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**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



FIELD BUDGET SUBMISSION

FY 1976

COSTA RICA

**DEPARTMENT
OF
STATE**

AUGUST 1974



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UNITED STATES AID MISSION
TO COSTA RICA

FIELD PROGRAM AND BUDGET SUBMISSION

FISCAL YEAR 1976

SAN JOSE, COSTA RICA

JULY, 1974

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i

COSTA RICA
FIELD PROGRAM AND BUDGET SUBMISSION
FY 1976

TABLE OF CONTENTS

	<u>Page No.</u>
Part I	
A. Major Developments Affecting the Overall Development Setting.	1
B. Sector assessments.	5
C. New Loan Proposal for FY 1976	9
Summary of Commitments by Appropriation Category (Table I)	11
Summary of Commitments by Area of Concentration (Table II)	13*
Activities Outside of Areas of Concentration (Table II a)	14*
P.L. 480 Title II Program (Table IV)	15
Part II	16
A. Food and Nutrition	17
Agricultural Development Narrative	18
515-11-140-038 Tables	21
Rural Development Program	36
Loan 515-T-025	
Evaluation of Rural Development Program Narrative	40
515-11-199-121 Tables	41
Food Marketing, Technology, and Nutrition Narrative	44
Tables	48

		<u>Page No.</u>
Research on Land Tenure Usage and Related Activities	Narrative	52
	Tables	55
P.L. 480 Title II	Narrative	58
B. Population Planning and Health		60
Family Planning	Narrative	61
515-11-580-105	Tables	66
C. Education and Human Resources Development		70
Public Safety	Narrative	71
515-11-710-061	Tables	73
D. Selected Development Problems		75
Civic and Social Research and Development		
	Tables	76
Technical Support	Narrative	84
515-11-999-000	Tables	85
Low Cost Housing (HIG)		95

*to be provided later.

PART I

A. MAJOR DEVELOPMENTS AFFECTING THE OVERALL DEVELOPMENT SETTING

Three major phenomena must be taken into account in revising the outlook analysis of the DAP. These are the profound effects on Costa Rica's balance of payments of the petroleum crisis, the onset of "big-time" inflation, and the election, in February, 1974, of Daniel Oduber as President, assuring continuation in power of the Liberación party for another four years. Nevertheless, the DAP drafted last summer continues to be basically accurate, with interpretation of historical data and long-term projections still valid. Amendments, then, deal with the short and medium term: not how we got where we are, nor what, in broad brush stroke the future will be like, but the problem of how to get from here to there.

Petroleum Crisis

The short-term effects of the petroleum crisis have been painful; they clearly imply serious balance of payments stresses peaking in late 1974 or early 1975. Beginning in the final quarter of 1973, petroleum price rises reversed what otherwise appeared to be the first stage of a strong improving trend in Costa Rica's trade account. On the basis of data for the first six months of 1973 the Embassy, in October, projected a trade account deficit for the year of \$78 million, which would have been a decline of \$14 million from the previous year. This was well off the mark. The increase in Costa Rica's import bill in the second semester, paced by the increase in prices of petroleum and petroleum derivatives, resulted in a deficit of \$101 million (preliminary). See Revised Table 2. The implication of this is that despite healthy export earnings from traditional exports, Costa Rica's terms of trade have turned even more negative.

For 1974 the quantum jump in import prices points toward a truly monstrous trade deficit on the order of \$180 million, almost 80% above last year. This assumes real import growth of less than 10% and about \$100 million added to the import bill in price effects. Moreover, a deficit on this order is likely despite excellent prospects for earnings from coffee, sugar and industrial goods for 1974. Under some circumstances this might be handily financed by services earnings and the balance on capital account. (Indeed, early in 1974 two sources - tourism and foreign

investment in real estate - appear to have furnished a relatively large influx of foreign exchange.) However, there is some question about the dependability of such earnings. The possibility cannot be dismissed that the GOCR will be forced to adopt balance of payments defensive measures beginning in late 1974, reminiscent of, but more stringent than, those of 1971-72. The situation for 1975 is no brighter, with prospects for banana earnings, traditionally about on a par with coffee, particularly cloudy.

The prospects for the late 1970's and into the 1980's, however seem more auspicious. Minerals development - copper and aluminum - could offer excellent exchange earning possibilities. Moreover, Costa Rica has very good potential for electrical energy development, including hydro-electric and geo-thermal possibilities.

Inflation

The other side of the coin of balance of payments problems is inflation. With "imported inflation" added to domestic factors, inflation, far from leveling off in 1973 as anticipated, is zooming. Retail price levels are estimated to have risen by more than 16% in 1973, with a 30-35 percent increase in prospect for 1974. Long accustomed to relative price stability, big time inflation has come as a shock to Costa Ricans. An across-the-board increase in minimum wages was put into effect early in 1974 in an effort to compensate for some of the erosion of real wages. Nevertheless, wages probably are still lagging behind inflation (and probably must continue to do so in order to avoid new cost-push factors), with rural workers particularly hard hit. This underlines one of the major concerns of the Oduber Government: how to face the widening urban-rural disparity.

The Oduber Administration

It is too early to make firm assessments of the particular stamp that the Administration of President Daniel Oduber is likely to put on Costa Rica's development. Certainly as a liberacionista Oduber has fallen heir to a firm populist tradition. Traditionally, his party has tended to place more emphasis upon structural change and development than upon monetary stability. Nevertheless, during his first months in office, Oduber has assigned priority to seeking tighter public sector management and efficiency than upon introducing new programs except for an ambitious nutrition strategy noted below. As stated in the DAP, there is little doubt that a major effort is required in this direction in order to correct serious diseconomies. The Oduber management strategy is being built

upon two major underpinings: a law, passed in the waning days of the Figueres Administration designed to give the Executive a greater say in the affairs of the autonomous entities, and a staff system under the aegis of Minister of the Presidency (and First Vice-President) Carlos Manuel Castillo, where an attempt is being made to centralize management and economic and social policy development. The latter system is novel to Costa Rican experience and provocative in that it is an attempt to devise an ad hoc line of command to bypass the established, formalized and politicized governmental organization.

Even though in philosophy the liberacionistas do not tend to be monetarists, indications are that at least for the moment the Oduber Government will follow relatively conservative monetary and fiscal policies, probably, because of the dictates of necessity. The GOCR recently announced that austerity would be the order of the day for budgetary spending during 1974. On the revenue side, earnings were excellent during 1973 -- partly due to inflation. This now seems likely to be the case in 1974, with windfalls deriving as well from the exchange surrender charge and the banana tax (although it might be argued that the opportunity cost is dear for both these taxes since they might tend to discourage exports). On the other hand, hopes for substantial new revenues from sale of sight bonds to the public may not be realized since the interest rate structure has not yet been adjusted for inflation.

The first test of President Oduber's management thesis will likely come up in the budget development process, where the question will be whether management techniques and austerity can be melded to provide enhanced effectiveness in program operations, or whether allotment of resources on narrow political criteria will win out.

Despite the obvious necessity for, and apparent intention of the administration to pursue austerity in public spending, the Oduber Government is attempting to mount a substantial new social initiative: a nationwide nutrition program for children up to 12 years old, and pregnant and lactating mothers. This program is to be financed by special taxes which are currently under consideration in the legislature. The yield from such taxes should be adequate to fund the effort within two years. However, the agricultural sector will require major stimuli to supply the increased demand for food (especially protein) which will be generated. In this regard the new AID loan oriented toward small farmers, and a prospective IBRD loan seeking rapid production gains, will be important factors in making feasible the nutrition program.

The Oduber Administration inherited a National Development Plan for 1974-1978. Thus far, it appears that the GOCR will attempt to implement the plan without important changes and, for this purpose, it has began a process of greatly strengthening the national planning office (OFIPLAN) in terms of both its authority and staffing. In addition to the nutrition program mentioned above, to which the government currently assigns first priority, the plan envisages the following objectives:

1. Greater exploitation of natural resources, such as minerals, timber, tourism, fishing and land (farming).
2. Economic participation in a larger geographic area.
3. Reorganization of the production of traditional exports, coffee and sugar, to allow a greater participation in world markets.
4. Increased production and exportation of industrial products by actively pursuing the restructuring of CACM and by promoting exports of selected products giving financial and tax incentives.
5. More efficient utilization of farm land to increase the productivity of the agricultural sector.
6. An economic policy that will attract foreign investment and encourage development of local sources of investment capital.
7. An economic development program containing measures to raise per capita income of the lower income classes and to achieve an adequate economic, cultural integration.

An overriding objective is employment creation to absorb the estimated 127,000 workers which will have been added to the labor force by 1978. Ambitious projections of macroeconomic performance contained in the plan show how the employment goal might be achieved. These include a rate of real GNP growth of 7.5%, stimulated by an annual 8.9% increase in public and private investment. Priority in public investment will be given to low-cost housing, education, and public health, particularly nutrition. The industrial sector is projected to grow at 10.6% per year, and manufactured exports to reach \$170 million by 1978. Total exports would increase at 9.6% annually, while imports growth would be held to 8%. (This projection was formulated before the impact of the petroleum crisis, and obviously is no longer valid.) Moreover, the plan forecasts a diminished need for external financing by 1978, which is another assumption that must be drastically revised in the light of a rapidly growing

oil-fueled balance of payments deficit.)

In sum, the GOCR will continue to pursue the plan's major objectives as set forth above, but will face severe obstacles in attempting to maintain the pace of development while paying fuel bills which are untenable in the medium term and combatting unprecedented inflation rates.

As noted in the DAP, the Central American Common Market (CACM) has played a major, if not decisive, role in Costa Rica's recent developmental history. In his inaugural address President Oduber placed special emphasis on finding solutions to the political problems facing the market. However, with the failure of the CACM summit conference at Jalapa, Nicaragua with which Oduber had strongly identified himself, some observers questioned whether the Costa Rican commitment to the CACM would continue. The fact is, however, that Costa Rica's economic involvement with Central America - with combined import-export trade exceed \$150 million in 1973 - cannot now be reversed without serious dislocation, particularly for the nation's industrial sector. Even though the Oduber Administration is interested in establishing new, bilateral economic and political ties with Costa Rica's other neighbors - notably Venezuela, Panama and Colombia - the CACM will remain a key factor in Costa Rica's international economic relations.

B. SECTOR ASSESSMENTS

USAID/Costa Rica has no plans at this time for undertaking comprehensive formal sector assessments. However, we include herein a tentative conceptual framework for a possible loan in support of the GOCR's national nutrition program. If this proposal can be satisfactorily developed, and intensive review were authorized, an assessment of the nutrition sub-sector probably would be necessary. In such an event, the USAID will request grant funds to cover the cost of required studies.

Table 1
Growth of Costa Rica-CACM Trade
1964-1973
(Millions of Dollars)

<u>Year</u>	<u>Imports from CACM</u>	<u>Exports to CACM</u>	<u>Balance</u>
1964	\$ 8.2	\$15.4	\$ 7.2
1965	14.7	18.3	3.6
1966	23.2	25.1	1.9
1967	34.2	27.9	-6.4
1968	48.8	36.2	-12.6
1969	57.2	37.7	-13.5
1970	68.7	46.1	-22.6
1971	76.5	46.9	-29.6
1972	79.5	51.4	-28.1
1973*	83.1	70.5	-12.6

* Preliminary

SOURCE: Comercio Exterior, Dirección General de Estadística y Censos.

