

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION

FY 1978

EL SALVADOR

**DEPARTMENT
OF
STATE**

JUNE 1976



EL SALVADOR

ANNUAL BUDGET SUBMISSION

FY 1978

EL SALVADOR

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DAP STATEMENT

1. The Development Overview Section of the DAP has been revised and presently is being prepared in final form, but this revision will not significantly alter the Mission's proposed strategy. It is somewhat broader in scope, covering more completely some areas which were treated lightly in the previous analysis. It also takes account of changes which took place during the interim, such as the introduction of an agrarian reform program. In effect the revised Development Overview is an amplification and clarification of the major issues raised in the previous Overview.

2. The Mission sent to AID/W in November 1975, a revision of the Population/Health/Nutrition Sector Discussion. Revisions of the Education and the Agriculture Sector Discussions, in line with recent AID/W DAP instruction, should be completed by the end of the second quarter of FY 1977.

Country El Salvador

Summary Table I

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

	<u>FY 1976</u>	<u>Interim Quarter</u>	<u>FY 1977</u>	<u>FY 1978</u>
Food/Nutrition				
Grants	463	349	1,034	1,463
Loans			10,000	17,000
Population/Health				
Grants <u>1/</u>	701	131	714	981
Loans				
(Population)				
(Grants) <u>1/</u>	(671)	(111)	(624)	(703)
(Loans)				
(Health)				
(Grants)	(30)	(20)	(90)	(278)
(Loans)				
Education				
Grants	202	35	302	225
Loans			3,000	1,340
Section 106				
Grants	247	46	475	185
Loans				
Sub-total				
Grants <u>1/</u>	1,613	561	2,525	2,854
Loans			13,000	18,340
PL 480				
Title II	1,000	--	1,136	1,200
<u>1/</u> Includes Centrally Funded Contraceptives -	(408)	(45)	(314)	(344)

AGENCY FOR INTERNATIONAL DEVELOPMENT		1. TRANSACTION CODE A = ADD C = CHANGE D = DELETE		2. ABS/CP DOCUMENT CODE 6	
ABS/CP SUMMARY		A			
3. COUNTRY/ENTITY El Salvador		4. DOCUMENT REVISION NO. []	5. OPERATIONAL YEAR FY [7] [7]	6. BUREAU/OFFICE A. SYMBOL LA [] B. CCBC [3]	
8. TYPE DATA [1] 1 = ABS 2 = ABS REVISION 3 = CP 4 = CP NOTIFICATION		9. TYPE ASSISTANCE [1] 1 = PROJECT 2 = PROGRAM			

10. PROJECT SEQUENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR OBL.	13. EST. FY AUTH. OBL. FINAL	14. APPROPRIATION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDICATOR	17. BUDGETS (IN \$000)				
							AY	TQ	OY	BY	LOP
0012	Agricultural Development		76	FN	210	GC	153	-	--	-	5,554
0174	Intensive Small Farm Management*	1/1	78	FN	213	GC	293	57	438	424	1,212
0167	Technical Support			FN	290	GC	17	10	103	87	

0175	Agrarian Transformation	3/3	79	FN	234	GN	--	282	493	488	1,613
0182	Nutrition Improvement (3)	2	79	FN	300	GN	-	-	-	114	250
0183	Marketing Systems Development (7)	2	79	FN	224	GN	-	-	-	350	700
0186	Agrarian Transformation	4	77	FN	234	L	-	-	10,000	-	10,000
0184	Small Farm Irrigation Systems (2)	2	78	FN	201	L	-	-	-	2,000	2,000
0185	Small Farmer Credit/Insurance (1)	3	78	FN	214	L	-	-	-	15,000	15,000

0149	Family Planning and Population (Centrally Funded Contraceptives)	3/3	78	PH	400	GC	671 (408)	111 (45)	614 (314)	693 (344)	5,142 (1,111)
0178	Health Tech Support			PH	590	GC	30	20	90	20	

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

AGENCY FOR INTERNATIONAL DEVELOPMENT					1. TRANSACTION CODE <input type="checkbox"/> A = ADD <input type="checkbox"/> C = CHANGE <input type="checkbox"/> D = DELETE			2. ABS/CP DOCUMENT CODE 6			
ABS/CP SUMMARY					5. OPERATIONAL YEAR FY 77			6. BUREAU/OFFICE LA <input type="checkbox"/> 3		7. GEOGRAPHIC CODE <input type="checkbox"/> 519	
3. COUNTRY/ENTITY El Salvador			4. DOCUMENT REVISION NO. <input type="checkbox"/>		9. TYPE ASSISTANCE <input type="checkbox"/> 1 = PROJECT <input type="checkbox"/> 2 = PROGRAM			8. TYPE DATA <input type="checkbox"/> 1 = ABS <input type="checkbox"/> 2 = ABS REVISION <input type="checkbox"/> 3 = CP <input type="checkbox"/> 4 = CP NOTIFICATION			
10. PROJECT SEQUENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR OBL.	13. EST. FY AUTH. OBL. FINAL	14. APPROPRIATION CODE	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDICATOR	17. BUDGETS (IN \$000)				
							AY	TQ	OY	BY	LOP
0179	Rural Health Delivery System (5)	1	79	PH	532	GN	-	-	-	140	369
0180	Malaria Control (6)	2	80	PH	513	GN	-	-	-	118	358
0181	Population Tech Support			PH	490	GN	-	-	10	10	
=====											
0170	Fund Education and Skills Training *	2	77	EH	612	GC	135	30	239	-	404
0168	Technical Support	-	-	EH	690	GC	67	5	63	25	

0172:	Fund.Educ. and Skills Training Program	2	79	EH	613	GN	-	-	-	200	500
0172	Fund.Educ.and Skills Training Prog.	4	77	EH	613	L	-	-	3,000	-	3,000
0187	Training for Development (4)	4	78	EH	601	L	-	-	-	1,340	1,340
=====											
0094	Special Development Activities	--	--	SD	200	GC	34	9	50	50	
0166	Development Planning	3	77	SD	701	GC	80	27	138	-	295
0171	National Cadaster	2	77	SD	653	GC	125	-	142	-	267
0177	Technical Support	-	-	SD	790	GC	8	10	10	10	

0176	Multi-Purpose Household Survey	1/1	79	SD	700	GN	-	-	135	125	380
							18. DATE DOCUMENT RECEIVED IN AID/W				
							MM	DD	YY		

EL SALVADOR

Attachment to
Summary Table II

FUNDING DEVIATIONS FROM FY 1977 CONGRESSIONAL PRESENTATION

519-0174 : The CP figure is \$493 versus current estimate of \$438. Experience in the current year indicates that requirements for contract services and participants will be less in FY 1977 than originally estimated.

519-0170 : The CP figure is \$188 versus current estimate of \$230. Project was not available in FY 1976.

was not available in FY 1976. Therefore, FY 1977 funding must be increased to complete the project.

EL SALVADOR

INTENSIVE SMALL FARM MANAGEMENT

(519-0174)

Some aspects of the project are behind the original PPT schedule from three to five months, due in part to delay in authorization and in allotment of funds. The Project Agreement was signed in May 1976 rather than November 1975, as scheduled. Nevertheless, research and extension field activities are progressing approximately as planned.

Because contract advisory services financed under a preceding project were not fully utilized, these funds were carried over and resulted in a reduction of FY 1976 financing for this project. Experience during the current year indicates that funding requirements for contract services and participant training will be less in FY 1977 and FY 1978 than was estimated in the Project Paper. The project's scope, purpose and outputs have not been affected.

