventive health care, maternity clinics, child feeding, in-patient services, and care for the mentally ill, alcoholics, and drug addicts; a variety of vocational training programs; and a community self-help campaign through the efforts of social extension agents. These projects plus the three activities proposed for AID funding make up the GOCR's "Programa de Rehabilitación y Mejoramiento de Barrios Marginales del Area Metropolitana" presented to AID in April, 1976.

F. Alternatives

The poorest mass, considered the AID target group and found in rural areas elsewhere, is a major presence in San José. More than its Central American neighbors, Costa Rica may be considered advanced in that a larger part of its rural poor already have come to town. Given the Agriculture Sector - 1978 PID, which will focus on the rural poor, the Mission does not perceive realistic program alternatives to this Project for dealing with that part of our target group which has and will come to the capital. As for impact and cost-effectiveness considerations, the PADCO report notes that the urban population is readily reached with health, nutrition, family planning, education, and other services; such projects carried out within an urban environment, rather than rural, may be expected to be more efficient in execution and more cost-effective. Alternative Project components (e.g., nutrition, health services, mass transportation) were either already programmed elsewhere, already treated by AID, or were not included in the GOCR request for financing.

G. Beneficiaries

The perhaps 100,000 poorest slum residents who are to be the direct beneficiaries of this Project are a Latin American phenomenon widely depicted in popular literature, movies, and academic publications. Their squalid and desperate life styles are certainly familiar to all PID readers. In San José this group evinces two positive differences from the putative norm, however: relatively higher levels of nutrition and education, with a consequently higher capacity to acquire skills; and an extraordinary freedom of political expression and action. This set of circumstances presents a hazard, in terms of potential political instability; and an opportunity, in terms of salvageable manpower and productivity. The direct beneficiaries of a successful Project will be the barrio residents, with increased incomes and improved living standards. The indirect beneficiaries will encompass all Costa Ricans (and foreigners) whose interests are forwarded by political stability and heightened economic activity.

H. Spread Effect

This Project is not likely to be replicated in any major way in the towns outside Metropolitan San José, since they lack the size to generate a slum problem. Continuation of Project activities indefinitely by the GOCR will constitute a form of replication, since the population gains to be experienced by San José will be equivalent to dealing with new towns. Some imitation by municipal governments may occur.

II. FINANCIAL REQUIREMENTS AND PLANS

Preliminary Estimates: Source and Use of Funds
(SUS' 000)

	<u>AID-DL</u>	<u>AID-HIG</u>	<u>AID-OPG</u>	<u>AID-PCCGP</u>	<u>AID-TOTAL</u>	<u>GOCR</u>
<u>1. Incomes</u>						
a. Training	500	or	500	--	500	500
b. Credit	3,000	-- or	--	3,000	3,000	2,000
c. T.A.	500	or	500	--	<u>500</u>	--
				Incomes Subtotal	4,000	
<u>2. Housing</u>						
a. Urbanization	1,000	--	--	--	1,000	3,000
b. Hsg-Contract	--	4,500	--	--	4,500	2,000
c. Hsg-S&S	--	2,000	--	--	2,000	--
d. Home Imprv.	--	3,500	--	--	<u>3,500</u>	<u>1,500</u>
				Housing Subtotal	11,000	4,000
<u>3. Community Services</u>	2,000	--	--	--	<u>2,000</u>	<u>1,000</u>
			AID Financing Total		17,000	
AID DL Total: \$7,000,000			AID HIG Total: \$10,000,000		GOCR Total: \$9,000,000	

In the Incomes activity, these estimates do not include the counterpart to a PCGP, and suggest full financing of TA by AID on the assumption that the expertise will be imported. In the Housing activity, 100,000 people are assumed to occupy 12,000 - 15,000 dwellings; 10% of these household (1,500) will buy new houses at \$3,000 each; 40% of these households (6,000) will buy on the Sites & Services concept at \$500 each; 30% (5,000) will borrow an average of \$700 for home improvements; and 20% will do nothing through lack of need, lack of interest, or inability to participate. The Community Services cost estimate is the most speculative, and may prove low.

III. DEVELOPMENT OF THE PROJECT

The DAP to be presented in late CY 1976 will present the bases for this new direction of AID assistance to Costa Rica. To this end, the Mission proposes to carry out an Urban Sector Assessment from mid August through September with the participation of RHIDD/ROCAP, TAB, and LA/DR advisors in urban economics, housing and community services, and small business development. This Assessment will also include the manpower survey and vocational training needs mentioned previously, AID will suggest future projects for HIG and other funding. The PRP will be completed during October. Short-term assistance from LA/DR and ROCAP may be requested in connection with the PRP.