Table 2
COSTA RICA: Earnings from Selected Exports and
Total Imports 1968-74
(Millions of Dollars)

<u>Item</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u> (Prel.)	<u>1974</u> (Proj.)
Coffee	\$ 55.3	\$ 55.8	\$ 73.1	\$ 59.3	\$ 77.9	\$ 94.1	\$120.0
Bananas	42.8	51.5	66.7	73.6	82.8	91.3	90.0
Beef	12.0	15.2	18.0	20.5	28.3	32.9	35.0
Sugar	8.7	9.1	10.3	9.7	13.1	17.1	25.0
Ind. Goods	40.7	42.2	53.5	58.9	65.7	89.9	105.0
Total Goods Exports (FOB)	170.8	189.7	231.2	225.4	280.9	341.5	400.0
Total Goods Imports (FOB)	193.7	221.5	286.8	316.3	337.1	399.3	522.0
Trade Deficit	23.6	31.9	55.8	91.7	56.2	57.8	12.2
Tourism (Gross)	15.0	20.0	22.1	24.2	29.8	33.1	40.0

SOURCE: Comercio Exterior and Central Bank.

Table 3
COSTA RICA: Balance of Payments
(Millions of Dollars)

A. CURRENT ACCOUNT	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972 1/</u>	<u>1973 2/</u>	<u>1974 1/</u>
1. Goods							
Exports (FOB)	170.1	189.6	231.0	224.6	280.9	341.5	400.0
Imports (FOB)	-193.7	-221.5	-286.8	-316.3	-337.1	-399.3	522.0
Merchandise Bal.	-23.6	-31.9	-55.8	-91.7	-56.2	-57.8	-122.0
2. Services (Net)							
Freight	-13.1	-15.9	-19.3	-21.5	-24.5	-30.2	-48.4
Insurance	-1.3	-1.5	-1.9	-2.2	-2.3	-2.7	-3.0
Travel	3.4	5.5	9.4	7.2	11.3	12.3	13.0
Investment Income	-18.6	-16.4	-13.6	-14.6	-34.9	-39.5	-40.0
Other	1.7	0.2	1.3	1.3	1.9	3.8	5.4
Total Services (Net)	-27.9	-28.1	-24.2	-29.7	-58.4	-56.3	-72.0
Balance of Goods & Services (1+2)	-51.5	-60.0	-79.9	-121.5	-106.7	-114.4	-194.0
3. Transfer Payments (Net)	8.6	8.4	6.0	7.5	6.6	2.2	6.0
A. BALANCE ON CURRENT ACCOUNT (1+2+3)	-42.9	-51.6	-73.9	-114.0	-100.0	-111.9	-188.0
B. CAPITAL ACCOUNT (Net)							
Long-term private capital	10.9	27.7	38.0	35.8	45.0	50.0	30.0
Short-term private capital	9.8	19.7	22.6	45.6	4.0	-10.0	45.0
Long-term official capital	13.7	8.7	6.4	20.5	25.0	30.0	60.0
Short-term official capital	0.7	0.5	0.5	0.1	-	-	-
Special drawing rights	-	-	4.2	3.4	3.4	-	-
Other capital 3/	17.4	12.6	-9.6	20.1	39.4	75.0	60.0
B. BALANCE ON CAPITAL ACCOUNT	52.5	69.2	62.2	125.5	105.8	129.2	195.0
C. NET CHANGE IN INT'L MONETARY RESERVES (A+B=C)	9.6	17.6	-11.8	11.5	-5.8	-17.3	-7.0

1/ Revised.

2/ Preliminary.

3/ Includes "errors and omissions".

4/ Projected.

C. NEW ACTIVITIES FY 1976

1. New Loan Proposal for FY 1976

Food Production and Nutrition Delivery System
Loan - \$7,000,000

A fortuitous set of circumstances has provided AID with a unique opportunity to help direct a major segment of Costa Rican domestic resources toward a combined program of high nutrient food production by small farmers and distribution of this food to the most meritorious target group, children under twelve and pregnant or lactating women of low income families.

The first circumstance consists of the ongoing AID Agriculture Sector and Rural Development Loans (O22 and O25) which will have helped develop overall Costa Rican agricultural production and marketing capabilities, especially on the part of the small farmer. The second is the decision of the Oduber Government to set up a new family subsidy tax and fund to improve the nutrition of the most underprivileged segments of Costa Rican society and end the country's dependence on foreign food donations; Congressional approval is expected by November 1974, and the annual amount generated is expected to reach the equivalent of \$36 million by CY 1978. A major proportion of such funds will be earmarked for purchase of locally produced foods to supply the national nutrition plan.

The proposed loan will serve as a catalyst, first to insure that a necessary portion of the expansion of agricultural production goes into appropriate foods of high nutritive value (especially vegetable proteins for which suitable varieties are available), and second to assist the Government to create a satisfactory delivery system to channel this food to the target group. The production-oriented aspects of the project would extend into the specific areas of high-nutrition foods, certain of the O22 subprojects dealing with education, research, technology and, most important, seed improvement and multiplication specifically for low-cost, high-protein foods; and it would utilize the projects-by-campaign techniques being tested under O25 for further development of production programs for these foods applicable to small farmers. The distribution/delivery portion of the project would take off from the overall marketing improvement programs of O22 and O25 to help develop and assist in the initial provision of capital infrastructure for a specific delivery system to insure satisfactory servicing of the target group.

Details of the proposed project are in the process of being worked out within USAID/CR; AID/W TDY assistance will be requested shortly with a planned IRR presentation in January, 1975. The proposed \$7.0 million amount is obviously highly tentative, but it is requested that this amount be blocked in for preliminary FY-76 AID loan programming. Discussion of this proposal with the GOCR has been withheld pending USAID receipt of general AID/W reaction.

COSTA RICA
(Country or Subregion)

Table I

Summary of Commitments by Appropriation Category
(Loan Authorizations/Grant Obligations/PL 480 Shipments/HIC Authorizations)
(\$ thousands)

	<u>FY 1974</u> <u>Actual</u>	<u>FY 1975</u> <u>Estimate</u>	<u>FY 1976</u> <u>Request</u>	<u>FY 1977</u> <u>Projection</u>	<u>FY 1978</u> <u>Projection</u>
I. <u>Functional Development</u>					
<u>Appropriations</u>	8,809	1,063	7,961	770	600
Grants	1,009	1,063	961	770	600
New	()	(345)	()		
Ongoing	(1,009)	(718)	(961)	770	600
Loans	7,800		7,000		
A. <u>Food Production and Nutrition</u>	8,155	571	601	480	350
Grants	355	571			
New	()	(345)	()		
Ongoing	(355)	(226)	(601)	480	350
Loans	7,800		7,000		
B. <u>Population Planning and Health</u>	411	375	275	200	180
Grants (Title X)	(411)	(375)	(275)	200	180
Grants (non-Title X)	()	()	()		
New	()	()	()		
Ongoing	(411)	(375)	(275)	200	180
Loans					
C. <u>Education and Human Resources</u>	56	20	15	15	15
Grants	56	20	15	15	15
New	()	()	()		
Ongoing	(56)	(20)	(15)	15	15
D. <u>Selected Development Problems</u>	187	97	70	75	55
Grants	187	97	70	75	55
New	()	()	()		
Ongoing	(*87)	(97)	(70)	75	55
Loans					
E. <u>Selected Countries and Organizations</u>			N/A		
Grants					
New	()	()	()		
Ongoing	()	()	()		
Loans					

12/13/14

TABLE I (continued)

COSTA RICA

(Country or Subregion)

	<u>FY 1974</u> <u>Actual</u>	<u>FY 1975</u> <u>Estimate</u>	<u>FY 1976</u> <u>Request</u>	<u>FY 1977</u> <u>Projection</u>	<u>FY 1978</u> <u>Projection</u>
II. <u>Other Appropriations</u> (List by Appropriation Category)			N/A		
III. <u>Other Commitments</u>	<u>530</u>	<u>30501</u>			
HIG's	461	30,479	212		
PL 480 Title I shipments		30,000			
PL 480 Title II Shipments	530	501	212		
<u>TOTAL COMMITMENTS</u>	<u>9,330</u>	<u>31,564</u>	<u>8,173</u>	<u>770</u>	<u>600</u>

- 16 -

Part II

A. FOOD AND NUTRITION

G. PROGRESS TO DATE: AGRICULTURAL DEVELOPMENT
515-11-140-038

Evaluation

This project has not been evaluated per se since its prime purpose was to support, manage and monitor the A.D.P. being financed by loan 022. The 022 financed program has been evaluated in 1972 by Academia and in 1973 by ATAC; copies of which are on file with the Mission.

Life of PROP

The PROP covering this project was revised in November 1973 and approved by AID/W for its continuance through FY74. Its further viability was subject to a loan authorization within the new 025 for substantial support to marketing. This portion was deleted from the loan. Therefore, a PROP revision will be prepared to obtain authorization for the program for the period FY75-77.

Outputs

A.1. Management, coordination and advice to the GOGR Agricultural Development Plan provided by two direct-hire rural development officers.

A.2. On-going monitoring and evaluation of the ADP with special attention to identifying and providing remedies for "bottleneck areas" by ATAC. Its activities to include development of base-line studies and data to measure whether the program is reaching the target man.

A.3. Better training and capacitation programs for Ministry of Agriculture (MAG) technical personnel through monitoring of these programs by a Cal/Poly contractor. The technical personnel involved provide target farmers with technical assistance in groups thus trying to maximize their outreach.

Progress Made Against Outputs

A.1. Two direct-hire rural development officers provided overall monitoring and supervision of the Cooperative ADP GOGR/AID as financed by a combination of loan 022 and grant funds.

A.2. The annual evaluation of the ADP 022 was carried out by ATAC. This evaluation placed special attention on identifying and providing remedies for "bottleneck areas". Other activities included the development of base-line studies of the small farm operator as to the effectiveness of service provided him by the National Banking System and the Cooperative Movement.

A.3. Cal/Poly contractors carried out seven seminars with MAG technical personnel to improve their effectiveness through maximizing the outreach with better technical packages.

A.4. Management of cooperative and agricultural services activities of Agricultural Development Loan. Also provide technical assistance to CAN/MAG on development of regional plans and budget analysis, preparation and control. Assistance to be provided by Servicios Técnicos del Caribe contractors.

B.1. A MAG water resource department established with technical assistance of Utah State University.

B.2. The National Seed Council develops a seed improvement plan and initiates operations with Mississippi State University assistance.

B.3. The Food Technology Laboratory develops new processes for food processing and preservation with University of Florida advice.

C.1. The National Agricultural Development Plan for 1974-78 is prepared with assistance of Academia de Centroamérica contractors.

C.2. A comprehensive plan for the establishment of a viable marketing system for internally consumed agricultural products, namely fruits, vegetables and basic grains developed by PIMA (Integrated Agricultural Marketing Program) is assisted by Michigan State University contractors.