Country/Program El Salvador

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

PROJECT NAME Intensive Small Farm Management
PROJECT NUMBER 519-0174
APPROPRIATION Food and Nutrition

INITIAL OBLIGATION FY1976
FINAL OBLIGATION September 1978
TOTAL COST \$1,212,000

DATE PROP/REVISION Nov. 10, 1975
DATE LAST PAR N/A
DATE NEXT PAR May 1977

U.S. DOLLAR COST (IN THOUSANDS)

Actual FY 1976 Estimated Interim Qtr. Estimated FY 1977 Proposed FY 1978	FY Obligations	FY Expenditures	Unliquidated End of F.Y.	FY 1977 and FY 1978 Obligations by Cost Component/NOT					
				Cost	Direct Aid	Contract	PASA	Total	
293			293	Component 77	78	77	78	77	78
				U.S. Tech.		305		305	333
				Local & TCM		5		5	5
				Participants	108	66		108	66
				Commodities		12		12	12
				Other Costs		8		8	8
				Total	108	66	330	358	424

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel					
	From	To	From	To	From	To	From	To	6/30 1976	9/30 1976	9/30 1977	9/30 1978		
Univ. of Fla.	7/76	3/77			4/77	3/78			1	5	5	14		

Direct Hire
PASA
Contract
Participants

Country/Program El Salvador

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

Food and Nutrition
 PROJECT NAME Technical Support INITIAL OBLIGATION FY 1974: _____ DATE PROP/REVISION N/A
 PROJECT NUMBER 519-0167 FINAL OBLIGATION Continuing DATE LAST PAR N/A
 APPROPRIATION Food and Nutrition TOTAL COST N/A DATE NEXT PAR N/A

U.S. DOLLAR COST (IN THOUSANDS)

Actual FY 1976	FY Obligations	FY Expenditures	Unliquidated End of F.Y.	FY 1977 and FY 1978				
				Obligations by Cost Component/MOI		Total		
Estimated Interim Qtr.	10	20	14	Local & TCM	Participants	Commodities	Other Costs	Total
Estimated FY 1977	103	95	22	3	3	30	20	33
Proposed FY 1978	87	82	27	23	13	80	74	103
								87

Contract/PASA Funding Periods

Name of Contractor	FY 1976		Int. Qtr.		FY 1977		FY 1978		On Board Personnel				
	From	To	From	To	From	To	From	To	6/30 1976	9/30 1976	9/30 1977	9/30 1978	
Harold Stryker, Grain Handling Consultant	10/75	10/75							1	1	1	1	
Carlos F. Burgos Local Agr. Economist	8/75	10/75											
	\$ 1												
	\$ 2												

Contract/PASA Funding Periods
(Continuation)

Food and Nutrition Technical Support (519-0167)

Name of Contractor	FY 1976 Obligations	Int. Qtr. Obligations	FY 1977 Obligations	FY 1978 Obligations
Peter Doerner (Land Tenure Advisor)	9/75 - 10/75 \$ 4			
PSC To Be Determined (Short-term Project Development Agr. Consultants)		8/76 - 9/76 \$ 4		
PSCs To Be Determined (Short-term Agr. Credit and Insurance consultants)			\$ 50	
PSCs To Be Determined (Agricultural Technicians - Project Development)				\$ 54

EL SALVADOR

FAMILY PLANNING AND POPULATION

(519-0149)

The project is on schedule.

Country/Program El Salvador

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

Family Planning &
Population
PROJECT NUMBER 519-0149
APPROPRIATION Population Planning & Health

INITIAL OBLIGATION FY 1966 DATE PROP/REVISION Oct 1975
FINAL OBLIGATION September 1978 DATE LAST PAR August 1975
TOTAL COST \$4,031,000 DATE NEXT PAR June 1976

U.S. DOLLAR COST (IN THOUSANDS)

Actual FY 1976	FY Obligations	FY Expenditures	Unliquidated End of F.Y.	FY 1977 and FY 1978 Obligations by Cost Component/NOI						
				Cost Component	Direct Aid	Contract	PASA	Total		
Estimated	263	218	318	77	78	77	78	77	78	
Interim Qtr. Factimlated	66	43	341	U.S. Tech.	24	24	24	24	42	
FY 1977 Proposed	300	282	359	Local & TCM	24	15		24	15	
FY 1978	349	320	388	Participants	63	75		63	75	
				Commodities	64	93		64	93	
				Other Costs	125	124		125	124	
				Total	252	292	48	57	300	349

(Centrally Funded Contraceptives) (314) (344)

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel
	From	to	From	to	From	to	
Harrison Social Anthropologist	3/76	5/76	3/76	6/77			1
Mims Media Expt.	5/76	7/76					7
PSC To be Determined (TCN-F.P.)	8/76	9/76	9/76	6/77			1

	6/30 1976	9/30 1976	9/30 1977	9/30 1978
Direct Hire	1	1	1	1
PASA Contract Participants	1	1	8	10

Contract/PASA Funding Periods
 (Continuation)
 Family Planning & Health Services
 Project 519-0149

Name of Contractor	FY 1976 Obligations	Int. Qtr. Obligations	FY 1977 Obligations	FY 1978 Obligations
P.S.C. To Be Determined: (F.P. Program Evaluation)			3/77 - 5/77 \$12	
P.S.C. To Be Determined (P.H. Administration)			1/77 - 3/77 \$12	
P.S.C. To Be Determined (TCN - Group Dynamics Trainer)			5/77 - 4/78 \$24	
P.S.C. To Be Determined: (F.P. Program Evaluation)				10/77 - 3/78 \$30
P.S.C. To Be Determined: (Surgical Contraceptive Advisor)				10/77 -11/78 \$ 5
P.S.C. To Be Determined: (Census Analyst)				10/77 - 12/77 \$ 7
P.S.C. To Be Determined: (TCN_Mass Media Advisor)				10/77 - 9/78 \$15

Country/Program El. SALVADOR

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

PROJECT NAME Health Tech Support INITIAL OBLIGATION FY 1976 DATE PROP/REVISION N/A
 PROJECT NUMBER 519-0178 FIRMAL OBLIGATION continuing DATE LAST PAR N/A
 APPROPRIATION Population Planning & Health TOTAL COST N/A DATE NEXT PAR N/A

U.S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated End of F.Y.	FY 1977 and FY 1978 Obligations by Cost Component/MOI					
				Cost	Direct Aid	Contract	PASA	Total	
Actual FY 1976	30	14	16	77	78	77	78	77	78
Estimated Interim Qtr.	20	22	14	U.S. Tech. Local & TCM Participants 12 Commodities					
Estimated FY 1977 Proposed	90	74	30	Other Costs 29					
FY 1978 Proposed	20	30	20	Total 41					

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel				
	From	to	From	to	From	to	6/30 1976	9/30 1976	9/30 1977	9/30 1978	
APIHA	3/76	4/76									
PSC-Robinson	5/76	10/76									
PSC's to be determined			10/76	2/77	3/77	2/78					

Direct Hire
PASA
Contract
Participants

\$4
\$21

\$20
\$49
\$10

EL SALVADOR

FUNDAMENTAL EDUCATION AND SKILLS TRAINING

(519-0170)

Delay in project authorization and allotment of funds resulted in initiation of the project some three months later than planned. Long and short term technical advisors have been contracted and are proceeding with administrative arrangements, curriculum design, preparation of teacher training materials, and development of specifications for training equipment. Levels of financing, purpose and outputs remain as presented in the Project Paper, and it is expected that implementation will be back on schedule in FY 1977.