Preparation of the PP will follow AID/W approval of the DAP and the PRP, and will require at least three months. At this point it appears that the major scheduling unknowns will be: the legal and technical steps and time required to assure the feasibility of the proposed housing AID relocation; the satisfaction of Section 611 with regard to construction; and the determination of DL versus HIG, OPG, or PCGP financing. The PP may be expected in the last half of FY77.

IV. ISSUES

A. Attainability of Project Purpose

Will an improved urban environment induce migration beyond the Government's ability to maintain the economic and social benefit levels herein contemplated?

B. Political Complications

Will the 1978 Presidential election campaign and its outcome interfere with the execution and continuation of the Project?

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE	1. TRANSACTION CODE <input type="checkbox"/> A = ADD <input type="checkbox"/> C = CHANGE <input type="checkbox"/> D = DELETE	PID 2. DOCUMENT CODE 1
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3. COUNTRY/ENTITY COSTA RICA	4. DOCUMENT REVISION NUMBER <input type="checkbox"/>
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5. PROJECT NUMBER (7 DIGITS) <input type="checkbox"/> 515-0134 <input type="checkbox"/>	6. BUREAU/OFFICE A. SYMBOL LA	B. CODE <input type="checkbox"/> .05 <input type="checkbox"/>	7. PROJECT TITLE (MAXIMUM 40 CHARACTERS) <input type="checkbox"/> Land Productivity and Rural Employment <input type="checkbox"/>
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8. PROPOSED NEXT DOCUMENT A. <input type="checkbox"/> 2 = PRP <input type="checkbox"/> 3 = PP	B. DATE MM YY <input type="checkbox"/> 10 <input type="checkbox"/> 76	10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = 8.54 colones) FUNDING SOURCE A. AID APPROPRIATED B. OTHER J.S. 1. Loan 11,000 2. C. HOST COUNTRY 6,000 D. OTHER DONOR(S) TOTAL 17,000
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9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION a. INITIAL FY <input type="checkbox"/> 78 <input type="checkbox"/> b. FINAL FY <input type="checkbox"/> 80 <input type="checkbox"/>	
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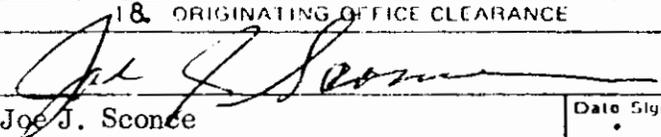
11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)							
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 78		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) FN	150		090		11,000		11,000
(2)							
(3)							
(4)							
TOTAL					11,000		11,000

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)						
060	096					
13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)						14. SECONDARY PURPOSE CODE
BR	B/BI	LAB	NUTR			156

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 To increase real income for the rural poor.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)
 Two-fold purpose: (1) to increase the profitability of small-farm agriculture; and (2) to increase employment opportunities for the rural poor.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)
 3 MM TDY from AID/W and ROCAP.

18. ORIGINATING OFFICE CLEARANCE Signature:  Title: Joe J. Sconce A.I.D. Affairs Officer	19. DATE DOCUMENT RECEIVED BY AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY <input type="checkbox"/> 06 <input type="checkbox"/> 215 <input type="checkbox"/> 76
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LAND PRODUCTIVITY AND RURAL EMPLOYMENT PROJECT

I. SUMMARY OF PROBLEM AND PROPOSED RESPONSE

During the past two years, Costa Rica's municipal development agency, IFAM, and with AID financing in collaboration with the consulting firm AITEC, has conducted detailed sociological studies in 860 rural communities within 56 of Costa Rica's 80 cantones, covering most of the rural areas. These studies have shown that average per capita incomes in the rural areas (\$65) are a small fraction of the national level. The studies have also shown that there is significantly increasing internal migration within the country and that the bulk of this movement is from areas of low per capita income and poor employment opportunities to other rural areas or to urban areas with presumably greater employment possibilities.

One important reason why rural employment in Costa Rica has deteriorated in recent years has been that steadily increasing yields in basic grains production have caused a large relative decrease in the employment requirements of that sub-sector. The displaced labor has not been absorbed elsewhere in agriculture or in other sectors. In certain regions the process has been especially rapid, with high rates of unemployment and outmigration accompanied by an increasing tendency towards extensive cattle operations. This shift not only results in sharply reduced local labor demand, ^{1/} but, following deforestation to provide pasture, poses a threat to the nation's natural resource base. At the same time, traditional small farm activities are becoming steadily less profitable, despite higher support prices, because of declining fertility on small farms and the high costs and risks involved in adopting modern technologies.