A.4. Servicios Tecnicos del Caribe contractors provided T.A. to the MAG at both National and Regional Level. During the year they assisted the MAG/Regional Offices develop seventeen special emphasis commodity projects. This forms a basis for future projects. Likewise, at the central level, budget and planning offices were reorganized with their assistance. The Coop component of the ADP is monitored and managed by Servicios Técnicos del Caribe.

B.1. A National Water Resource Department was established with the MAG with assistance from Utah State University.

B.2. The National Seed Council developed a seed improvement plan and has initiated its operation. Technical assistance in this activity was provided by Mississippi State University.

B.3. The Food Technology Laboratory was completed in April 1974 and is now equipped and staffed to do pilot operations for food processing and preservation. Technical assistance has been provided by the University of Florida.

C.1. The National Agricultural Development Plan for 1974-78 was prepared with assistance of Academia de Centroamérica contractors.

C.2. A comprehensive plan for the establishment of a viable marketing system for internally consumed agricultural products, namely fruits, and vegetables was developed by PIMA (Integrated Agricultural Marketing Program) with assistance by Michigan State University Marketing Specialists.

Funding Requirements Included in the
FY75 FBS will be Utilized as follows:
(\$000)

	<u>FY75</u>	<u>FY76</u>
<u>Contract Services</u>		
California Polytechnic State Univ.	50	50
Michigan State University	65	70
Servicios Técnicos del Caribe	45	-
American Technical Assistance Corporation	<u>40</u>	<u>30</u>
	200	150
 <u>Participants</u>		
4 short-term MAG management & seed tech. (2 each year)	6	6
 <u>Commodities</u>		
Commodity systems approach training	10	10
 <u>Other Costs</u>		
Invitational travel & general project support	<u>10</u>	<u>10</u>
	226	176

PROJECT BUDGET TABLE
(\$ thousands)

TABLE V

Project Title Agricultural Development

Financing Dates (FY)

Project Number 515-11-140-038

Obligations

Begin

End

Appropriation 72-11x1023

Expenditures

FY64

FY77

Estimated Total Costs: A. Per Latest PROP \$ 4545 B. Per Current Estimate \$ 4500

FY64

FY78

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.	Local/TCN							
	\$	MM	\$	MM	\$	MM	\$	\$	\$
FY 1974 Oblig.-Total	265	79	74	38	4	3	8	4	355
Direct					4	3	8	4	16
PASA									
Contract	265	79	74	38					339
FY 1974 Expend.-Total	245	81	63	32	4	3	2	4	318
Direct					4	3	2	4	10
PASA									
Contract	245	81	63	32					308
6/30/74 Unliq.-Total	234	65	15	6			6		255
Direct							6		6
PASA									
Contract	234	65	15	6					249
FY 1975 Oblig.-Total	170	44	30	14	6	4	10	10	226
Direct					6	4	10	10	26
PASA									
Contract	170	44	30	14					200
FY 1975 Expend.-Total	229	64	35	16	6	4	10	10	290
Direct					6	4	10	10	26
PASA									
Contract	229	64	35	16					264
6/30/75 Unliq.-Total	173	46	10	14			6		189
Direct							6		6
PASA									
Contract	173	46	10	14					183
FY 1976 Oblig.-Total	140	38	10	10	6	4	10	10	176
Direct					6	4	10	10	26
PASA									
Contract	140	38	10	10					150
FY 1976 Expend.-Total	165	43	24	10	6	4	12	10	217
Direct					6	4	12	10	23
PASA									
Contract	165	43	24	10					189

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-11-140-038

PASA/Contract Name California Polytechnic State University

Contract No. From (mo/yr) To (mo/yr)	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
	AID-515-245-T	AID-515-245-T	AID-515-245-T
	June 1, 1974	June 1, 1975	June 1, 1976
	May 31, 1975	May 31, 1976	May 31, 1977

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN		\$	MM			
	\$	MM	\$	MM			\$	\$	
FY 1974 Obligations	50	14						50	
FY 1974 Expenditures	4	1						4	
6/30/74 Unliquidated	46	13						46	
FY 1975 Obligations	50	14						50	
FY 1975 Expenditures	50	14						50	
6/30/75 Unliquidated	46	13						46	
FY 1976 Obligations	50	14						50	
FY 1976 Expenditures	50	14						50	

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-11-140-038

PASA/Contract Name Michigan State University

Funding Periods

Contract No. From (mo/yr) To (mo/yr)	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
	AID-515-250-T	AID-515-250-T	AID-515-250-T
	July 15, 1974	July 1, 1975	July 1, 1976
	June 30, 1975	June 30, 1976	June 30, 1977

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN		\$	MM	\$	\$	\$
	\$	MM	\$	MM					
FY 1974 Obligations	99	28							99
FY 1974 Expenditures									
6/30/74 Unliquidated	99	28							99
FY 1975 Obligations	65	16							65
FY 1975 Expenditures	77	22							77
6/30/75 Unliquidated	87	22							87
FY 1976 Obligations	70	20							70
FY 1976 Expenditures	65	16							65

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-11-140-038

PASA/Contract Name Servicios Técnicos del Caribe

		Funding Periods		
		Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No. From (mo/yr) To (mo/yr)		AID-515-207-E	AID-515-207-E	AID-515-207-E
		April 1, 1974	April 1, 1975	April 1, 1976
		May 31, 1975	May 31, 1976	May 31, 1977

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	\$	MM	\$	MM					
FY 1974 Obligations	90	24							90
FY 1974 Expenditures	15	4							15
6/30/74 Unliquidated	75	20							75
FY 1975 Obligations	45	12							45
FY 1975 Expenditures	85	22							85
6/30/75 Unliquidated	35	10							35
FY 1976 Obligations									
FY 1976 Expenditures	35	10							35

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-11-140-038

PASA/Contract Name American Technical Assistance Corporation

Funding Periods

Contract No.
From (mo/yr)
To (mo/yr)

Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
AID-515-239-T	AID-515-239-T	AID-515-239-T
December 5, 1973	January 1, 1975	January 1, 1977
December 31, 1974	December 31, 1976	December 31, 1977

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN		\$	MM			
	\$	MM	\$	MM					
FY 1974 Obligations	10	2	34	18				44	
FY 1974 Expenditures	5	1	20	13				25	
6/30/74 Unliquidated	5	1	14	5				19	
FY 1975 Obligations	10	2	30	14				40	
FY 1975 Expenditures	10	2	34	15				44	
6/30/75 Unliquidated	5	1	10	4				15	
FY 1976 Obligations	20	4	10	10				30	
FY 1976 Expenditures	15	3	24	12				39	

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
(\$ thousands)

U.S. Contract Technicians	FY 1975 Obligations			FY 1976 Obligations		
	No.	MMs	\$000	No.	MMs	\$000
Long-term	3	36	160	2	24	92
Short-term	5	22	40	8	24	58

Personnel (PASA/Contract/Grant implementing agent, and position title)	Actual FY 1974			Estimated FY 1975			Projected FY 1976			Projected FY 1977		
	On- board 6/30/ 74	MMs	Ex- pendi- tures (\$000)	On- board 6/30/ 75	MMs	Ex- pendi- tures (\$000)	On- board 6/30/ 76	MMs	Ex- pendi- tures (\$000)	On- board 6/30/ 77	MMs	Ex- pendi- tures (\$000)
1) AID-515-207-E Servicios Técnicos del Caribe	11	24	15	1	15	85	1	12	35	1	12	35
Total		90										
Direct costs		86										
Overhead		4										
2) AID-515-239-T American Technical Assistance Corporation	1111★	20	25	1111	16	44	1111	14	39	1111	12	30
Total		44										
US personnel		10										
Local personnel		21										
Overhead		13										
3) AID-515-245-T California Polytechnic State University	1	1	4	1	14	50	1	14	50	1	14	50
Total		50										
Salaries & other direct costs		43										
Indirect costs		7										

★ Local contractors.

Project Number 515-11-40-038

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
(\$ thousands)

Personnel (PASA/Contract/Grant implementing agent, and position title)	Actual FY 1974			Estimated FY 1975			Projected FY 1976			Projected FY 1977		
	On- board 6/30/ 74	MMS	Ex- pendi- tures (\$000)	On- board 6/30/ 75	MMS	Ex- pendi- tures (\$000)	On- board 6/30/ 76	MMS	Ex- pendi- tures (\$000)	On- board 6/30/ 77	MMS	Ex- pendi- tures (\$000)
8) PIO/T 515-038-3-40028 Mississippi State Univ. Total <u>2</u> Salary & travel 2 AID/W Task Order					1	2						

(for contract
personnel only)

Project No. 515-11-140-038

PROJECT PARTICIPANT TRAINING TABLE
(\$ thousands)

	DIRECT AID									CONTRACT		
	U.S. Academic			U.S. Non-Academic			3rd Country			No.	MMs	\$
	No.	MMs	\$	No.	MMs	\$	No.	MMs	\$	No.	MMs	\$
<u>FY 1974 Obligations</u>												
Long-term - new												
Long-term - continuing												
Short-term				1	3	4						
<u>FY 1974 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term				1	3	4						
<u>Unliquidated Oblig. - 6/30/74</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>FY 1975 Obligations</u>												
Long-term - new												
Long-term - continuing												
Short-term				2	4	6						
<u>FY 1975 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term				2	4	6						
<u>Unliquidated Oblig. - 6/30/75</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>FY 1976 Obligations</u>												
Long-term - new												
Long-term - continuing												
Short-term				2	4	6						
<u>FY 1976 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term				2	4	6						

TABLE IX

Project Number 515-11-140-038

COMMODITY AND OTHER COST BUDGET TABLE
(\$ thousands)

Commodity Budget (excludes centrally funded contraceptives)

6/30/74 Unliquidated (type and amount)

Vehicle 6

FY 1975 Obligations (type and amount)

Commodity systems approach training
program 10

FY 1976 Obligations (type and amount)

Commodity systems approach training
program 10

Other Cost Budget

6/30/74 Unliquidated (type and amount)

FY 1975 Obligations (type and amount)

Invitational travel & general project
support 10

FY 1976 Obligations (type and amount)

Invitational travel & general project
support 10

25/36

AGRICULTURE - FY 1975 (Authorized FY74)

3. Rural Development Program
PAF 515-T-025

1. Since Part I OAI submission, on June 12, 1974, AID Washington approved Loan No. 515-T-025 - Rural Development Program whose implementation will start in FY75. For this reason the USAID will include this narrative in the FY75 OAI.

The Loan Project is a continuation of the \$20,000,000 sector program authorized by AID in June, 1970 as Loan 515-T-022 (Agricultural Development) and 515-T-023 (Municipal Development). The purpose is to replicate in the program trained to improve the agriculture sector, specifically addressing selected aspects of the sector which contribute most directly to serving the small farmer. The activities of this program concentrate on improving the institutional capability of key organizations in the selected areas of rural agricultural service, cooperative development, rural credit, extension, and marketing.