Contract/PASA Funding Periods
(Continuation)

Fundamental Education and Skills Training
(Project #0170)

Name of Contractor	FY 1976 Obligations	Int. Qtr. Obligations	FY 1977 Obligations	FY 1978 Obligations
PSC To Be Determined (Vocational Technical Curriculum Development Advisor)	6/76 - 8/76 \$ 11			
PSC To Be Determined. (Teacher Training Advisor)	6/76 - 8/76 \$ 10			
PSC To Be Determined (Counseling and Guidance Advisor)	6/76 - 8/76 \$ 10			
PSC To Be Determined (Teacher Training Advisor)			6/77 - 8/77 \$11	
PSC To Be Determined (Vocational Technical Curriculum Advisor)			6/77 - 8/77 \$11	
PSC To Be Determined (Vocational Guidance Advisor)			6/77 - 8/77 \$11	
PSC To Be Determined (Materials Advisor)			1/77 - 2/77 \$ 6	
PSC To Be Determined (Manpower Economist)				

Contract/PASA Funding Periods

(Continuation)

Fundamental Education and Skills Training
(Project #0170)

Name of Contractor	FY 1976 Obligations	Int. Qtr. Obligations	FY 1977 Obligations	FY 1978 Obligations
PSC To Be Determined (Research and Evaluation) PSC To Be Determined (Project Coordinator).			1/77 - 2/77 \$ 5 7/77 - 2/78 \$24	

Country/Program El Salvador

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

Education & Human Resources

PROJECT NAME Dev./Tech. Support INITIAL OBLIGATION FY 1974 DATE PROF/REVISION N/A
 PROJECT NUMBER 519-0168 FINAL OBLIGATION continuing DATE LAST PAR N/A
 APPROPRIATION Education & Human TOTAL COST N/A DATE NEXT PAR N/A
Resource Development

U.S. DOLLAR COST (IN THOUSANDS)

Actual	FY	FY	Unliquidated	FY 1977 and FY 1978				
				Obligations by Cost Component/NOT	Contract	PASA	Total	
FY 1976	67	41	28	77	78	77	78	
Estimated	5	18	15	48	14	3	14	
Interim Qtr.								
Estimated	63	65	13	10	8	10	8	
FY 1977								
Proposed	25	26	12	5	8	5	8	
FY 1978								
				Total	63	25	63	25

Name of Contractor	Contract/PASA Funding Periods		Inc. Qtr.	FY 1977		FY 1978		On Board Personnel
	Obligations From	Obligations To		Obligations From	Obligations To	Obligations From	Obligations To	
PASA Sector Analysis Specialist (A.F. Boni)	3/76	12/76						1
Non-formal Ed. Adv. Proj Development (G. Méndez)	8/75	4/76						1

	6/30 1976	9/30 1976	9/30 1977	9/30 1978
Direct Hire	1	1	-	-
PASA Contract Participants	-	-	2	-

Contract/PASA Funding Periods

(Continuation)

Education and Human Resources Development - Tech. Support
(Project #0168)

Name of Contractor	FY 1976 Obligations	Int. Qtr. Obligations	FY 1977 Obligations	FY 1978 Obligations
PSC To Be Determined (Non-formal Ed. Specialist - Project Development)			\$15	
PSC To Be Determined (Education Planning Advisor)			\$ 6	
PSC To Be Determined (Short-term, Training for Development Project Paper Preparation)			\$27	
PSC To Be Determined (Short-term Project Development Advisor)				\$14
PSC To Be Determined (Short-term Project Development Advisor)				\$ 3

EL SALVADOR

SPECIAL DEVELOPMENT ACTIVITIES

(519-0094)

The project consists of small grants to co-operatives and community organizations for self-help activities. It has no fixed schedule of implementation. Because funds were not available during the second and third quarters of FY 1976, only 68% of the amount programmed was obligated.

EL SALVADOR

DEVELOPMENT PLANNING

(519-0166)

The project was to have begun in June, 1975, but did not start until September with the arrival of the long-term advisor selected and contracted by the Planning Council. This delay will be reflected throughout implementation of the project but will not otherwise affect it. A shortage of qualified and available candidates for participant training and the request of the host Government for the advisory services, of a Social Anthropologist (not contemplated in the PROP) will result in changes in project outputs and inputs, but not in financing levels or purpose.

Country/Program El Salvador

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

PROJECT NAME Development Planning INITIAL OBLIGATION FY 1975 DATE PROP/REVISION Feb. 1975
 PROJECT NUMBER 519-0166 FINAL OBLIGATION September 1977 DATE LAST PAR N/A
 APPROPRIATION Selected Development Problems TOTAL COST \$295,000 DATE NEXT PAR October 1976

U.S. DOLLAR COST (IN THOUSANDS)

Actual FY 1976	FY Obligations	FY Expenditures	Unliquidated End of F.Y.	FY 1977 and FY 1978		Contract	PASA	Total
				Obligations by Cost Component/NOI	Obligations by Cost Component/NOI			
80		41	80	Cost	77	78	77	78
				Component	60	60	60	60
				U.S. Tech.				
				Local & TCM				
				Participants	30	30	30	30
				Commodities	39	39	39	39
				Other Costs	--	--	--	--
				Proposed	9	9	9	9
				FY 1978				
				Total	138	138	138	138

Contract/PASA Funding Periods

Name of Contractor	FY 1976		Int. Per.		FY 1977		FY 1978		On Board Personnel
	Obligations From	Obligations to	Obligations From	Obligations to	Obligations From	Obligations to	Obligations From	Obligations to	
Daniel Wis- carver (Dev Economist)	9/76	8/77							6/30 1976
Andres Pas- sicot G. (Nat. Accts. Advisor)	4/76	5/76							9/30 1976
Larry A. Sjaastad (Monetary Ed.)	3/76	3/76							9/30 1977
									9/30 1978

Direct Hire
PASA
Contract
Participants

6/30 1976	9/30 1976	9/30 1977	9/30 1978
-	-	-	-
1	1	1	1
-	4	6	6

Contract/PASA Funding Periods
(Continuation)

Development Planning
(Project #0166)

Name of Contractor	FY 1976 Obligations	Int. Qtr. Obligations	FY 1977 Obligations	FY 1978 Obligations
Lita Rapaport (Economist) To Be Determined (Short Term Consultants, Sector Planning Advisor) Andres Passicot C. (Local/TCN short-term National Accts. Advisor) PSC To be Determined (Anthropologist) PSC To be Determined (3 short-term consultants, 3 p.m., in Sectoral Planning) PSC To be Determined (2 short-term consultants, 6 p.m., in Sectoral Planning)	7/76 - 8/76 \$ 5	\$ 5 10/76 - 11/76 \$ 6	1/77 - 12/77 \$ 45 \$ 15 \$ 30	

EL SALVADOR

NATIONAL CADASTER

(519-0171)

Difficulties were encountered in recruiting and assignment of PASA technicians, requiring a shift to contract services for systems analysis and computer programming advisors. These initial problems have been overcome and every effort is being made to put the project back on schedule in FY 77. Project financing, purpose and outputs remain unchanged.