Persistently low per capita incomes in rural Costa Rica are due mainly to declining rural employment opportunities and the declining profitability

^{1/} To illustrate, pasture land for beef production in Costa Rica generates 6 man-days/ha./year in labor demand; rice-49 md/ha., sugar cane-76 md/ha., pineapple-151, coffee-155, and potatoes-178. Nationwide annual crops generate 17% of agricultural labor demand on 8% of the productive land, permanent crops 59% of labor demand on 10% of the land, and cattle pasture 25% of labor demand on 82% of the land in production.

of traditional small farm activities. Therefore, to improve rural economic conditions and incomes there are two distinct but interrelated tasks: (1) to increase the profitability of small farm enterprises, and (2) to increase employment opportunities in the rural sector.

These tasks imply a substantial change in the planning of land use and agricultural production. Land use planners will have to broaden their focus from simply agronomic possibilities and straight profit-per-area considerations, to include labor requirements, market potentials, agro-industrial possibilities, time-horizons, and long-term natural resource impact. This last area is essential. If the current destruction of natural resources continues, the long-term prospects for small farmers and all farmers are obviously threatened. The basis for the joint GOCR-USAID effort to increase small farmer profitability will be an attempt to remedy the consequences of an undefined natural resources policy and poor systems of land-use planning. The small-farmer land use patterns which result will combine permanent crops, annual crops, intensive pasture management, small animal enterprises and tree farms to make the most efficient and profitable use of available natural, human, and institutional resources.

While improved land use will provide some new employment, it is not likely to be enough. If the percentage of Costa Rica's labor force presently in the agriculture sector (34%) were to remain constant, then 8,200 new jobs would need to be created per year between 1973 and 1980 (compared to 1,900 needed between 1963-1973 and 3,500 between 1950-1963). This, in turn, would require substantial new land to be brought under cultivation: e.g., assuming constant labor ratios, 34,000 new hectares per year under annual cultivation; or 13,000 new hectares per year under permanent cultivation; or 250,000 new hectares per year under pasture. Because it is doubtful that there is enough available land to support this increased cultivation and demand for the outputs produced on these lands, part of the rural sector's growing employment problem must be solved through new, non-traditional employment opportunities -- e.g., through the establishment of local agro-industrial development, other rural industries, and new labor intensive agricultural products.

A. Project Purpose

The Purpose of this Project is (1) to increase the profitability of small-farm agriculture and (2) increase the employment opportunities in the

rural sector in order to achieve the broader sectoral Goal of increasing real income for the rural poor.

B. Project Description

The project will be broken into three major components: (1) Natural Resources and Land Use Planning; (2) Small Farmer Forestry; and (3) Agro-Industries, including on-farm storage.

1. Natural Resources and Land Use Planning

At the present time, Costa Rica has no national policy for natural resources. The existing mini-policies for forestry, agriculture, conservation, etc. are spread between six or seven separate institutions and are scarcely effective. The need for a policy and implementation of it can be illustrated by the fact that some 40,000 hectares per year are being deforested. The bulk of these lands have been converted into pasture lands, and because of improper utilization, much of this land is now experiencing sheet erosion. The immediate victims of this devastation are small farmers and the rural poor in general. The GOCR is aware of these and other problems and intends to centralize the natural resources planning and implementation function in one agency, the nascent Institute for Natural Resources and Environmental Conservation. This new Institute would be responsible for preparing an inventory of existing natural resources and planning the optimal utilization of these resources, including national land-use plans. The President has also sent a draft law to the Legislative Assembly to provide incentives to persons or enterprises which undertake tree farming. The law would provide tax exemptions and Central Bank credit for small and medium land-owners who use their land for reforestation and national timber production. It is also recognized that while tree farming is necessary on already deforested lands, it is by no means a substitute for rational and scientific management of the remaining natural forests.