Each the content of this program Loan funds will be utilized to aid improve Ministry of Agriculture management and execution of crop and livestock field service projects. The assistance the Ministry of the cooperatives and unions (MOPCO) and the rural extension to provide a wider range of products and services to the small farmer and to provide the National Institute (INPAM) to develop projects in rural community development, extension, and marketing. The program will also support the National Institute of Agricultural Extension (INAE) to provide extension services to the small farmer and to provide the National Institute of Agricultural Extension (INAE) to provide extension services to the small farmer.

The major objectives of the program are to provide the equivalent of \$10 million over the 7th year for the agricultural and extension services to improve the contribution of agriculture to the national economy. The program will also provide the equivalent of \$10 million over the 7th year for the agricultural and extension services to improve the contribution of agriculture to the national economy.

AGRICULTURAL SERVICES PROJECT

OBJECTIVES

The major objectives of this Project are to: (a) strengthen the MAG's (Ministry of Agriculture) management capability to provide agricultural services to the small farmer; (b) help the National Institute of Agricultural Extension (INAE) to coordinate agricultural extension services.

tivities financed by AID and (c) assist the GOCR to develop viable marketing systems for agricultural produce.

Major outputs expected over a three-year period are the following:

- (a) Implementation of up to 18 regional demonstration projects (Projects-by-Campaign) which utilize the latest extension methods and technology packages.
- (b) Coordinated planning of the above demonstration projects with appropriate management inputs from all participating MAG divisions which respond to the identified needs and desires of small farmer groups.
- (c) Assistance to small farmer groups in obtaining market information and price data, timely credit and fertilizers, to the extent that at least 30% of the demonstration projects are successful in both productivity and income farms.
- (d) MAG planning and project methodology has improved to a point where an increased level of projects-by-campaign can be programmed each year in all six regions. This requires up to 18 new technology packages designed, tested, and put to use by MAG extensionists by the end of 1977.
- (e) Adoption of program budgeting techniques, at national and regional levels, utilizing the projects-by-campaign approach as integrated programming vehicles.
- (f) Improved MAG budget ratios between fixed and operating costs toward achievement of a 70:30 ratio from the current 80:20. This will entail the provision of all MAG counterpart funds for the project for operating expenses, resisting further increases in personnel over and above 1974 staff levels.
- (g) Installation of new procedures and controls for preventive maintenance of equipment and an effective system for identification and planning of resupply-replacement.

- (h) Qualitative improvement in MAG Planning Office capabilities, including the (a) establishment of a regular information service for marketing data, prices, and supply/demand conditions per crop and livestock product, (b) use of modern management systems for resource allocation, decision-making, training needs projections, control and costing of research efforts, and (c) introduction of a system for project evaluation and analysis to assist in determining needed adjustments to project selection and execution.
- (i) An improved management system between MAG divisions and between central and regional offices, using projects-by-campaign techniques and leading to basic attitudinal changes, thus permitting substantial improvement in MAG services performance.
- (j) Introduction of mid-career management training programs for field extension personnel to maintain and upgrade their skills in production techniques and on-farm assistance methods.
- (k) Transfer of improved MAG planning and programming capabilities to the 6 regional agricultural centers and 47 cantonal centers which, in turn, promotes improved regional council (CANCITO) programs and planning.

b. Cooperative Development Project

(1) Objectives

The objective of this Project is to strengthen the capacity of the cooperative movement to respond to the needs of its members, most particularly those of small farmers. Emphasis will be placed on encouraging cooperatives to adopt a "full service approach" in support of the farmer.

Project outputs are planned as follows:

- (a) Strengthened institutions at the level of INFO-COOP and the participating cooperative organizations.
- (b) Increased number and total-value of production loans granted to small farmers.
- (c) Increased sales of production inputs through cooperative organizations.

- (d) Improved marketing systems provided by cooperatives, resulting in increased sales of agricultural produce through cooperative organizations.

c. Municipal Development Project

(1) Objectives

This Project will focus on the expansion of IFAM's outreach capability so that it can effectively assist all of Costa Rica's local governments in providing services and facilities to the rural population. Assistance to the municipalities will be in the areas of project identification, preparation, presentation, financing, execution and maintenance along with other key areas of local government planning and administration. This project will utilize the IFAM-municipality mechanism established in Loan 515-L-023 to carry out a series of development projects of broad cantonal benefit in the rural areas of Costa Rica

Major Project outputs expected are the following:

- (a) Completion of series of specific rural services projects, planned and administered by municipalities with IFAM's close technical assistance and financial support.
- (b) Establishment of a permanent source of long-term, low-interest capital assistance for rural areas through IFAM loan resources.
- (c) Decentralization of part of IFAM's staff with permanent placement of local offices to service major rural areas, which will offer a total assistance package in community planning, program execution and training.
- (d) Internal strengthening of IFAM as an institution through reorganization along the lines of the Checchi evaluation recommendations.
- (e) Establishment of new training mechanisms in municipal planning and development in Costa Rica for use by IFAM and all municipalities by developing a permanent training facility at the National University of Heredia.

C. NEW ACTIVITY - FY 1975-1976

5. Evaluation of Rural Development Loan 515-T-025
515-11-199-121

- (1) USAID/Costa Rica will begin in FY75 implementation of a Rural Development Loan (515-T-025) which is described separately in this submission. The Mission has also been charged with the task of evaluating the implementation and outputs of the loan for the period FY75-77. It is necessary for the USAID to have funds allocated especially for this evaluation function which we estimate will require an annual input of at least \$100,000 for three years starting in FY75.
- (2) The benefits derived from this evaluation exercise will be two-fold. First, this will be a tool for AID's own use in evaluating a program which if successful will serve as a model for other Rural Development Programs. Secondly, it will enable the GOCR to judge the effectiveness of the program in achieving measurable benefits for the target group, and thus serve as a guide to future policy and programming.
- (3) No other donors are engaged nor will be engaged in evaluating loan 025.
- (4) No studies or analyses are required to prepare this project.
- (5) It is estimated that the minimum cost of this evaluation program will be \$300,000 (\$100,000 each year from FY75 to FY77). Final cost figures will have to await completion of evaluation plan in August. These funds will be utilized to enter into contracts with various firms which already have experience in evaluating the Costa Rican Agricultural Sector, specifically under Loan 515-L-022 Agricultural Development and 515-L-023 Municipal Development predecessors of this new Loan 515-T-025. During the month of September, 1974, the USAID will submit to AID/W a PROF in order to obtain the funds required to perform the evaluation work.

-41-

PROJECT BUDGET TABLE
(\$ thousands)

TABLE V

Project Title Evaluation of Rural Development

Financing Dates (FY)

Program 515-T-025

Begin

End

Project Number 515-11-199-121

FY75

FY77

Appropriation 72-11x1026

Obligations
Expenditures

FY75

FY78

Estimated Total Costs: A. Per Latest PROP \$ 1/ B. Per Current Estimate \$

Project Budget & Expenditures	Personnel		Participants		Commod- ities	Other Costs	Total
	U.S. \$	MM	Local/TCN \$	MM			
FY 1974 Oblig.-Total							
Direct							
PASA							
Contract							
FY 1974 Expend.-Total							
Direct							
PASA							
Contract							
6/30/74 Unliq.-Total							
Direct							
PASA							
Contract							
FY 1975 Oblig.-Total	100	30					100
Direct							
PASA							
Contract	100	30					100
FY 1975 Expend.-Total	50	15					50
Direct							
PASA							
Contract	50	15					50
6/30/75 Unliq.-Total	50	15					50
Direct							
PASA							
Contract	50	15					50
FY 1976 Oblig.-Total	100	30					100
Direct							
PASA							
Contract	100	30					100
FY 1976 Expend.-Total	100	30					100
Direct							
PASA							
Contract	100	30					100

1/ PROP will be submitted October 1974 to AID/W.

- 42 -

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-11-199-121

PASA/Contract Name To be identified

Contract No. From (mo/yr) To (mo/yr)	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
		December 1974	January 1976
		December 1975	December 1976

Budget & Expenditures	Personnel				Participants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN		\$	MM	\$	\$	\$
	\$	MM	\$	MM					
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations	100	30							100
FY 1975 Expenditures	50	15							50
6/30/75 Unliquidated	50	15							50
FY 1976 Obligations	100	30							100
FY 1976 Expenditures	100	30							100

12/44-

C. NEW ACTIVITY - FY 1975

6. Food Marketing Technology, and Nutrition

a. Description

This new activity would set in motion a comprehensive program of research, project identification, and pre-feasibility analysis for improving nutrition through more efficient food marketing, new applications of food technology, and stimulating the production and consumption of low-cost nutritious foods and feeds not currently in wide use. The project would be oriented towards increasing small farm production and promotion of labor intensive small industry. It would concentrate upon production and processing of local food stuffs that can provide more adequate diets to the rural and urban poor. Special emphasis will be given to seeking low-cost, high protein sources for human and small animal consumption. The activity will directly support and supplement the objectives of agricultural loans 022 and 025, by extending the benefits of those programs from the small farmers to consumers. It is highly consistent with the GOCR's first priority of improving nutrition and with the proposed FY-75 AID loan (New Activity C. 1., above).

This project would be carried out in conjunction with the new Food Technology Laboratory, of the University of Costa Rica financed by loan 515-1-022, a new Food Processors Trade Association, the new National Science and Technology Council, the Ministry of Agriculture, the Ministry of Health and the National Production Council, the National Marketing Commission together with one technical staff FIMA, and the Faculty of Agronomy of the University. The USAID would provide grant financed T.A. through its University of Florida contract for Food Technology and the Michigan State University contract on marketing. Although various investigative activities are underway in this field, they are generally inadequately financed and inadequately coordinated.

Presently the marketing and processing aspects of agricultural produce has concentrated more on what is available rather than what can be needed to overcome the countries food deficiencies in such areas as child nutrition. Since the greatest problem in child nutrition is the lack of protein in the diet, efforts will be made to find new plant and animal sources of proteins. This will necessitate further research and testing of animal feeds as well as human foods. More research is needed in the utilization of by-products.

To overcome the past deficiency, a commodity system's approach will be designed to carry the research and

development from the producer to the consumer on those crops and livestock (small animal) products that can be identified as having the potential for improved human nutrition.

In sum, a constant dialogue must be created between what the consumer's wants and needs and what the producer can or should produce. The project will address this issue.

Research and feasibility studies to be carried out are as follows:

(1) Regional and local research agencies such as CATIE/UCR and the MAG have identified a possible breakthrough in the area of edible legumes such as soybeans and cowpeas as a substitute for the black bean. This is one of the mainstays in the diet of the Costa Rican poor. Certain obstacles of production are apparent; however, we believe that these are not insurmountable. A major concern does exist as to the marketing and promoting consumer acceptance for these new protein sources. Within this framework certain research, analysis, and promotion procedures must be developed. The new activity will cover the related activities in order to develop pilot operations for bringing about consumer acceptance. The Food Technology Laboratory, the MAG Extension Service, and I.M.A.S. would be the principal agencies through which the work would be carried out.