Country/Program El Salvador

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

Selected Dev. Problems

PROJECT NAME Technical Support TRITIAL OBLIGATION FY 1976 _____ DATE PROP/REVISION N/A
 PROJECT NUMBER 519-0177 FINAL OBLIGATION Continuing _____ DATE LAST PAR N/A
 APPROPRIATION Selected Development TOTAL COST _____ DATE NEXT PAR N/A
 Problems _____

U.S. DOLLAR COST (IN THOUSANDS)

Actual FY 1976 Estimated Interim Qtr. Estimated FY 1977 Proposed FY 1978	FY Obligations	FY Expenditures	Unliquidated End of F.Y.	FY 1977 and FY 1978 Obligations by Cost Component/MO					
				Cost	Direct	Aid	Contract	PASA	Total
8		8		77	78	77	78	77	78
10		5	5	U.S. Tech.				5	10
10		11	4	Local & TGN				3	
10		9	5	Participants				2	
				Commodities					
				Other Costs					
				Total				10	10

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel				
	From	to	From	to	From	to	From	to	6/30 1976	9/30 1976	9/30 1977	9/30 1978	
PASA-BUCEN	2/76-3/76	mo/yr-mo/yr							-	-	-	-	
PASA-BUCEN	5/76-6/76	mo/yr-mo/yr	9/76-10/76	mo/yr-mo/yr					-	1	-	-	
Short-term Advs. (Proj. Development)	\$5		\$10		\$10				-	-	-	1	
Short-term Advs. (Proj. Development)							\$5						

Country El Salvador

Proposed New Projects - FY 1978 Alternative Funding Levels

<u>Project</u>	<u>(Alternative A) 1/</u>		<u>(Alternative B) 2/</u>		<u>(Alternative C)</u>	
	<u>Full Funding Level</u>	<u>Months from Date of Obligations</u>	<u>Forward Funding According to A-368 Dollars</u>	<u>Dollars</u>	<u>if Grant Resources Curtailed</u>	<u>Months from Date of Obligation</u>
519-0179 Rural Health Delivery System	369	24	140	250		18
519-0180 Malaria Control Delivery System	358	36	118	240		24
519-0182 Nutrition Improvement	250	24	114	200		19
519-0183 Marketing Systems Development	700	36	350	550		24
Total Funding Level	<u>\$1,677</u>		<u>\$ 722</u>		<u>\$1240</u>	

Notes: 1/ This alternative is not favored by USAID El Salvador for any of the new, grant projects proposed for FY 1978. The nature of the projects and constraints on host country commitments are such that initial funding for more than one year is unfeasible and/or inconsistent with sound management.

2/ This alternative is preferred for all of the listed projects.

EL SALVADOR

LONG RANGE PROJECTIONS

The long-range program projections in the following table are based on these premises: 1) the government to be inaugurated for a five-year term in 1977 and the new five-year plan in preparation will continue the present GOES commitment to improving the condition of the poor majority; 2) implementation of ongoing and new development activities in El Salvador will be accelerated by the government; 3) Agrarian Transformation planning and implementation will proceed in an orderly and timely fashion; 4) the type and magnitude of technical and financial development assistance provided by other donors will continue to follow the present pattern; 5) domestic or international factors will not provoke significant deterioration of El Salvador's balance of payments; and, 6) the government's revenues will be adequate to sustain the projected rate of development investment.

The projections further assume that the Government will allocate its domestic and external financial resources to support all sectoral programs and would not concentrate its resources in one or two sectors at the expense of other development requirements. While the table indicates a more or less even flow over the five-year period, it is probable that actual obligations will be much higher in some years than in others. The inauguration of a new government in mid-1977 may cause an initial spurt in the development of projects. Conversely, it may take some time for a new government to "settle in" and thus projects may be delayed until the government can focus on the issue of foreign capital assistance, thus resulting in some slippage in project preparation and approval.

Country El Salvador

Long Range Program Plan
(\$ millions)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Food/Nutrition					
Grants	1.5	1.2	1.1	1.4	1.3
Loans	17.0	5.0	-.-	14.0	3.0
Population/Health					
Grants	1.0	0.8	0.6	0.5	0.5
Loans	-.-	3.0	3.0	-.-	-.-
(Population)					
(Grants)	(0.7)	(0.5)	(0.4)	(0.5)	(0.5)
(Loans)	-.-	(3.0)	-.-	-.-	-.-
(Health)					
(Grants)	(0.3)	(0.4)	(0.2)	-.-	-.-
(Loans)	-.-	-.-	(3.0)	-.-	-.-
Education					
Grants	0.2	0.3	0.2	0.3	0.2
Loans	1.3	-.-	-.-	-.-	5.0
Section 106					
Grants	0.2	0.3	0.2	0.2	0.2
Loans	-.-	-.-	0.8	-.-	-.-
Total					
Grants <u>1/</u>	2.9	2.7	2.2	2.4	2.2
Loans	18.3	8.0	11.0	14.0	8.0
PL 480 (non-add)					
Title I	-.-	-.-	-.-	-.-	-.-
Title II	1.1	1.2	1.2	1.3	1.3
HIGs (non-add)	-.-	-.-	-.-	-.-	-.-

1/ Grant Figures for '79 and '80 do not add due to rounding

Country El Salvador

Mission Evaluation Plan for FY 1977 and FY 1978

(1)	(2)	(3)	(4)	(5)	(6)
Project Title & Number/Subject	Date of Last Evaluation	Number of Last PAIR (if applicable)	Date of Submission FY 1977 and/or FY 1978 Evaluation	Period Covered Next Evaluation	Remarks
GENVA Loan 519-1-018	May 1976	76-3	Nov. 1976 May 1977 Nov. 1977	5/76-10/76 11/76- 4/77 5/77-10/77	In compliance with every 6 months re- quirement.
Grain Marketing Loan 519-T-019	-	N/A	July 1977	9/73 -6/77	See San Salvador 1234 and State 094988
Intensive Small Farm Management 519-0174	-	N/A	May 1977 May 1978	5/76 - 4/77 5/77 - 4/78	Project began 5/76
Agrarian Transformation 519-0175	-	N/A	Jan 1978	Start-12/77	Not yet authorized
Fundamental Education & Skills Training 519-0170	-	N/A	Feb. 1977 Feb. 1978	1/76 - 1/77 2/77 - 1/78	-
Fundamental Education & Skills Training (Loan) 519-	-	N/A	FY 1979	initial year	Implementation to begin FY78
Family Planning & Pop. 519-0149	June 1976	76-4	July 1977 July 1978	7/76 - 6/77 7/77 - 6/78	-
San Lucas Center - OPG 519-0173	-	N/A	Jun. 1977 Jun. 1978	6/76 - 5/77 6/77 - 5/78	Annual Program and Management Review in accordance with Handbook 13 Section 3E/4

Country El Salvador

Mission Evaluation Plan for FY 1977 and FY 1978

(1) Project Title & Number/Subject	(2) Date of Last Evaluation	(3) Number of Last PAR (if applicable)	(4) Date of Submission FY 1977 and/or FY 1978 Evaluation	(5) Period Covered Next Evaluation	(6) Remarks
Development Planning 519-0166	-	N/A	Oct. 1976 Oct. 1977	3/75 - 9/76 10/76 - 9/77	Implementation began 9/75
National Cadaster 519-0171	-	N/A	Feb. 1977 Feb. 1978	2/76 - 1/77 2/77 - 1/78	Project began 2/76
Multi-Purpose Household survey 519-0176	-	N/A	Dec. 1977	Start-11/77	

EL SALVADOR

Public Law 480 Title II, FY1978

Recently received guidance from AID/Washington has stimulated new programmatic ideas which will be reflected in a Supplement to this Submission to be forwarded not later than August 1, 1976. Information in the following tables is based on the current program, and should be regarded as illustrative, pending completion of the aforementioned Supplement.