Beyond and complementary to assisting the GOCR in the creation and development of his new Institute and national plans for natural resources and land use, this Project will attempt to address land-use planning at the local level. Working through local institutions (e.g., DINADECO, cooperatives, IFAM, and/or ITCO), the project will design and implement three such plans for small farmer settlement projects. The first step in such an effort would be to analyze the physical, institutional, human, and

market/economic variables affecting the local situation. The potential production capabilities of land and people will then be compared to what can be sold, along with such factors as long vs short-term investment, long vs short-term markets, risk, seasonality of markets and labor, national development policies, and the location of agro-industrial facilities. The land-use pattern deriving from this process will include permanent crops (citrus, nuts, pejibaye, sugar cane, etc.), annual crops (basic grains, legumes, oil-seeds, fruits, and vegetables), intensive pasture (for dairy and/or dual purpose livestock), forage crops for small animals, and forestry. Careful attention will also be given to the role of multiple cropping in increasing the intensity of land use, especially with regard to new cropping systems which provide both food and fodder for small animal production. The location of small local agro-industries will also be an instrumental part of the land-use plans -- with possible financing and technical assistance for new enterprises covered under the third component of this project.

2. Small Farmer Forestry

As a part of its natural resources and land use policy, the GOCR will develop a re-forestation program. Besides the obvious benefits to erosion control and conservation, re-forestation offers new non-traditional income opportunities for small farmers. During the past twenty-five years, CATIE, its predecessors, and CACTU, a local research and development group, have been studying the feasibility of forestry/pulp projects in the Turrialba area. This area has extremely rapid pine growth rates. Using an eight year cutting cycle, at current prices the grower of pine could average ₡31,520 (\$3,700) (net) from each hectare of an eight hectare plantation. This income potential is higher than most traditional production activities available to small farmers, and has the advantage of being perfectly suited to those steeply sloped and broken sections of their farms which have little or no other income potential.

This component of the Project will test the feasibility of small farmer participation in pine pulp plantations in Costa Rica. It will complement private sector investment (Scott Paper Co.) in a pulp mill in Turrialba. The Project will provide technical assistance to ensure proper plantation development and maintenance; will develop a financial system for small farmer forestry credit, and provide supplementary credit funds (through the banks and/or INFOCOOP); will develop alternative income sources for the small farmers as they await the initial pay-off on their seedling invest-

ment (approximately 5 years); and will relate the entire issue of small farmer forestry to the larger question of land-use planning.

3. Agro-Industries

This component of the Project will concentrate on the study of the feasibility of rural agro-industries to generate needed employment, and on the promotion of those industries found feasible. The IFAM/AITEC studies have already identified some 270 possible agricultural-based industries which could operate at the local level. These include grain drying, hulling, and milling; fruit processing and canning; vegetable processing and canning; yuca processing; dairy products; meat packing; cacao fabrication; wood working, etc.

Also closely related to the above employment-generating agro-industries is the need for improved storage and handling of basic grains at the farm level. The country's grain storage and handling capacity is grossly inadequate and has led to significant post-harvest losses, which have in turn made it difficult for local farmer groups and/or enterprises to develop small scale processing industries. Besides encouraging the establishment of new processing industries (and consequently creating new employment opportunities), improved on-farm storage would have a direct and more immediate impact on agricultural employment: i. e., if farmers are able to save and sell more of their crops, they will increase the amount of land under cultivation or the intensity of existing land-use and hence provide job opportunities.

• Basic outputs of the three components of the Project would be as follows:

1. Transfer of responsibilities for natural resources from various ministries to newly created Institute for Natural Resources and Environmental Conservation.
2. Inventory of existing natural resources, (utilizing U. S. satellite remote sensing technology where feasible), detailed maps, and national policies for resources and land use. The resource surveys included in this output will be an essential input to the land use and forestry production activities.

3. Integrate plans for land and product utilization in three selected small farmer settlements and implementation of said programs -- including coordination of services and training of farmers.
4. Pine plantation development on small farmer plots and appropriate system of credit for farmers.
5. Coordinated plan between farmer groups, state and private agriculture sector institutions, and Scott Paper for the propagation, planting, production, and processing of pine pulp, paper, and other products.
6. Survey of existing agro-based rural industries and demand for additional or expanded industries -- in the context of GOCR land use policy -- and studies of feasibility.
7. Development of credit and technical assistance systems for agro-industries.
8. Development of a system in which the GOCR and/or banking system can assist small farmers in owning and operating on-farm storage facilities.

In order to achieve these outputs, USAID will employ a direct-hire Project Manager and the loan will finance following contract funded personnel: one Natural Resources/Conservation Specialist, one Land-Use Planning Specialist, one Multiple Cropping Specialist, one Marketing Specialist, one Forestry Specialist, one Rural Industries Specialist, one Storage Specialist, and miscellaneous short-term consultants; management and technical training within Costa Rica and in the U.S.; project support commodities; and investment capital.

It is anticipated that funds will be disbursed over a five year period, with the initial obligation taking place in early FY 1978. This extended period will be necessary because of project staging: e.g., land-use plans will need to be developed before the local level implementation can begin.