(2) Constraints in the production of small animals such as chickens and hogs impede access to a cheaper and better source of protein. Research, analysis, production, and marketing of new feeds for small animals will be undertaken as a corollary to the above activity. The Food Technology Laboratory, the C.N.P. and Coop supply stores will be actively engaged in the operation.

(3) Costa Rica is constantly faced with peaks and valleys of supplies of fruits and vegetables throughout the year. The movement of the fresh produce can be systematically improved, however, other preservation techniques need to be developed. The possibility of using various drying procedures including sun drying will be explored within the scope of this activity. The National Marketing Commission, the PIMA, INFOCOOP, the Ministry of Health, the MAG, and the Food Technology Laboratory will be involved in this development.

(4) Off-the-farm employment plays a significant role in improving the economic status of the rural poor. Food processing in the rural areas is a natural means for generating this employment. The socio-cultural industrial system will be analyzed in order to promote decentralized operation.

Many times packaging is not considered and can bring about substantial savings. In addition, all garbage problems in the network will be solved. The garbage does not go to the central market, but is used as live-stock feed or for industrial purposes. The Processors Trade Association, the UNCTAD, and other related agencies will be utilized for technical assistance.

The USAID concept of technical assistance would primarily be technical assistance. The Costa Rican and Florida Universities are presently providing technical assistance to the GOCR/USAID Agricultural Development Project. They would be considered most appropriate for technical assistance as well. The short-term assistance would be provided by public or private consultant groups and the long-term assistance by the U. S. technical consultants. The Costa Rican counterparts in research and project implementation. As the various activities are implemented, the catalytic agencies will be the budget items listed for special equipment. The budget would be used for the development of individual project activities. No budget would be provided to existing collaborating agencies.

b. Major Income Groups - The major income groups, who would obtain the most benefit, are those with less cost. These groups currently are undernourished due to high rates of inflation, especially the urban population which are occurring for staple food items. The diet of their diet.

c. Other Income Groups - The research organization can assist in the development of the UNCTAD can provide limited (but essential) technical assistance on nutritional problems. The infrastructure (e.g. wholesale market) project would in no way duplicate other projects of other International and Local agencies.

d. Studies and Reports - The studies from AID/W or ROCAP will be prepared. The procedures namely the PROC for the project will be prepared by November 1, 1971.

e. In order to estimate the cost, it is estimated that \$500,000 will be required in the following general categories:

Contract personnel

24 man months Market analysis \$125,000

24 man months Food technology 125,000

24 man months Short-term consultants for development of grades, standards, marketing and industrial procedures 100,000

Contract Services

1 computer runs, special studies, etc. 100,000

Supplies and equipment 50,000
\$500,000

Details will be supplied during the IRR and PPP process.

PROJECT BUDGET TABLE
(\$ Thousands)

TABLE V

Project Title: Food Marketing Technology and Nutrition

Financing Dates (FY)

Project Number: To be determined 1/

Obligations

Begin

End

Appropriation

Expenditures

FY 75

FY 77

FY 75

FY 78

Estimated Total Costs: A. Per Latest PROP \$ 2/ B. Per Current Estimate \$ 500

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.	Local/TCN							
	\$	MM	\$	MM	\$	MM	\$	\$	
FY 1974 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1974 Expend.-Total									
Direct									
PASA									
Contract									
6/30/74 Unliq.-Total									
Direct									
PASA									
Contract									
FY 1975 Oblig.-Total	100	25					25	20	145
Direct							25		25
PASA									
Contract	100	25						20	120
FY 1975 Expend.-Total	30	8					25	20	75
Direct							25		25
PASA									
Contract	30	8						20	50
6/30/75 Unliq.-Total	70	17							70
Direct									
PASA									
Contract	70	17							70
FY 1976 Oblig.-Total	150	37					25	50	225
Direct							25		25
PASA									
Contract	150	37						50	200
FY 1976 Expend.-Total	120	29					25	50	195
Direct							25		25
PASA									
Contract	120	29						50	170

1/ May be incorporated into 515-11-140-038.

2/ PROP will be submitted to AID/W in November, 1974.

- 49,500

TABLE VI

PROJECT PASA/CONTRACT TRAIN BACK-UP BUDGET TABLE
(\$ thousands)

Project Number To be determined 1/

PASA/Contract Name To be determined 2/

Contract No.
From (mo/yr)
To (mo/yr)

Fiscal Period		
Current - FY 1974	FY 1975	FY 1976

Budget & Expenditures	Personnel		Participants		Contract - Other		Total
	U.S.						
	\$	MM	\$	MM	\$	MM	
FY 1974 Obligations							
FY 1974 Expenditures							
6/30/74 Unliquidated							
FY 1975 Obligations	100	25					
FY 1975 Expenditures	30	8					
6/30/75 Unliquidated	70	17					
FY 1976 Obligations	130	37					
FY 1976 Expenditures	120	29					

1/ May be incorporated into 515-11-140-038.
2/ Contract services in the fields of market analysis, food processing, grades standards and industrial processes.

Project Number To be determined 1/

COMMODITY AND OTHER COST BUDGET TABLE
(\$ thousands)

Commodity Budget (excludes centrally funded contraceptives)
6/30/74 Unliquidated (type and amount)

FY 1975 Obligations (type and amount)
Equipment and supplies 25

FY 1976 Obligations (type and amount)
Equipment and supplies 25

Other Cost Budget
6/30/74 Unliquidated (type and amount)

FY 1975 Obligations (type and amount)
Computer services 20

FY 1976 Obligations (type and amount)
Computer services 50

1/ May be incorporated into 515-11-140-038.

C. NEW ACTIVITIES - FY 1975

4. Research on Land Tenure Usage and Related Attitudes

a. Description:

This grant funded project would produce special studies and analysis for the purpose of determining more effective land tenure and usage for the rural poor. Major emphasis of this research would be given to ascertaining the motivations and aspirations of the rural poor with particular reference to land ownership vs. alternative sources of income. In a subsequent phase, studies would define what opportunities are available to meet these aspirations and how they may be incorporated into the future programming cycle.

b. Relationship of Activity to USAID Priorities and Programs.

The Costa Rica/USAID Agricultural Development Program has for the past four years concentrated its efforts on the improvement the small farm operator's well being. While there has been noteworthy progress, certain activities within the total program have not had anticipated acceptance nor desired results. Base-line studies to date indicate that off-the farm income plays an important role in the welfare of the Costa Rican small farm operator. Preliminary results of the Land Sale Guaranty Fund demonstrate that many of the rural poor do not necessarily want land; rather they want steady employment. To date little is known about the extent to which the Land Titling Program has benefited the small farm operator or the rural poor. From limited observation thus far it appears that the program is contributing to the consolidation of small land parcels into more economic units thus alleviating "manifundio" problems. However, systematic studies are required to confirm this possible trend, and to determine whether it is beneficial or not to the poorest strata of the rural population.

Knowledge derived from such research will be highly useful to the GOCR in future policy making and programming, and essential to the evaluation and future implementation on on-going and authorized AID loans.

c. Major Project Beneficiaries.

This project will provide information for better planning and execution of land tenure and usage programs for the beneficiaries of the Agricultural Development Program. The intent of land-related activities of this program is to provide to rural poor who so desire secure titular or tenancy conditions, helping these to acquire land as landless or to add to marginal holdings if desirable. In addition, this new

project will explore the extent to which land ownership is a major aspiration of the rural poor and, depending on the findings, seek to identify criteria and priorities for programs benefiting that portion of the population for which land ownership may not be possible, or may not correspond to their most urgent needs.

d. Studies or Analysis

The purpose of this project is to perform the studies and analyses, evaluations and research that are needed to determine how best to improve the transferrability of land and its usage among the rural poor. Four studies have been identified as critical, and other essential studies may be identified in the process of their execution.

(1) Review of literature dealing with Costa Rican land problems. The objective is to explore the opportunity for discovery of overlooked facts which may assist in interpreting the land problem in Costa Rica and to identify areas needing additional research.

(a) Status of land ownership and tenure (1973 census).

(b) System of land ownership and transfer (Agrarian Law Project).

(c) Socio-anthropological studies of rural poor.

- Surveys by Agrarian Law Project, ATAC and AITEC/DINADECO.

- Studies of cultural characteristics, felt needs, aspirations and social organizations of rural Costa Ricans.

(2) In-depth evaluation of Land Titling Project to determine what has happened to recipients of land titles as a direct result of title ownership.

(3) In-depth evaluation of Land Sale Guaranty Fund to determine the characteristics of beneficiaries, the benefits perceived, and any program weaknesses.

(4) A review of the land usage in Costa Rica to determine how this might be vitalized to improve transferrability of land to the rural poor who have desire and initiative to put it to good usage. In addition to a description of the system and its strengths and weaknesses,

the study would seek to determine status and recommend action in the following areas:

- Single proprietor acquisition. A major weakness cited by ATAC in its evaluation of the ADP was the inability of individual small farmers to add to holdings in settled areas or to acquire land in partially developed areas. The Land Sale Guaranty Fund is restricted to groups, as are similar ITCO programs.

- Credit for land acquisition. The inadequacy of multi-year credit for land acquisition seriously limits the fluidity of the land market and restricts accessibility by small farmers. National Banking System agents cite attempts to purchase land on short term credit as a significant cause of small farmer economic difficulties.

(5) Additional studies will draw upon all the above to define the problem of landless rural people, and explore alternative policies and programs to improve their well-being under conditions in which land acquisition may not be feasible and/or desired.

e. Cost and Duration

Costs for technical services to perform these studies are estimated at \$300,000 over a two to three-year period:

A. Literature Review	\$ 40,000
B. Land Titling Evaluation	80,000
C. Land Sale Guaranty Fund Evaluation	30,000
D. Analysis of Land Usage	70,000
E. Additional Studies	<u>80,000</u>
	\$300,000

PROJECT BUDGET TAB
(\$ thousands)

10/15/74

Project Title Research on Land Tenure Usage & Related Attitudes 1/
Project Number 515-11- to be determined
Appropriation _____
Estimated Total Costs: A. Per Latest PROP \$ _____

		Financing Dates (FY)	
		Begin	End
Obligations		FY75	FY77
Expenditures		FY75	FY78
Estimated Total Costs: B. Per current Estimate \$		300	

Project Budget & Expenditures	Personnel				Participat.		Travel	Other Costs	Total
	U.S.		Local CM		\$	MM			
	\$	MM	\$	MM	\$	MM	\$	\$	\$
<u>FY 1974 Oblig.-Total</u>									
Direct									
PASA									
Contract									
<u>FY 1974 Expend.-Total</u>									
Direct									
PASA									
Contract									
<u>6/30/74 Unliq.-Total</u>									
Direct									
PASA									
Contract									
<u>FY 1975 Oblig.-Total</u>	100	25							100
Direct									
PASA									
Contract	100	25							100
<u>FY 1975 Expend.-Total</u>	30	8							30
Direct									
PASA									
Contract	30	8							30
<u>6/30/75 Unliq.-Total</u>	70	17							70
Direct									
PASA									
Contract	70	17							70
<u>FY 1976 Oblig.-Total</u>	100	25							100
Direct									
PASA									
Contract	100	25							100
<u>FY 1976 Expend.-Total</u>	110	28							110
Direct									
PASA									
Contract	110	28							110

1/ PROP will be submitted to AID/W November 1974. This project may be incorporated into 515-11-140-038.