I. Country El Salvador

Sponsor's Name CRS/CARITAS

A. Maternal and Child Health Total Recipients 115,000

<u>No of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>115,000</u>	<u>WSB or CSB</u>	<u>3,136.0</u>	<u>834.9</u>
<u>115,000</u>	<u>Bulgur or R.Oats</u>	<u>627.3</u>	<u>115.2</u>
<u>115,000</u>	<u>Oil</u>	<u>313.6</u>	<u>186.3</u>
<u>Total MCH</u>		<u>4,076.9</u>	<u>1,136.4</u>

B. School Feeding Total Recipients N/A

C. Other Child Feeding Total Recipients N/A

D. Food for Work Total Recipients N/A

E. Other (Specify) Total Recipients N/A

Country El Salvador

Support to Private Voluntary Organizations and to Developing Country Cooperatives

(\$ 000)

	<u>FY 1977</u>	<u>FY 1978</u>	<u>Functional Account</u>
<u>ONGOING</u>			
A. Ongoing OPGs			
San Lucas Center, 519-0173			
(Fully funded in FY 1976, \$28)			PH
B. Non-OPGs			
Special Development Activities,			
519-0094	(50)	(50)	SD
Family Planning & Population,			
519-0149	(23)	(30)	PH
Sub-Total	<u>73</u>	<u>80</u>	
of which assistance to cooperatives	(36)	(40)	
<u>NEW</u>			
A. OPGs			
Association of Women Physicians	(40)		PH
Youth Program, Urban Poor - YMCA		(60)	SD
Sub-Total	<u>40</u>	<u>60</u>	
B. Non-OPGs - None			
<u>LOANS</u> - None			

Table 1

Program Analysis for Orals and Condoms to Achieve Replacement Level of Population Growth
(Orals in m/cycles; condoms in pieces - in 000's)

	1975	1976	1977	1978	1979	1980
A. "Full Supply" Analysis						
1. Women (15 - 49) - (See Annex A)	820	846	873	901	929	959
2. 65% of line A1 (Contracepting women required to achieve replacement level)	533	551	567	586	604	623
3. 50% of line A1 (Contracepting women utilizing orals and condoms)	410	423	437	451	465	480
4. Annual stock requirements for "full supply"						
a. Orals- $\frac{1}{2}$ of line A3 x 13 monthly cycles	2,665	2,749	2,840	2,931	3,022	3,120
b. Condoms- $\frac{1}{2}$ of line A3 x 100 units	20,500	21,150	21,850	22,550	23,250	24,000
B. Annual New Supply From Non-AID Bilateral Sources						
1. Private Commercial Sector						
a. Orals	725	796	900	1,000	1,000	1,000
b. Condoms	1,440	1,728	2,160	2,160	2,160	2,160
2. Other Donors (IPPF + UNFPA)						
a. Orals	357	338	367	400	400	400
b. Condoms	326	576	720	720	720	720
3. Host Country Government Procurement						
a. Orals	250	100	150	200	200	200
b. Condoms	-	-	-	-	-	-
4. Total In-Country Stock						
a. Orals	1,332	1,234	1,417	1,600	1,600	1,600
b. Condoms	1,766	2,304	2,880	2,880	2,880	2,880
C. Gap to be filled to achieve "Full Supply"						
1. Orals (line A4a less line B4a)	1,333	1,515	1,423	1,331	1,422	1,520
2. Condoms (line A4b less line B4b)	18,734	18,846	18,970	19,670	20,370	21,120
D. AID Bilateral Supply Objectives						
1. Orals	1,012	814	2,604	933	1,000	1,000
2. Condoms	5,948	540	8,640	5,760	2,000	2,000
E. Total New Supply						
1. Orals (line B4a plus line D1)	2,344	2,048	4,021	2,533	2,600	2,600
2. Condoms (line B4b plus line D2)	7,714	2,844	11,520	8,640	4,880	4,880
F. Remaining Supply Gap						
1. Orals (line A4a less line E1)	321	701	(+1,181)	398	422	520
2. Condoms (line 4Ab less line E2)	12,786	18,306	10,330	13,910	18,370	19,120
G. People Gap						
1. Orals (line F1 divided by 13)	25	54	(+ 91)	31	32	40
2. Condoms (line F2 divided by 100)	128	183	103	139	184	191
3. Total (line G1 plus line G2)	153	237	12	170	216	231

(TABLE 1A)

We present a second analysis of the program which we believe to be a much more realistic supply scenario for El Salvador, based upon the following country - specific assumptions and justifications:

1. 40% rather than 50% of the contracepting population (65% of WIFA) at replacement level of population growth would be pill or condom users. Sterilization is now (FESAL-75) the most commonly used method of fertility control, i.e., nearly half of the protected population (6.3% of the 14.2% of WIFA actually using contraception). We can project, even with great increases in pill and condoms users during the next two or three years, that the permanent methods will still hold nearly 25% of the market.
2. Rather than an even split (50%) between the two methods within the pill-condom group, we project an 80% - 20% usage rate, pill to condom. Based on current experience (approximately 10 to 1) and taking into account new program thrusts for condoms, such as commercialization and inclusion into rural health kits, we would expect the pill-condom use ratio to level out at 4 to 1.

Table 1 A

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

	(M/C)		(Units)		(in thousands)					
	1975	1976	1977	1978	1979	1980				
A. "Full Supply" Analysis										
1. Women (15 - 49) - (See Annex A)	820	846	873	901	929	959				
2. 65% of line A1 (Contracepting women required to achieve replacement level)	533	551	567	586	604	623				
3. 40% of line A1 (Contracepting women utilizing orals and condoms)	328	338	349	360	372	384				
4. Annual stock requirements for "Full supply"										
a. Orals- $\frac{1}{2}$ •8f, line A3 x 13 monthly cycles	3,411	3,515	3,630	3,744	3,869	3,994				
b. Condoms- $\frac{1}{2}$ •6f, line A3 x 100 units	6,560	6,760	6,980	7,200	7,440	7,680				
B. Annual New Supply From Non-AID Bilateral Sources										
1. Private Commercial Sector										
a. Orals	725	796	900	1,000	1,000	1,000				
b. Condoms	1,440	1,728	2,160	2,160	2,160	2,160				
2. Other Donors										
a. Orals	357	338	367	400	400	400				
b. Condoms	326	576	720	720	720	720				
3. Host Country Government Procurement										
a. Orals	250	100	150	200	200	200				
b. Condoms	-	-	-	-	-	-				
4. Total In-Country Stock										
a. Orals	1,332	1,234	1,417	1,600	1,600	1,600				
b. Condoms	1,766	2,304	2,880	2,880	2,880	2,880				
C. Gap to be Filled to Achieve "Full Supply"										
1. Orals (line A4a less line B4a)	2,079	2,281	2,213	2,144	2,269	2,394				
2. Condoms (line A4b less line B4b)	4,794	4,456	4,100	4,320	4,560	4,800				
D. AIB Bilateral Supply Objectives										
1. Orals	1,012	814	2,604	933	1,000	1,000				
2. Condoms	5,948	540	8,640	5,760	2,000	2,000				
E. Total New Supply										
1. Orals (line B4a plus line D1)	2,344	2,048	4,021	2,533	2,600	2,600				
2. Condoms (line B4b plus line D2)	7,714	2,844	11,520	8,640	4,880	4,880				
F. Remaining Supply Gap										
1. Orals (line A4a less line E1)	1,067	1,467	(+391)	1,211	1,269	1,394				
2. Condoms (line 4ab less line E2)	(+1,154)	3,916	(+4540)	(+1440)	2,560	2,800				
G. People Gap										
1. Orals (line F1 divided by 13)	82	113	(+30)	93	98	107				
2. Condoms (line F2 divided by 100)	(+11)	39	(+45)	(+14)	26	28				
3. Total (line G1 plus line G2)	71	152	(+75)	79	124	135				

AID Bilateral Logistic and Financial Analysis
of Orals (Thousands of m/e)