C. Major Assumptions

The Mission feels that the following major assumptions are pertinent to Project success and will therefore be analyzed in depth during preparation of the PRP and PP:

1. the GOCR will establish the Institute for Natural Resources to develop national policy;
2. local level institutions will be coordinated sufficiently so that the three land-use schemes can be implemented;
3. the basic causes of low productivity and family incomes are poor land use and inadequate organizational linkages between farmers and available institutional resources;
4. that small farmers can be assisted to find ways to earn income while their land under pine cultivation is maturing (approximately 5-8 years) and that they will consequently put their land into forestry;
5. that the private sector does continue to demand pine pulp produced by farmers and at a price adequate for the farmers;
6. that small-scale agro-industries can be feasibly located in rural Costa Rica;
7. that rural unemployment is not merely seasonal and that there can be a steady supply of labor for the new industries;
8. that there is a demand for products which can be produced in small local industries; and
9. that there will be adequate investment capital for the small farmers to enter into pine plantations and for rural agro-industries to develop;
10. See attached Annex.

D. Host Country and Other Donor Activities

The GOCR recognizes the importance of improving the utilization of natural resources, both to increase productivity and to increase employment and income. The Office of the Presidency has already presented a law to the National Assembly to create the Institute of Natural Resources and Environmental Conservation. ★ It will also commit the resources of the Ministry of Agriculture, INFOCOOP, CNP, IFAM, DINADECO, ITCO, OFIPLAN, and the Ministry of Industries to the development of new land use patterns and to increase employment generation. The Government has also recently submitted to the Assembly a new "Ley de Fomento de las Industrias Rurales" which would provide a number of incentives, preferential credit, marketing assistance, training, and technical assistance in order "to stimulate the introduction of businesses and services in the Costa Rican countryside . . . to increase employment in said areas and to contribute to an improved distribution of income, providing a better utilization of our natural resources."

ROCAP is in the process of developing two loans which complement this Project -- i. e., regional agro-industries and food grain marketing. The Project will also be closely related to the ROCAP/CATIE multiple cropping project and will apply some of its lessons for improved land use.

E. Alternatives to the Project

In looking at the growing unemployment problem in Costa Rica's rural areas and low family income, there are several alternative solutions. First, the GOCR could ignore the problem and allow migration to accelerate into major urban areas. This, however, is an untenable option since urban unemployment is also increasing and existing urban infrastructure is already inadequate. Therefore, accepting that employment opportunities must be increased in the rural areas themselves, there are two basic alternatives: increase small farmer productivity and stimulate non-traditional employment in new industries or services. USAID feels that these alternatives are equally

★ The Presidency has also formally requested an AID loan for natural resources planning. The GOCR proposal to USAID includes studies of minerals and marine resources in addition to surveys of land, forest and water resources. We have reservations concerning the appropriateness of AID-financed minerals and marine studies, and thus have not considered the question in this PID.

important and therefore proposed to assist the GOCR in both.

F. Project Beneficiaries

Direct project beneficiaries will be the rural poor, especially those who are now under or unemployed. Future generations of Costa Ricans will also benefit as natural resources are inventoried, as their utilization is planned more rationally.

G. Project Replication

Because the project will be developing 'systems' as well as directly helping selected individual or institutions, the GOCR will have created an institutional capability to carry on project activities after the disbursement of AID funds.

II. FINANCIAL REQUIREMENTS AND PLANS

Total project cost is estimated at \$17 million, comprised of an AID loan of \$11 million and a GOCR contribution of \$6 million. The estimated budget is broken down as follows (\$000's):

	<u>AID</u>	<u>GOCR</u>	<u>Total</u>
I. <u>Natural Resources and Land-Use</u>			
<u>Planning</u>	<u>4,000</u>	<u>3,000</u>	<u>7,000</u>
A. Personnel			1,000
B. Training			400
C. Commodities and Invest. Funds			7,000
D. Other Costs			600
II. <u>Forestry</u>	<u>3,000</u>	<u>1,200</u>	<u>4,200</u>
A. Personnel			300
B. Training			100
C. Commodities and Invest. Funds			3,500
D. Other Costs			300
III. <u>Rural Industries and Storage</u>	<u>4,000</u>	<u>1,800</u>	<u>5,800</u>
A. Personnel			600
B. Training			700
C. Commodities and Invest. Funds			5,000
D. Other Costs			500
<u>GRAND TOTAL</u>	<u>11,000</u>	<u>6,000</u>	<u>17,000</u>

III. DEVELOPMENT OF THE PROJECT

The project will be developed jointly by USAID/Costa Rica, GOCR representatives, and such TDY assistance as will be required. In preparation of the PRP, the Mission will draw heavily on the AID-financed Rural Sector Assessment scheduled to begin in August 1976. It is unlikely that the Mission will require any special consultants for preparation of the PRP, although limited TDY assistance from AID/W may be needed. Depending upon the results of the Sector Assessment and upon issues raised, contract consultants might be needed to help prepare the PP. The Mission is including \$20,000 in its Budget Submission (FY77, Technical Support -- Food and Nutrition) to cover such consultancy services.