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number To be determined 1/

PASA/Contract Name To be determined 2/

		Funding Periods		
		Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.				
From (mo/yr)		January 1975	January 1976	
To (mo/yr)		December 1975	December 1976	

Budget & Expenditures	Personnel				Participants		Commod-	Other	Total
	U.S.		Local/TCN						
	\$	MM	\$	MM					
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations	100	25							100
FY 1975 Expenditures	30	8							30
6/30/75 Unliquidated	70	17							70
FY 1976 Obligations	100	25							100
FY 1976 Expenditures	110	28							110

1/ This project may be incorporated as part of 15-11-140-038

2/ See narrative part for breakdown on contract services to be obtained.

- 21 -
57/58

E. FL-480 TITLE II

1. General:

By previous decision, the FL-480 Title II program in Costa Rica was scheduled to terminate by FY 1975 at a level of 33,000 recipients in MCH and 75,000 recipients in SLP. Subsequent to that decision, the new GOCR Administration has established nutrition as its first priority and has proposed to the Legislature special new taxes which will generate substantial financial resources, a major portion of which will be available for purchase of locally produced foods which will be channeled to the target group of children from 0 to 12 years of age and to pregnant and lactating mothers.

Detailed planning for this program has not been completed and it is expected that up to 2 years will be necessary to create the delivery and management systems, and more importantly, to mobilize the agricultural sector to produce these significantly increased quantities of low-cost nutritious foods to be purchased by the funds established from the new taxes. In the interim, the quantities of food available in the country at the present time are insufficient especially for commodities of high protein content.

The GOCR has presented a strong and urgent request to Embassy/USAID to extend the termination period of the Title II program and at higher recipient levels in order to prevent a highly damaging reduction or termination of current feeding activities, at the very time when the GOCR is initiating national self-help efforts (e.g. special taxes earmarked for nutrition). Such a longer phase-out period, is essential to avoid this hiatus and allow the GOCR time to create the management and delivery systems and stimulate the necessary additional production. For this reason, the Mission proposes that the recipient levels for FY-75 be 15,000 for MCH, 200,000 for SLP, and 4,000 for OCF; and for FY-76, 15,000 MCH and 75,000 SLP.

Every effort should be made to assist the GOCR to launch its nutrition campaign. If Title II commodities cannot be made available, then efforts should be made to obtain high protein blended foods through a small Title I program.

2. Proposed Expansions:

None.

3. Maternal Child Health:

The National Nutrition Plan described above will be expanded primarily in this category, and once it becomes operative such expansion will be considerable and will be financed from local resources.

4. Food for Work:

No activity proposed, with the exception of a minor World Food Program operation.

5. School Lunch:

Under the National Nutrition Plan this program will continue to expand and improve, especially in the rural areas.

B. POPULATION PLANNING AND HEALTH

F. PANAMA PROGRAM
511-11-500-100

The Program for FY-75 and 76

The main purpose of the USAID population program for Costa Rica during FY-75 and FY-76 will be to strengthen the GOCR Rural Health and Family Planning Program while maintaining the broad coverage already achieved in the urban and semi-urban areas. Available data indicate that in Costa Rica access to fertility is virtually nonexistent in isolated rural villages with little or no access to health services and among recent migrants to the urban areas living in small marginal grant towns. These people need better information about the benefits of spacing children and the alternatives available to regulate their fertility.

USAID assistance will continue to support the major effort of the GOCR and the voluntary organizations of the country in their sex education and family planning programs. Beginning in 1974 the ONDA received a two-year renewable four-year grant (\$0.2 million) to conduct activities in the members of COMAPO. USAID will continue to support these activities which offer the best possible alternatives to the isolated rural family with information and services. The combined health and family planning will help to lower morbidity rates among young children and to reduce continuing deaths in the infant and child under five age group.

The Costa Rican Demographic Research Center will be granted core support to enable this organization to continue as the innovator and de facto central organization for the national population program.

USAID assistance to the ONDA and the Family Planning Center (CFI) will continue to support the program for the minority black population and to bring them into the mainstream of the country's population program. The CFI will be gradually phased out of the program over a three-year period as the program is integrated into the regular public health and family planning services of the Ministry of Health and Social Security Institution.

The primary innovative project to be carried out in FY-75 will be the training of a small number of health care providers. Health care specialists will be trained in a program which will be similar to that developed by the Medical Center for Tropical Hospital, Tortuga, Cuba. The graduates will be equipped with the knowledge and skills necessary to identify and deal with the abnormal, with special attention to the diagnosis and services to rural areas with their own resources. Basically healthy individuals with minor problems will be referred to a physician in the urban area. The program will

12
-11-

within the medical hierarchy will relieve the physician of an estimated 60-75% of his normal routine workload, freeing him to spend more time on the sick patient in need of sophisticated diagnosis and treatment.

Because this introduction of the WHCS into the traditional medical team is completely new and controversial, we anticipate considerable resistance from the College of Nursing and the College of Physicians and Surgeons. However, as the program is tested on a pilot experiment basis and the benefits are recognized, we are confident that opposition will turn into support.

USAID will continue supporting the Center for Family Integration (CFI) because the enlightened Christian Family Movement of the Catholic Church possesses a unique ability to reach young people about to be married with a course that emphasizes responsible parenthood, small family size and the freedom to regulate fertility according to the individual consciences of the spouses. CFI's basic aim is to help create an environment and understanding among young Costa Ricans in which children will be conceived and reared in dignity within families that are conscious of their social duty not to have more offspring than they can support and educate in a decent manner.

The Ministry of Health will maintain with the supporting assistance of USAID, its regular FP clinics throughout the country and expand the Rural Health Pilot program to cover the heretofore abandoned rural family with basic preventive health and FP services. Nutrition programs will be expanded and linked for the first time with comprehensive FP information and service programs to enable the farm family to regulate its procreation with the same effectiveness that has come to be the norm in the urban areas. The resulting improvement of general maternal/child health will enhance the learning ability of the school population and reduce the high level of child malnutrition prevalent in the rural areas.

USAID will continue to send key leaders to seminars, meetings and short training courses in the broad field of population and FP to stimulate continuous interest among decision-makers leading to the adoption of a CLR population policy that is both comprehensive and creatively practical for the achievement of procreative practices that will enhance rather than retard socio-economic and cultural development.

Finally, USAID will begin to support a moderate research effort to measure the effectiveness and acceptance of the introduction of the WHCS paramedical specialty into the medical system of CR.

FUNDING REQUIREMENTS INCLUDED IN THE FY 76 FBS
WILL BE UTILIZED AS FOLLOWS:

	<u>FY75</u>	<u>FY76</u>
<u>Commodities:</u>		
Office equipment, vehicles and medical equipment for CRDA, MOH and CIF	\$ 85,000	\$ 45,000
<u>Other Costs:</u>		
Budget support to:		
1) CRDA	155,000	108,000
2) CIF	35,000	25,000
3) MOH	60,000	57,000
Invitational travel	20,000	20,000
Rural Health Program Research	<u>20,000</u>	<u>20,000</u>
	\$375,000	\$275,000

Project Outputs

1. Rural Community Medicine Program:

a. 4 nurse trainers were sent to Los Angeles and will be graduating the first week of August. The first local course for 12 auxiliary nurses will start in October for a period of 6 months. Next September, 8 more nurse trainers will go to Los Angeles to take the course on Women's Health Care Specialists. After their return from Los Angeles, they will train locally 20 auxiliary nurses. The course will start in January and will be finished by June, 1975.

b. Up to present only conventional contraceptives are available in the 54 presently operating Health Posts. 17 auxiliary nurses were trained and are now working in the RHP.

c. Since the 17 nurses began working in June, only those Health Posts are delivering Family Planning services. The average coverage cannot be determined at the present time.

2. F.P. Program Maintenance:

a. Ministry of Health by 1976:

85 clinics
7 mobile units
10 hospitals (on schedule)

b. Social Security Institute by 1976:

15 clinics
7 hospitals (on schedule)

3. Information, Communication and Education Program per year:

Demographic Association:

30,000 radio programs broadcast
250,000 booklets published
11 series of slides produced
250 flip charts produced
1,840 inches of new stories
1 experimental information center (Limón) (on schedule)

4. Research and Evaluation CESPO Evaluation Unit:

2 major studies per year to 1977
3 minor studies per year to 1977 (on schedule)

5. Sex Education Program CESPO Cumulative:

Teachers trained:

1973 - 1,700
1974 - 2,400
1975 - 3,000
1976 - 3,500 (on schedule)

Prop Status

The PROP for this project has been approved for financing through FY-76.

Evaluation

The last Mission evaluation of this program was held in May, 1974 and the results were submitted to AID/W.

TABLE IX

Project Number 515-11-580-105

COMMODITY AND OTHER COST BUDGET TABLE
(\$ thousands)

Commodity Budget (excludes centrally funded contraceptives)

6/30/74 Unliquidated (type and amount)

Office equipment, vehicles, medical equipment 77

FY 1975 Obligations (type and amount)

Office equipment, vehicles, medical equipment 85

FY 1976 Obligations (type and amount)

Office equipment, vehicles, medical equipment 45

Other Cost Budget

102

6/30/74 Unliquidated (type and amount)

Budget support to Demographic Association, Ministry of Health,
Social Security Institute and Center for Family Integration

FY 1975 Obligations (type and amount)

290

Budget support to Demographic Association, Center for
Family Integration and Ministry of Health, invitational
travel and research

FY 1976 Obligations (type and amount)

230

Budget support to Demographic Association, Center for
Family Integration and Ministry of Health invitational
travel and research

OTHER COSTS (\$000)

	<u>75</u>	<u>76</u>
Demographic Association	155	108
Center for Family Integration	35	25
Ministry of Health	60	57
Invitational travel	20	20
Research Rural Health Program	20	20
	<u>290</u>	<u>230</u>

Project Number 515-11-580-105

TABLE IX A
(continued)

CENTRALLY FUNDED TITLE X CONTRACEPTIVES
FOR BILATERAL PROGRAMS

	Condoms		
	Quantity	Costs ^{a/} \$ thousands	Number of condom users
1. <u>Usage through FY 1975</u>			
FY 1975 Usage	4,800	24	3,840
FY 1976 Usage	5,400	27	4,320
FY 1977 Usage	6,000	30	4,800
2. <u>6/30/74 Unused</u>			XXXX
Central Warehouse	2,400	9	XXXX
Public Sector Distribution System			XXXX
On order and confirmed by AID/W			XXXX
3. FY 1975 Obligations			XXXX
4/ FY 1978 Usage	6,500	33	5,200
5. FY 1976 Obligations			XXXX

a/ For FY 1974 Obligations calculate based on \$3.00 per gross plus 20% for transportation. For succeeding years, calculate based on \$4.20 per gross plus 20% for transportation.