Table 3

	Calendar Year					
	1976	1977	1978	1979	1980	
1. Beginning of year stock	514	808	2,632	2,525	2,225	
2. Add: Scheduled deliveries (See Annex B)	814	2,604	933	1,000	1,000	
3. Less: Expected Use 40,000 actives x 13	520	780	1,040	1,300	1,300	
4. End of Year Stock	808	2,632	2,525	2,225	1,925	
					$\begin{matrix} 60, - & 1977 \\ 80, - & 1978 \\ 100, - & 1979 \\ 79, + & '80 \end{matrix}$	

To be completed by AID/Washington

B. Financial Analysis (FY 77)

1. CY 1978 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY 77 (to be determined by AID/W)

C. Financial Analysis (FY 78)

1. CY 1979 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase (To be determined by AID/W)
3. Estimated total cost for FXY 1978 (To be determined by AID/W)

Table 3
AID Bilateral Logistic and Financial Analysis
of Condoms (thousands of units)

A. AID Inventory Analysis	Calendar Year				
	1976	1977	1978	1979	1980
1. Beginning of year stock	4,176	3,816	9,456	11,216	8,216
2. Add: Scheduled deliveries (See Annex B)	540	8,640	5,760	2,000	2,000
3. Less: Expected Use 76-9,000 MOH usersx100 77-10 publ.+20 ucs=30 78-10 publ.+30 ucs=40 79+80 - 50 users	900	3,000	4,000	5,000	5,000
4. End of year stock	3,816	9,456	11,216	8,216	5,216

To be completed by AID/Washington

B. Financial Analysis (FY 77)

1. CY 1977 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY 77 (to be determined by AID/W)

C. Financial Analysis (FY 78)

1. CY 1978 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase (to be determined by AID/W)
3. Estimated total cost for FY 1978 (To be determined by AID/W)

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

1. TRANSACTION CODE
 A = ADD
 C = CHANGE
 D = DELETE

PID
 2. DOCUMENT CODE

3. COUNTRY/ENTITY
 El Salvador

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS)
 [519-0185]

6. BUREAU/OFFICE
 A. SYMBOL [LA] B. CODE [3]

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)
 [Small Farmer Credit Insurance]

8. PROPOSED NEXT DOCUMENT
 A. [2] 2 = PRP
 3 = PP
 B. DATE [10/7/6]

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

FUNDING SOURCE	
A. AID APPROPRIATED	15,000
B. OTHER	
1. U.S.	
2.	
C. HOST COUNTRY	14,500
D. OTHER DONOR(S)	
TOTAL	29,500

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 A. INITIAL FY [7/8] B. FINAL FY [7/8]

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

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) FN	214		041		15,000		15,000
(2)							
(3)							
(4)							
		TOTAL					

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)
 049 070

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

14. SECONDARY PURPOSE CODE
 184

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 [To increase production and productivity of the Small Farm (less than five hectares) sub-sector.]

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)
 [To move the Agricultural Development Bank to lend to the small farmer, with an interest rate high enough to defray a substantial portion of the higher costs and to create within the Bank an insurance program designed to lower the Bank's risk and protect the small farmer from defaulting for reasons beyond his control.]

17. PLANNING RESOURCE REQUIREMENTS (staff/under)
 Consultant Services, Agricultural Credit and Agricultural Insurance
 Specialist - 9 mm \$50,000
 LA/DR/RD TDY 2 mm

18. ORIGINATING OFFICE CLEARANCE
 Signature: *Boyd T. Whittle*
 Title: Boyd T. Whittle
 Rural Development Officer
 Date Signed: [10/7/6]

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 [] [] [] [] [] []

PROJECT IDENTIFICATION DOCUMENT

SMALL FARMER CREDIT/INSURANCE PROJECT

1. Summary of the Problem to be Addressed and the Proposed Response to the Problem.

As stated in the Mission's DAP, the overall objective is to achieve more rapid rates of growth and development with increasing benefits to the lower income earners. For the agriculture sector this means to increase production and productivity of the small farm sub-sector. These increases will likely come about through the use of improved technology, such as new seed, more fertilizer, insecticides, etc., and intensive small farm management systems (multiple cropping). These technological improvements have one thing in common - they imply increased use of inputs. This in turn makes credit to the small farm sub-sector ever more important.

According to the preliminary figures from the 1971 agricultural census of El Salvador less than five percent of the farms under five hectares received credit from the sources considered.^{1/} Over 15 percent of the farms larger than five hectares received credit from these same sources. This kind of distribution is typical of many other countries and stems from the fact that there exist disincentives to the banking system to lend to small farmers. The interest rate charged on loans must cover four costs of the lending establishment: a) cost of money to them; b) risk of making the loan; c) administration of the loan; and d) profit. The banks feel that both "b" and "c" are higher in absolute terms for the small farm sub-sector and indeed, at least the administrative costs (as a percent of the loan) are higher for smaller loans. Another factor in El Salvador, as well as many other countries, is that because the banks perceive a higher risk in lending to the small farmers - indeed to the agriculture sector in general, they require collateral. Many small farmers, particularly renters and sharecroppers, have no collateral, therefore they do not have access to institutional credit. Thus, this project will focus on the elimination of these disincentives.

A. Project Purpose.

The purpose of this project is to move the Agricultural Development Bank (Banco de Fomento Agropecuario, BFA) to lend to small farmers (for purposes of this project - less than five hectares) with an interest

^{1/} The census considered the following sources of credit: Private Commercial Banks, Administración de Bienestar Campesino, Cajas de Crédito Rural, Buyers and Intermediaries, Other Sources, and Mixed Sources. (the Banco de Fomento Agropecuario did not exist in 1971)

rate high enough to defray a substantial portion of the higher costs and to create within the BFA an insurance program designed to lower the bank's risk and protect the small farmer from defaulting for reasons beyond his control. The ideal end-of-project status would be to have the BFA lending to the small farm sub-sector and operating the insurance mechanism on a cost effective basis. However, it is not realistic to expect to accomplish such ambitious goals in the five year life of the project, but we want to move in that direction.

B. Project Description.

The project will create a special line of production-credit for small farmers with interest rates high enough (and increasing during the life of the project) to cover as far as possible the lending establishment's cost and combine this with a crop insurance program (financed by one or two additional points on the interest rate) to lower the bank's risk of making loans to small farmers and at the same time protect the small farmer from default for reasons beyond his control. This mechanism would insure the availability of credit to the small farm sub-sector, since large farmers would not want to pay the high interest rates. Many studies of agricultural credit have indicated that timeliness and availability of credit are more important to the small farmer than the interest rate. Even though the rate would be higher than current subsidized rates, they would likely be lower than the local moneylender is purported to receive.

From the lender's point of view, the insurance of the loan (it will be determined during the project development what risk will be insured against) will serve as collateral for those small farmers who otherwise have none. In order for this scheme to be viable, the small farmer will have to pay the costs.

It is estimated that an increase of 10 percent of small farms receiving credit (23,000 farms) would be necessary in order to clearly demonstrate to the banking system that the program is more cost effective for the lending institutions and that the small farmers will borrow at the higher rates of interest charged. The rationale for concessional AID funding is so that the rates charged in the early years of the program would not have to increase so radically over current rates. AID funds will also be required as seed capital for the insurance indemnity fund during the beginning years. The interest rates will be increased gradually over the five year project life so that by the end of the project, the rates insofar as possible, will be adequate to cover a) the cost of money to the lender in the local market; b) the administrative costs; c) the risk and the maintenance of the indemnity fund; and d) the lender's profit. If the interest rates can be raised high enough and if the insurance scheme works, it is hoped that the private banking system will begin to move toward adopting this scheme and that the public banking system will continue the program for small farmers once AID's involvement ends. Even if this is not the outcome, then at least the BFA will have

moved farther away from subsidize interest rates and may have a viable insurance mechanism to protect small farmers from some of the inherent risks. It is also estimated that the BFA will require technical assistance in the area of streamlining their administrative procedures in order to effectively deal with the significant increase in volume of loans resulting from the project.