The PRP will be submitted by October 30, 1976 and the PP by August 1977.

IV. PROJECT ISSUES

The major issues relate to the assumptions stated earlier in this PID. Until further analyzed and until the Mission feels confident in making these assumptions, each will remain as an outstanding issue. Another issue is the degree to which USAID wishes to be involved with the development of agro-industries -- i. e., with technical assistance only or with investment capital. The USAID will explore the advisability of limiting this assistance to an OPG with a PVO such as Techoserv which has been working in other Central American countries.

PID - FY 78 (Land Productivity - Rural Development)
Mission Agricultural Sector Strategy

Although the revision of the 1969 Costa Rica Agricultural Sector Assessment will not be completed until late this year, the Mission has at this time a fairly clear idea of the AID sector strategy that will emerge. In the past 18 months the Mission has participated in several analyses* of all or part of the Costa Rican agricultural sector, and this combined with field experience has led to a nascent agricultural sector strategy. The Rural Incomes Grant PRP and this PID both reflect this process.

The sector goal for the AID's agricultural development programs in Costa Rica envisions to increase the incomes of the rural poor. For the last several years, the basic strategy to achieve this goal has been: "...the modernization and coordination of the institutional structure of the agricultural sector (mainly at the decision-making level) to create the necessary conditions for improved small-farmer productivity. The past efforts have produced significant results, especially in the realms of decentralization of services, credit to small farmers, cooperative development, integration of the agricultural sector and inter-disciplinary and inter-institutional cooperation in rural development." (Rural Incomes PRP, page 1)

The challenge now is to get the institutions which have developed in this previous stage to work together. The new sector strategy in its broadest outline will be to stimulate the efficient use of existing natural, human, and institutional resources to increase the incomes of the rural poor.

The Agricultural Sector is the basis of Costa Rica's economy and will be for the foreseeable future. It employs 40 percent of the active population, and though contributing only 18% directly to GDP, it supplies the raw materials and foreign exchange for most of other sector economic activity. Large and small scale farmers produce a wide range of products for both the export and domestic markets. The demonstrated price-elasticity of supply for these farmers is high, but deficiencies in the marketing system often do not pass on the income possibilities of attractive market prices to producers, especially small producers.

Though overall agricultural production has increased at one of the highest rates in the developing world, the labor requirements for this expansion have not kept pace with rural population growth, leading to increasing rural unemployment

* These include the AID-BID-IBRD Tripartite Report, the CASP, the IFAM-AITEC studies for the GOCR, the Mission's Rural Profiles Project, the final evaluation of the Agricultural Development program (Loan 022), a nutrition sector assessment and Project Paper for the Nutrition Loan.

and out-migration. While there is no shortage of good quality agricultural land, much of it is in extensive pasture, used for export-oriented low labor-requirement, low-efficiency beef production. Inadequate systems of land-use planning contribute to this phenomenon by not providing profitable alternative patterns of land use.

Though 40 percent of the country is covered with hardwood forests, and strong potential exists for scientific forest management and profitable tree-farming, a national natural resources policy vacuum and distorted price relationships have led to uncontrolled deforestation, while sheet erosion following deforestation is removing the topsoil exposed.

There exists in the public agricultural sector an array of institutions which have or soon will be able to provide financing and services to both large and small-scale farmers. However, due to antiquated public-sector administrative procedures and a lack of inter-institutional coordination at the field level, these capabilities are often wasted or ineffectually dispersed. Costa Rica farmers in general are better educated, more aware of the world outside their farm, and more receptive to new ideas than their counterparts in other developing countries. They still lack proper organization through which they can pool their economic and political power and thus forge permanent links with agriculture sector support institutions and the national agricultural market.