84
\$5.04

- 70 -

C. EDUCATION AND HUMAN RESOURCES DEVELOPMENT

D. PUBLIC SAFETY

515-11-710-061

1. As indicated in San José 2642 of July 11, 1974 Embassy/USAID request 15 training slots for Public Safety in FY-75, as follows:

<u>No. of Participants</u>	<u>Type of Training</u>	<u>Dates</u>
2	Instructor Methods - IPA	Sept. 9 - Dec. 20/74
5	Police Patrol Operations	Sept. 9 - Dec. 20/74 (3) Jan. 6 - Apr. 18/75 (2)
2	Special VIP Training (See SAN JOSE 2907 of 8-13-73 and SAN JOSE 3279 of 9-13-73)	To be determined
2.	Ballistics and Lab. Photography (See STATE 84431 of 4-25-74)	To be determined
1	Records Identification-IPA	Jan. 6 - Apr. 18/75
3	Border Customs Control - IPA	Jan. 6/75 - 3 weeks
<u>15</u>		

2. The above 15 positions represent a combination of the slots requested in the FY-75 Congressional Presentation and four more positions approved by AID/W outside the CP as indicated above.

Positions Included in FY-75 CP:

2 Instructor Methods
5 Police Patrol Operations
1 Records Identification
3 Border/Customs Patrol

Positions Approved Outside CP:

- 2 Ballistics and Lab. Photography (see STATE 84431 of 4-25-74)
- 2 Special VIP Training (see SAN JOSE 2907 of 8-13-73 and SAN JOSE 3279 of 9-13-73)

3. For 10 years the USAID provided technical assistance in Public Safety to the GOCR. Throughout those years the GOCR was receptive to the advice of the AID technicians; however, lack of budgetary resources and trained personnel have plagued the police forces of Costa Rica and diminished their effectiveness. In recent months the country is experiencing a marked increase in the incidence of crimes, many of which involve a degree of violence which had never before been experienced in Costa Rica.

On May 8, 1974 the new Administration of President Oduber took office; and subsequently, the GOCR has shown a strong desire to improve the police's capability. The Ministers of Government and Public Security which are in charge of the Civil Guard and the Rural Guard respectively, the Ministry of the Presidency which supervises the National Police School and the Supreme Court under which is the Judicial Police, have expressed to the USAID their interest in sending selected officials of each Ministry for training. Accordingly, the fields of specialization indicated above are a direct response to the types of training needs identified by the GOCR.

4. It is expected that the GOCR will continue to desire police training in FY-76, but precise courses have not, and cannot now be identified. We recommend 10 training positions for planning purposes, courses to be determined at a later date.

PROJECT BUDGET TABLE
(\$ thousands)

TABLE V

Project Title Public Safety

Project Number 515-11-710-061

Appropriation 72-11X1025

Estimated Total Costs: A. Per Latest PROP \$2,000

Obligations
Expenditures

Financing Dates (FY)

<u>Begin</u>	<u>End</u>
FY63	FY74
FY63	FY74

B. Per Current Estimate \$ 1,818 1/

Project Budget & Expenditures	Personnel				Participants		Commod- ities	Other Costs	Total		
	U.S.		Local/TCN		\$	MM				\$	\$
	\$	MM	\$	MM							
FY 1974 Oblig.-Total					7	8	2	4	13		
Direct					7	8	2	4	13		
PASA											
Contract											
FY 1974 Expend.-Total					7	8	2	4	13		
Direct					7	8	2	4	13		
PASA											
Contract											
6/30/74 Unliq.-Total					-	-	-	-	-		
Direct											
PASA											
Contract											
FY 1975 Oblig.-Total 2/											
Direct											
PASA											
Contract											
FY 1975 Expend.-Total											
Direct											
PASA											
Contract											
6/30/75 Unliq.-Total											
Direct											
PASA											
Contract											
FY 1976 Oblig.-Total											
Direct											
PASA											
Contract											
FY 1976 Expend.-Total											
Direct											
PASA											
Contract											

1/ Includes personnel costs through 6-30-73 and total cost as of 6-30-74.

2/ Centrally funded as of FY75. See Public Safety Narrative.

TABIE VIII

Public Safety
Project No. 518-11-710-061

PROJECT PARTICIPANT TRAINING TABLE
(\$ thousands)

	DIRECT AID									CONTRACT		
	U.S. Academic			U.S. Non-Academic			3rd Country			No.	MMs	\$
	No.	MMs	\$	No.	MMs	\$	No.	MMs	\$			
<u>FY 1974 Obligations</u>												
Long-term - new												
Long-term - continuing												
Short-term				2	8	7						
<u>FY 1974 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term				2	8	7						
<u>Unliquidated Oblig. - 6/30/74</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>FY 1975 Obligations 1/</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>FY 1975 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>Unliquidated Oblig. - 9/30/75</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>FY 1976 Obligations</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>FY 1976 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term												

1/ Centrally funded as of FY75. See Public Safety Narrative.

-75-

D. SELECTED DEVELOPMENT PROBLEMS

PROJECT BUDGET TABLE
(\$ thousands)

TABLE V

Project Title Civic & Social Research &
Department
 Project Number 515-11-393 116
 Appropriation 72-11-1026
 Estimate Total Costs: A. Per Latest PROP \$ 972 B. Per Current Estimate \$ 857

Financing Dates (FY)	
Begin	End
Obligation: FY71	FY74
Expenditure: FY71	FY75

Budget Category	Personnel		Participants	Commodities	Other Costs	Total	
	U.S.	Local/TON					
Amount	\$	\$ MM	\$	\$	\$	\$	
FY 1971 Oblig.-Total	135	19	25	14	10	8	157
1972				14	10		
1973	135	19	25			8	157
FY 1974 Expend.-Total	60	7	10			1	61
1975	60	7	10			1	61
6/30/76 Oblig.-Total	75	12	15	14	10	7	93
1977				14	10		24
1978	75	12	15			7	92
FY 1979 Oblig.-Total							
1980							
FY 1981 Expend.-Total	75	12	15	14	10	7	93
1982				14	10		24
1983	75	12	15			7	92
6/30/84 Oblig.-Total							
1985							
FY 1986 Oblig.-Total							
1987							
FY 1988 Expend.-Total							
Direct							
GRSA							
Contract							

1/ Project terminated as of June 30, 1974.

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-15-899-116

PASA/Contract Name Checcati & Co.

Contract No. From (mo/yr) To (mo/yr)	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
	AID-515-251-T		
	March 31, 1974		
	Dec. 31, 1974		

Budget % Expenditures	Personnel		Participants	Commod- ities	Other Costs	Total
	U.S.	Local/TCN				
	\$ MM	\$ MM	\$ MM	\$	\$	\$
FY 1974 Obligations	21	3				21
FY 1974 Expenditures	7	1				7
6/30/74 Unliquidated	14	2				14
FY 1975 Obligations						
FY 1975 Expenditures	14	2				14
6/30/75 Unliquidated						
FY 1976 Obligations						
FY 1976 Expenditures						

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-16-888-116

PASA/Contract Name AITEC (Acción Internacional Técnica)

Contract No. From (mo/yr) To (mo/yr)	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
AID-515-249-T			
January 1, 1974			
January 1, 1975			

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN		\$	MM	\$	\$	\$
	\$	MM	\$	MM					
FY 1974 Obligations	75	15	25	1/					75
FY 1974 Expenditures	33	6	10						33
6/30/74 Unliquidated	42	9	15						42
FY 1975 Obligations									
FY 1975 Expenditures	42	9	15						42
6/30/75 Unliquidated									
FY 1976 Obligations									
FY 1976 Expenditures									

1/ Contract finances 15 MM of U. S. personnel and 25 MM of local personnel.

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-5-899-116

PASA/Contract Name To be identified 1/

Contract No. From (mo/yr) To (mo/yr)	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
June 1974			
June 1975			

Budget & Expenditures	Personnel		Participants	Commod- ities	Other Costs	Total
	U.S.	Local/TEN				
	\$ MM	\$ MM	\$ MM	\$	\$	\$
FY 1974 Obligations	27	5				27
FY 1974 Expenditures						
6/30/74 Unliquidated	27	5				27
FY 1975 Obligations						
FY 1975 Expenditures	27	5				27
6/30/75 Unliquidated						
FY 1976 Obligations						
FY 1976 Expenditures						

1/ Regional development studies contract.

- 81 -

Project Number 515-15-899-116

PROJECT PASA/CONTRACT/GRANT PER PERSONNEL TABLE
(\$ thousands)

U.S. Contract Technicians Long-term Short-term	FY 1975 Obligations		FY 1976 Obligations		Projected FY 1977	
	No.	\$000	No.	\$000	On- line 6/30/ 77	Ex- tended 6/30/ 77
Personnel (PASA/Contract/Grant implementation agent, and position title)	Account #	Ex- tended (\$000)	Estimated FY 1975	Projected FY 1976	Projected FY 1977	Ex- tended (\$000)
1) Contract AID-515-254-T Jesus H. Hinojosa Total \$5,000 Fixed Price PSC	1	7	6/30/75	6/30/76	6/30/77	(for contract personnel only)
2) Contract AID-515-251-T Checchi & Co. Total \$21,000 Field cost 2 MM 10,500 Home office 1 MM 7,000 Overhead 4,500	3	7				
3) Contract AID 515 249 T AITEC Total \$75,000 Fixed Price -	6	33				

- P.3 -

TABLE IX

Project Number 515-15-899-116

COMMODITY AND OTHER COST BUDGET TABLE
(\$ thousands)

Commodity Budget (excludes centrally funded contraceptives)
6/30/74 Unliquidated (type and amount)

FY 1975 Obligations (type and amount)

FY 1976 Obligations (type and amount)

Other Cost Budget
6/30/74 Unliquidated (type and amount)

Local contract services 7

FY 1975 Obligations (type and amount)

FY 1976 Obligations (type and amount)

84

~~41~~

H. TECHNICAL SUPPORT
515-11-999-000

This project covers specialized support for selected projects addressed under the Selected Development Problems category. For FY's 75 and 76 this project includes residual activities funded under project 116 (Civic & Social Research & Development) up to FY74. Small amounts of assistance will be provided to the Ministry of Labor, the National Office of Community Development (DINADECO), the Municipal Development Institute (IFAM), the Organization of Costa Rican Women (OCC), and the Office of Industrial Housing (OVI).