In summary then, the outputs of the project will be increased small farmer participation (from the 1971 level of 5 percent of farms with institutional credit to 15 percent by 1982 or a net increase of 23,000 farmers) in the institutional credit market. This will also result in an increase in the total amount of institutional credit loaned to small farmers from about US \$14 million in 1971 to US \$42 million by 1982. An improved administrative procedure within the BFA will be developed in order to efficiently handle the increased volume of loans as well as the indemnity fund through a technical assistance contract.

C. Major Assumptions.

One assumption is that demand for credit exists among the small farm sub-sector. It would seem that given the current low level of farms receiving credit and the fact that this project only proposes to increase from 5 to 15 percent the number of small farms receiving credit, sufficient demand would exist. Another related assumption is that input using technologies, especially from CENTA, will be forthcoming during the life of the project which will increase the demand among small farmers for production credit. The last important assumption is that the increased cost of production resulting from the higher interest rates will not entirely consume the farmer's profits.

D. Description of Host Government and Other Donor Activities.

Of course the GOES has the typical agriculture credit program directed through a governmental institution with subsidized interest rates supposedly directed toward the small farm sub-sector. The IDB recently signed a 15 million dollar loan with the government institution, Banco de Fomento Agropecuario; however, neither of these efforts attack the basic problem, i.e. the existing disincentives to make large numbers of small loans or the higher risk of lending to small farmers. These efforts primarily serve the medium size farmers.

E. Alternatives to the Project.

Two alternatives were considered and rejected. The first was a system of differential interest rates where the smaller, costlier loans, had a higher rate of interest, and the larger, less costly loans, had a lower rate. This system creates a tendency for borrowers to borrow more than they need (in order to obtain lower interest rate) and produces a corresponding misallocation of scarce credit resources. The other alternative was an insurance program not tied to a production

credit program. This, however, has the difficulty of inducing the farmer, unaccustomed to insurance, to participate, and broad participation would be essential to the success of the insurance program. Also, the crop insurance scheme alone does not entirely remove the disincentive to the banking system since it does nothing to reduce administrative costs, although it would provide collateral for small farmers.

F. Beneficiaries.

The direct beneficiaries will be those 23,000 additional farms which will be brought into the credit system. The indirect beneficiaries will be those consumers who will ultimately pay lower prices for the increased production which will be forthcoming. The banking system will also benefit in the form of increased volume of business.

G. Spread Effect.

It is expected that the program, if successful, will be continued and expanded by the banking system as rapidly as their resources and administrative capabilities will permit. This is expected to take place at the rate of 3-5 percent of the small farm sub-sector per year, up to a total of about 30-35 percent.

II. Financial requirements.

The estimated financial requirements arrayed as to use and source are as follows:

(Million Dollars)

	<u>GOES</u>	<u>A.I.D.</u>	<u>TOTAL</u>
Credit Funds	14.0	14.0	28.0
Indemnity Fund	0.5	0.5	1.0
Technical Assistance	--	0.5	0.5
Total	<u>14.5</u>	<u>15.0</u>	<u>29.5</u>

This Mission proposes loan funding for a project life of five years.

III. Development of the Project.

An analysis of the existing informal credit market supplemented by analysis of the BFA's current operating costs will provide insight into the development of the interest rates schedule and point out elements of high cost. Further analysis and technical assistance can be directed at lowering those elements which are considered to be too high.

Studies regarding the risk and the associated cost of insuring

those risks will also be required. This will enable the project development team to determine which risks can be covered, and what the costs will be.

Due to the fact that the PRP must be submitted by October 30, 1976, it is doubtful that these analyses will be completed for that document. It is possible that some partial information may be available. The Mission plans to submit the PP by November, 1977.

The Mission estimates that the consultant services of agricultural credit specialists and agricultural insurance specialists (up to 9 man-months) will be required for both PRP and PP development. It is expected that the \$50,000 needed to provide this assistance will be available in the Mission's technical support budget. In addition, up to two man-months of LA/DR/RD TDY will be required to assist the Mission in finalizing project conceptualization at both the PRP and PP stages.

IV. Issues.

Given our understanding of the recent IDB experience with the interest rate question (where the GOES insisted on maintaining subsidized interest rates on the grounds that it benefits the small inefficient farmer) the GOES may have difficulty with the project rationale.

A second issue revolves around the relationship of this project to the proposed ISTA project. It is the Mission's intent, insofar as possible, to direct the credit portion of the ISTA project along the same lines as this project. However, credit under the ISTA loan will only be available to small farmers in the ISTA project area. The project proposed in this PID is intended to have nationwide coverage and not be limited to farmers who received land from ISTA. It is also anticipated that the project proposed here may just build on the ISTA credit program, expanding it to non-ISTA project areas.

DS/am

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

1. TRANSACTION CODE
 A A = ADD
 C C = CHANGE
 D D = DELETE

PID
 2. DOCUMENT CODE
 1

3. COUNTRY/ENTITY
 El Salvador

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS)
 [519-0184]

6. 3. REAL/OFFICE
 A. SYMBOL LA B. CODE [3]

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)
 [Small Farm Irrigation Systems]

8. PROPOSED NEXT DOCUMENT
 A. 2 = PRP B. DATE MM YY [10/7/16]
 3 = PP

10. ESTIMATED COSTS
 \$000 OR EQUIVALENT, \$1 = 22.50)

FUNDING SOURCE	\$455,235
A. AID APPROPRIATED	2,300
B. OTHER U.S.	
C. HOST COUNTRY	1,625
D. OTHER DONOR(S)	
TOTAL	3,625

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 a. INITIAL FY [7/8] b. FINAL FY [7/8]

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

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) FN	201	064			2,000		2,000
(2)							
(3)							
(4)							
		TOTAL					

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)
 022 032

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

BF	EQTY	LAB	PART	TECH		
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14. SECONDARY PURPOSE CODE

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 [To increase the production and productivity (production efficiency) of small subsistence level farmers and move them to where they can produce surplus to subsistence needs and successfully market this surplus.]

16. PROJECT PURPOSE (MAXIMUM 430 CHARACTERS)
 [To provide loan funds to the GOES to help the lower income farmers construct small supplemental irrigation systems. The project beneficiaries to provide self-help labor. This will extend the growing season and encourage two crops in some areas where only one is grown at present.]

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)
 1 agricultural economist - 1 person-month
 2 or 3 irrigation specialists - 3 person-months

18. ORIGINATING OFFICE CLEARANCE
 Signature: *Boyd T. Whittle*
 Title: Boyd T. Whittle, Rural Development Officer
 Date Signed: MM DD YY [06/21/16]

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 MM DD YY

PROJECT IDENTIFICATION DOCUMENT

SMALL FARM IRRIGATION SYSTEMS

I. SUMMARY OF PROBLEM AND PROPOSED RESPONSES

A. The Problem

It is the universal goal of AID to improve the economic position and general welfare of the poorer people in the developing nations. In concert with this, the Mission's DAP sets forth an overall objective to achieve more rapid rates of growth and development with increasing benefits for those earning the lowest incomes. In agriculture this means to increase the production and productivity of the small subsistence-level farmers.^{1/}

In El Salvador a major part of the land suitable for cultivation is in production. Increased yields through improved seeds, increased use of fertilizers, pesticides, etc., will not be sufficient to provide the extra food and increased income desired. A concurrent program for construction of small irrigation systems is needed to extend the present 5-month growing season. This will permit two-crop plantings instead of one. Of the estimated 323,000 irrigable hectares in El Salvador, only 23,000 (7%) are presently irrigated. For seven months El Salvador is without rain and even during the rainy season the distribution of moisture is not always dependable. In addition to extending the growing season, irrigation can avoid severe yield reductions or at least complete loss.