Some of the tactics which will be employed to implement the AID strategy are:

1. The establishment of systems to encourage rational resource and land use planning, especially in small farmer settlement projects.
2. The incorporation of marketing and commercialization factors in agricultural production planning in order to maximize land productivity, farm family incomes, and rural employment generation. (Effectively, the diversification of small farm enterprises).
3. The coordination of agricultural sector institutions through their participation in the implementation of field projects with groups of small farmers.
4. The stimulation of rural employment generation by improving rural infrastructure and establishing small-scale agro-industries.

5. The development of permanent ties between groups of small farmers, agricultural sector support institutions, and the national agricultural product marketing system, utilizing wherever feasible cooperative organizations, including regional cooperative unions.
6. Introduction and integration of tree farming on small farms.

The Rural Incomes P. R. P. and this P. I. D. address most of these points. In the Agricultural Sector Assessment programmed for later this year, the Mission with TDY assistance will scrutinize the assumptions and analysis behind these assertions.

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE	1. TRANSACTION CODE <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-right: 5px;">A</div> A = ADD C = CHANGE D = DELETE	PID 2. DOCUMENT CODE 1
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3. COUNTRY/ENTITY COSTA RICA	4. DOCUMENT REVISION NUMBER <div style="border: 1px solid black; width: 20px; height: 15px; display: inline-block;"></div>
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5. PROJECT NUMBER (7 DIGITS) <div style="border: 1px solid black; padding: 2px;">515-0135</div>	6. BUREAU/OFFICE A. SYMBOL LA	B. CODE <div style="border: 1px solid black; padding: 2px;">05</div>	7. PROJECT TITLE (MAXIMUM 40 CHARACTERS) <div style="border: 1px solid black; padding: 2px;">Rural Health Delivery Systems Evaluation</div>
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8. PROPOSED NEXT DOCUMENT A. <div style="border: 1px solid black; padding: 2px;">2</div> 2 = PRP 3 = PP	B. DATE MM YY <div style="border: 1px solid black; padding: 2px;">1 0 7 6</div>	10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = 380)
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9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION a. INITIAL FY <div style="border: 1px solid black; padding: 2px;">7 8</div> b. FINAL FY <div style="border: 1px solid black; padding: 2px;">7 9</div>	FUNDING SOURCE A. AID APPROPRIATED B. OTHER U.S. 1. Grant 380 2. C. HOST COUNTRY 200 D. OTHER DONOR(S) TOTAL 580
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11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)							
A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY '78		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) PH	415	510		380		380	
(2)							
(3)							
(4)							
TOTAL				380		380	

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

530	540				
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13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)	14. SECONDARY PURPOSE CODE
BR BRW R/BI INT	694

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

Improvements to the nationwide integrated rural health delivery mechanism and the development of specific criteria and methods for evaluating programs of this type.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

To develop a tested methodology for the design, development, implementation and evaluation of rural health delivery systems for possible replication in other developing countries.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

TDY assistance in health sector assessment and PRP and PP development approximately a total of 12 MM of an interdisciplinary team.

18. ORIGINATING OFFICE CLEARANCE	19. DATE DOCUMENT RECEIVED BY AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION						
Signature 	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 15%;">MM</td> <td style="border: 1px solid black; width: 15%;">DD</td> <td style="border: 1px solid black; width: 15%;">YY</td> </tr> <tr> <td style="border: 1px solid black; text-align: center;">0 6</td> <td style="border: 1px solid black; text-align: center;">2 5</td> <td style="border: 1px solid black; text-align: center;">7 6</td> </tr> </table>	MM	DD	YY	0 6	2 5	7 6
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Title Joe J. Sconce A.I.D. Affairs Officer	Date Signed MM DD YY <div style="border: 1px solid black; padding: 2px;">0 6 2 5 7 6</div>						

RURAL HEALTH DELIVERY SYSTEMS EVALUATION

I. INTRODUCTION

Programs of planned change and community development, while increasing in number, scope, and sophistication, continue to suffer from a lack of adequate evaluation techniques. Programs administered by, or sponsored at the national and international levels, have the advantage of gross economic and demographic statistics by which to measure the progress of inputs in various areas and regions. Evaluation at the community level, however, has tended to rely heavily on subjective case studies, or on reports which measure material project successes.

The Rural Health Program in Costa Rica is a good case in point. Reputed to be a successful model for low-cost delivery of health services to a poor rural population, there are at present no objective criteria by which to specify the reasons for its apparent success or by which to replicate this program in other areas.