-85-

PROJECT BUDGET TABLE
(\$ thousands)

TABLE V

Project Title Technical Support

Financing Dates (FY)

Project Number 515-11-999-000

Obligations

Begin FY53 End Continuing

Appropriation 72-11x1025 and 72-11x1026

Expenditures

FY53 Continuing

Estimated Total Costs: A. Per Latest PROP S B. Per Current Estimate \$

Project Budget & Expenditures	Personnel		Participants		Commodities	Other Costs	Total
	U.S.	Local/TOTN					
	\$ MM	\$ MM	\$ MM	\$ MM	\$	\$	\$
FY 1974 Oblig.-Total	39	11		22 17		12	73
Direct				22 17		12	51
PASA	4	2					6
Contract	35	9					35
FY 1974 Expend.-Total	29	7		22 17	7	20	76
Direct				22 17	7	20	49
PASA	4	2					6
Contract	23	5					23
6/30/74 Unliq.-Total	17	3					19
Direct							
PASA							
Contract	17	3					17
FY 1975 Oblig.-Total	62	9		20 14	5	30	137
Direct				20 14	5	30	69
PASA							
Contract	62	9					62
FY 1975 Expend.-Total	69	11		20 14	5	20	134
Direct				20 14	5	20	45
PASA							
Contract	69	11					69
6/30/75 Unliq.-Total	19	2				10	20
Direct						10	10
PASA							
Contract	19	2					19
FY 1976 Oblig.-Total	40	8		15 10	5	25	83
Direct				15 10	5	25	45
PASA							
Contract	40	8					40
FY 1976 Expend.-Total	50	8		15 10	5	25	83
Direct				15 10	5	25	45
PASA							
Contract	50	8					50

-88-

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP ELEMENT TABLE
(\$ Thousands)

Project Number 515-11-999-600

PASA/Contract Name Miles Galvin

Contract No. From (mo/yr) To (mo/yr)	Funding Periods	
	Current-FY 1974	Projected-FY 1976
AID-515-253-1		
June 29, 1974		
December 29, 1974		

Budget & Expenditures	Personnel		Participants		Commodities	Other Costs	Total
	U.S.	Local/TCN					
	\$ MM	\$ MM	\$ MM	\$ MM			
FY 1974 Obligations	17	0					17
FY 1974 Expenditures							
6/30/74 Unliquidated	17	0					17
FY 1975 Obligations							
FY 1975 Expenditures	17	0					17
6/30/75 Unliquidated							
FY 1976 Obligations							
FY 1976 Expenditures							

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
(\$ thousands)

Project Number 515-11-999-000

PASA/Contract Name Acción Internacional Técnica (AITEC)

Contract No. From (mo/yr) To (mo/yr)	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
		January 1975	July 1975
		June 1975	December 1975

Budget & Expenditures	Personnel				Participants		Travel	Other Costs	Total
	U.S.		Local/FCN						
	\$	MX	\$	MX					
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations	15	3							15
FY 1975 Expenditures	15	3							15
6/30/75 Unliquidated									
FY 1976 Obligations	20	4							20
FY 1976 Expenditures	20	4							20

PROJECT PASA/CONTRACT/GRANT BACK-UP SUMMARY TABLE
(in thousands)

Project Number 515-11-999-003

PASA/Contract Name Checchi & Co.

Contract No. From (mo/yr) To (mo/yr)	Fiscal Year	
	Current-FY 1974	Proposed-FY 1975
		December 1974
		December 1975

Budget & Expenditures	Personnel		Commod- ities	Other Costs	Total
	U.S.	Local/INT			
	\$	\$			
FY 1974 Obligations					
FY 1974 Expenditures					
6/30/74 Unliquidated					
FY 1975 Obligations	20	10			30
FY 1975 Expenditures	20	0			20
6/30/75 Unliquidated	10	0			10
FY 1976 Obligations	20	0			20
FY 1976 Expenditures	20	0			20

- 91 -

Project Number 515-11-999-000

COMMITTEE FOR THE AMERICAN/GRANT PRIZE LABEL TABLE
(\$ thousands)

FY 1975 Obligations	No.	FY 1976 Obligations	No.	FY 1975 Obligations		FY 1976 Obligations		Projected FY 1977	
				Ex-ante (\$000)	Ex-post (\$000)	Ex-ante (\$000)	Ex-post (\$000)	Ex-ante (\$000)	Ex-post (\$000)
1) PASA LA(TA 74 IRS	3	62	2	69/75	69/76	69/77	69/77		
Total				4	17	20	20		
TDY									
Overhead									
2) Contract AID-515-255-1	3	3	3	16	17	20	20		
Latin American Development Corp.									
Fixed Price									
3) Checchi & Co.									
75 Total									
Field office MM 15,000									
Home office MM 7,000									
Overhead 3,000									
75 Total									
Field office MM 10,000									
Home office MM 7,000									
Overhead 3,000									
4) ATTEC (Acción Interactiva)									
75 Total									
Fixed Price									
76 Total									
Fixed Price									

Projected FY 1977 (for contract personnel only)

Project No. 515-11-999-000

PROJECT PARTICIPANT TRAINING TABLE
(\$ thousands)

	DIRECT AID											
	U.S. Academic			U.S. Non-Academic			3rd Country			CONTRACT		
	No.	MMs	\$	No.	MMs	\$	No.	MMs	\$	No.	MMs	\$
<u>FY 1974 Obligations</u>												
Long-term - new												
Long-term - continuing												
Short-term				9	17	22						
<u>FY 1974 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term				9	17	22						
<u>Unliquidated Oblig. - 6/30/74</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>FY 1975 Obligations</u>												
Long-term - new												
Long-term - continuing												
Short-term				7	14	20						
<u>FY 1975 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term				7	14	20						
<u>Unliquidated Oblig. - 6/30/75</u>												
Long-term - new												
Long-term - continuing												
Short-term												
<u>FY 1976 Obligations</u>												
Long-term - new												
Long-term - continuing												
Short-term				5	10	15						
<u>FY 1976 Expenditures</u>												
Long-term - new												
Long-term - continuing												
Short-term				5	10	15						

TABLE IX

Project Number 515-1A-035-000

COMMODITY AND OTHER COST BUDGET TABLE
(\$ thousands)

Commodity Budget (excludes centrally funded contraceptives)

6/30/74 Unliquidated (type and amount)

FY 1975 Obligations (type and amount)

General project support 5

FY 1976 Obligations (type and amount)

General project support 5

Other Cost Budget

6/30/74 Unliquidated (type and amount)

FY 1975 Obligations (type and amount)

- 1) Organization of Costa Rican Women (OCC) 10
- 2) Invitational Travel, contingencies 20

FY 1976 Obligations (type and amount)

- 1) Civic Center of Local Voluntary Organizations 10
- 2) Invitational Travel, contingencies 15

C. NEW ACTIVITY - FY 1975

2. Low Cost Housing (New) HIG

This new FY 1975 proposal is for an HIG \$5 million program for low-cost housing. It was not included in the 1975 Congressional Presentation.

- I. The program, if approved, will represent the addition of a critically important element in the GOCR and the USAID's efforts to improve living conditions in the rural and marginal urban areas and help diminish the social gap which has been growing in Costa Rica. By providing a financial mechanism within the reach of the low-income family to enable it to build its own home, this program will provide a breakthrough in the heretofore traditional housing programs which have functioned in Costa Rica. The program's emphasis on the rural sector is, if not an extension to a certain part of the USAID's and the GOCR's principal development priority for the period 1974-1978 as set forth in the National Development Plan. Along with the new Agricultural Sector Loan, this program will constitute the backbone of AID assistance to Costa Rica for the next three years.
- II. The principal beneficiaries in this program will be small farm families (and to a lesser extent, marginal urban families) throughout Costa Rica, whose maximum annual income is approximately \$2,500. They will be able to obtain mortgage financing for 100% of the cost of their housing (the maximum price, not included will be \$1,000, over a 15-year period).
- III. There are no other programs in the field of rural and semi-urban low-cost housing being undertaken by either multilateral or bilateral donors in Costa Rica.
- IV. A housing sector analysis could be carried out to determine if the proposed program is responsive to the real housing needs and also if it will have the elements required under the established AID shelter sector policy (PF-55) as to overall national housing policy formulation and housing institutional support and development. In addition general implementation procedures and program feasibility should be determined.
- V. The estimated amount of the program is thirty million dollars (\$30,000,000) to be disbursed over a three-year period. The Borrower will be the Central Bank of Costa Rica.

The Central Bank recognizes that the terms of the loan must be negotiated with an acceptable U.S. lending institution and subject to the administrative restrictions of AID. They would like to achieve the most favorable interest terms available for a term of thirty years. Lower terms (20-25 years) will also probably be considered if the above interest terms are not available under guaranty.

The Central Bank of Costa Rica is an autonomous institution of the Government with the full legal capacity to contract U.S. dollar obligations. It is organized and governed by the political constitution and the laws of Costa Rica. Under this general legal authority the Central Bank can enter into foreign obligations without special legislative approval, however, the request indicates that the Government will secure specific legislation providing a government guarantee for the loan.

The maximum sales price for units financed under this program has been indicated at \$388,000 for houses of 100 sq. ft. The Bank requests, however, that this maximum sales price could be re-adjusted for economic reasons (inflation) if mutually agreed to by the Central Bank and AID.

The request proposes that mortgage financing for 100% of the sale be permitted under the program. This would avoid the problem of acquiring the funds for the down payment by the purchaser.

The Bank also requests that an advance fee payment be considered in order to provide start-up financing for the program and establish a cash-in-advance for servicing financing of projects on a pre-sold basis.

The Central Bank, in addition to acting as lender will also act as the principal administrator with the banking system acting as local administrator. The program will be administered by the Central Bank. Specific loan procedures will be established by the Bank for the local administrator.

The requested program is essentially a mass housing system and as such contemplates projects of varying sizes, housing units, small, twenty or thirty units and up to 100 units. Larger projects. The Bank requests that for smaller projects, pre-qualified standards and simplified architectural and engineering analysis for approval. In each case, the environmental requirement for financing will be also required. The first degree mortgage on the property is the procedure for financing cost.

The Central Bank's request contemplates a principal role of the Costa Rican housing institutions as the promoters, developers and builders of the housing units to be financed. Emphasis for projects will be concentrated in the rural areas, small towns and market centers. Local builders, cooperative groups, self-help projects, municipalities would all be theoretically able to finance projects under the proposed system if the minimum technical financial and legal criteria are met. The mortgage departments of local branches of the state banks would carry out the actual credit reviews, inspections, approval of builders, mortgage appraisal, etc., required for implementation.

An overview of the proposal for the low-cost housing investment guaranty program indicates that it is a responsible and conceptually sound request. The major elements for administration of the projects, the state banking system, have all indicated enthusiastic support for the proposal and also an estimate of the demand for the type of housing credit contemplated. In addition, the Costa Rican institutions working in the housing sector have also endorsed the idea and provided additional estimates of demand which could be generated through each institution.

The Institute of Housing and Urban Development (INV) strongly supports the rural emphasis as providing a resource for funding its rural housing credit program.

Follow-up action on the Central Bank's request should be carried out by the Office of Housing SERH through the Regional Housing and Urban Development Division of RDCAP/Guatemala. USAID Costa Rica has forwarded the Central Bank request to both offices with strong support for the idea.

Our support for this request is based on the general orientation of the proposal and its relation to the Mission's area of program concentration. The program could respond to the much needed housing sector support for the rural development. The program will provide the resources for expanding the activities of the various housing institutions into rural areas previously unattended by the national institutions. The low cost emphasis also will reach the low income population groups in the rural areas of concentration which now have no access to long term financing from any source for housing. Due to the dispersed nature which could be attended with this program, overall interest generated by the financing will also be dispersed over a wide range of the construction industry especially to the small builders and local laborers. The program will also provide a much-needed source of foreign exchange for Costa Rica and support the general economic stability of the nation, which faces severe balance of payments difficulties and a foreign exchange crisis.