II. BACKGROUND

Since 1971, the Ministry of Public Health of Costa Rica, has been implementing a nationwide program designed to deliver health services to the people of rural Costa Rica. The program has extended and augmented health services in rural areas by using paramedical personnel including health promoters, mid-wives, nutritionists, sanitary inspectors, and nursing auxiliaries. The major components of this health delivery system for the rural communities are the control and eradication of contagious diseases, a maternal child health family planning and family welfare program, nutrition education, and feeding interventions, a first aid service and patient referrals program, and complementary services in health education, community organization and epidemiological surveillance.

The program is designed to improve the level of health in rural Costa Rica by attaining the following specific objectives:

- A. Decrease child mortality and the frequency and/or severity of morbidity in the neo-natal period and in children under 5 years of age. Special emphasis is given to improved nutritional status.

- B. Decrease frequency and/or severity of parasitic infections and nutritional deficiencies in school age children.
- C. Decrease maternal mortality and pregnancy, delivery, and post partum complications.
- D. Decrease the frequency and/or severity of infectious, respiratory, and other diseases among adults.
- E. Decrease the rate of unwanted pregnancies, reduce the number of pregnancies in multiparous women, space frequency of pregnancies, and prevent induced abortions.
- F. Services provided in the home include: improvement of sanitary conditions through provision of potable water and sewage disposal systems and improved dietary habits, hygienic preparation of food and rational intra-family food distribution.

Preliminary reports indicate that this program, as measured by standards of morbidity and mortality, presents one of the best health profiles in Latin America. Whether these changes are due to organizational or administrative innovations to the health delivery mechanisms or to some unknown factors is unclear.

Of particular importance within the national rural health program, are the results obtained in the San Ramón region. Existing data show that this "health area" of approximately 80,000 in 3 cantons has been particularly successful. However, the quality of the program in other areas is not the same as in San Ramón. Therefore, there is widespread interest in undertaking an evaluation of the Rural Health Program in general, but with special emphasis in the San Ramón area in order to identify the variables that are unique to this area as they relate to the overall program.

III. PROJECT PURPOSE

The evaluation proposed herein is expected to promote the following major benefits:

- A. Improvements in the national rural health delivery system.

- B. Institutionalization of an information and evaluation system.
- C. Development of a tested methodology for the design, development, implementation and evaluation of rural health delivery systems for possible replication in other developing countries.

IV. PROJECT DESCRIPTION

The development of the project will require detailed baseline data with respect to current health conditions. A good portion of this data is already available and will be useful. However, additional data collection will be necessary. The evaluation will include measurements of the impact of the health delivery system as well as an analysis of the processes involved in the delivery of health services.

Principal foci of the impact study will be the individual and the family. However, since the program is organized at the community level and since many of the other health related interactions are focused on the community, aspects of the program at this level will also be studied. Specific attention will be addressed to health services utilization, including a detailed review of the specific population reached. In addition, community and health service, their training and personal attitudes towards health and related delivery systems are fundamentally important. Directly related to these issues are the relative costs of health services in terms of efficiency and ultimately in terms of change in health status.

The rural health program can be expected to change the activities of the health team itself, particularly in terms of efficiency, effectiveness, and personal attitudes. It is important to document the change and understand their relationship to the general effectiveness of the program.

In each of these areas of impact measurement, baseline and subsequent time series data must be gathered systematically, with appropriate controls. Some of the most important dimensions of team impact are likely to be epidemiological, socio-demographic, socio-anthropologic and/or economic.

It will also be necessary for the team to study what other rural interventions at the small community level, are being undertaken in the areas covered by the program that impact both directly and indirectly on the health status of the rural poor. This aspect is of particular import-

ance and should focus on the sociological and anthropological characteristics of the target population and their reaction to the various interventions.

V. END OF PROJECT STATUS

Anticipated benefit of the proposed project include direct improvements to the nationwide integrated rural health delivery mechanism and the development of specific criteria and methods for evaluating programs of this type. The USAID has included funding in the FY78 ABS to conduct a rural health sector assessment in preparation for this project and for the development of the PRP and the PP.

VI. DEVELOPMENT OF THE PROJECT

For the proper development of the project, a health evaluation team will have to be formed to include a team leader, an epidemiologist, an anthropologist, and an evaluation research specialist.

VII. FINANCIAL REQUIREMENTS (2 Years - life of project)

A. Personnel

1. Team Chief - 24 MM	\$ 90,000
2. Research/Evaluation Specialist - 24 MM	80,000
3. Epidemiologist - 24 MM	80,000
4. Anthropologist - 24 MM	<u>80,000</u>
	\$330,000

B. Equipment and Supplies 20,000

C. Computer Time 30,000

TOTAL \$380,000