As in most developing countries, the majority of the Salvadoran poors are rural families who depend on agriculture for their livelihood. Some of these are farm laborers, some farm small family-owned plots or land they rent and some do both day labor and farm family plots. It is these subsistence level small farmers and their families that this project proposes to assist.

Crop production depends on labor, seed, sunlight, soil and water as absolute inputs. While many others are highly desirable these five inputs are musts. Unpredictable rainfall is the problem that the small subsistence level farmer has to cope with constantly. His inability to deal with it is often disastrous. The provision of water will relieve somewhat the severe land/labor ratio and it will permit more intensive use of existing land.

^{1/} The major portion or all of the farm production is consumed by the family and only a small part is bartered or sold into the commercial market.

B. Project Purpose

To provide loan funds to the Government of El Salvador (GOES) to help the lower income farmers construct small irrigation systems. The objective is to help to alleviate their water problems and thereby assist them to produce more and earn more income.

When the risk of water availability is minimized it is considerably easier to convince subsistence farmers to use other highly desirable but costly inputs which can bring substantially increased crop yields. These inputs, principally fertilizer and pesticides, start the small farmer's transformation from basically subsistence farming to some production for the commercial market. It is only when a farmer can sell some of his produce that he can take the risk of using credit, and investing in expensive inputs. When a farmer increases his production above that which his family needs for subsistence and his productivity (production efficiency) is improved, he should be able to sell his surplus product. This will increase his income and start him toward market production.

C. Project Description

This project, based on the needs of low-income farmer living in small rural communities, will provide necessary funds for engineering and construction costs to install or expand small farm irrigation systems in El Salvador. Lack of funds for engineering services and materials have constrained the expansion and acceleration of FOCCO's small irrigation systems efforts. The proposed beneficiaries will be involved and participate by providing the labor necessary to construct service canals, simple diversion structures, on-farm ditches, etc. The voluntary self-help system has been successfully employed in El Salvador under the aegis of the Fomento y Cooperación Comunal (FOCCO). FOCCO is being proposed as the agency to implement and coordinate this project and will use the technical and engineering services of the Dirección General de Obras de Riego y Drenaje (DGORD). The DGORD is subordinate to the Ministry of Agriculture and Livestock. This DGORD/FOCCO cooperative relationship is presently employed for the FOCCO-sponsored small community self-help irrigation systems. DGORD has primary responsibility for administering the larger irrigation and drainage projects.^{2/} The types of irrigation systems to be constructed could include, but not necessarily be limited to the following:

1. Medium or small-pump systems operated by a water user's association, cooperative, private entrepreneur or government agency;
2. Surface water diversion systems operated by water user's associ-

^{2/} More specific details on these agency's activities are included in Section E. on page 5. For a comprehensive review of irrigated agriculture in El Salvador the IDB/IBRD/AID Agricultural Rural Development Survey to El Salvador - Aug./Sept. 1974 - Needs and Potential for Irrigated Agriculture Annex #4, by Harold Rinnan may be referred to.

ation, cooperative or government agency;

3. Cistern or tank water storage systems operated by individual farmer or family neighborhood groups.

It is anticipated that criteria for selection of project sites would be developed prior to project implementation. Further, final design of specific systems would take into account previous work, studies, plans, successfully operating systems or failures.

As an integral component of the project, data would be collected before initiation of new systems and at necessary intervals following their completion to permit accurate evaluation of the actual benefits accruing to the project participants. In addition to the irrigation systems and implementation methods used, the project would also permit possible future utilization and additional evaluation of previously AID-financed Utah State University-conducted research for on-farm water management.

This proposed project would not conflict with or duplicate any activities anticipated as a result of the construction of the Cerrón Grande Dam.

D. Major Assumptions

1. Of the estimated 323,000 hectares of irrigable land in El Salvador, only 30% is considered suitable for large block major irrigation systems. The remaining 70% of irrigable land is scattered throughout the country in comparatively small blocks. It has been projected that El Salvador will need over 125,000 hectares of land under irrigation by 1990 in order to attain and sustain adequate agricultural growth. This project assumes it is critical to concentrate on the small systems where 70% of the potential lies;
2. El Salvador's rural communities have already demonstrated their willingness and capability to provide volunteer labor necessary to construct small supplemental irrigation systems. It is assumed most if not all others will continue to do so. Not all rural areas can be serviced, however, due to limitations such as location of land, proximity to water, types of soils, etc.;
3. The present backlog of pending community requests for assistance in the planning and construction of small irrigation systems can be handled effectively by FOCCO/DGORD if additional funding is available.

E. Description of Host-Government and Other Donor Activities

The DGORD, a Department of the Ministry of Agriculture, started

the implementation of the Zapotitán Valley, the first irrigation and drainage big scale project, in February 1969. It is a multiple-purpose irrigation, drainage, and flood control project designed to promote cultivation of about 4,230 hectares and to provide a net of access roads within the area. The irrigation plan consists of an integral system of surface and subterranean water. Some 2,090 hectares will be irrigated by means of surface water and 2,140 by means of deep wells. The financing for this project therefore has been entirely through GOES funding. The amount spent is approximately 35 million colones (US\$14 million).

In addition, implementation of a second, the large-scale Atiocoyo irrigation project, presently is underway. The Atiocoyo project, has an estimated area of 3,415 hectares to serve approximately 1,300 families. It consists of a diversion dam, some 30 Kms. of primary canals and roads, 32 Kms. of secondary canals and roads. The civil works started in January 1975 and are scheduled to be completed by mid-1977. Out of an estimated total cost of about US\$14 million, the IDB has financed US\$8 million.

IDB has also committed a loan for second-phase feasibility studies for about 104,000 additional hectares.

Recently, the German Government granted the equivalent of US\$1.4 million to provide technical assistance to the DGCRD for the Atiocoyo project, with emphasis on marketing problems.

FOCCO, in the past two years, has coordinated and completed two small self-help irrigation projects covering a total of about 140 hectares and is presently implementing construction of three additional projects with a total area of 750 hectares. FOCCO has also studies completed for three more projects covering some 1,200 hectares, and has under consideration another five projects covering some 2,000 hectares. FOCCO does not have firm financing for all of its planned projects.

F. Alternatives to the Project

The first and most obvious alternative of doing nothing has been rejected. If nothing is done we must assume that the Government of El Salvador (GOES) current irrigation program (with other donor assistance) could reach a target of 125,000 hectares under irrigation by 1990. This alternative has been rejected because without (1) concentrated and accelerated efforts in the land areas of most potential and (2) the utilization of self-help labor to defray capital costs, we believe that El Salvador cannot reach this target goal.

A full discourse of alternatives might include expansion of some larger systems to include a larger portion of the small lower income farmers. This, for obvious reasons, could become almost impossible to plan and engineer. The most direct approach to the smaller farmers participation and

increasing income benefits fitted into national food production and rural employment targets seems to almost demand the approach proposed in this PID.

G. Beneficiaries

The direct beneficiaries will be those farm families who will produce more food, to eat and sell, and develop confidence that other technology inputs, even with attendant costs and risks are worth it.

More food production and its availability in local markets should produce lower costs to both rural and urban consumers.

H. Spread Effects

If this project is successful, in a country as small as El Salvador with good communications facilitated by a great deal of annual migration of laborers from one area to another, it would be expected that an ever increasing demand for community irrigation, as well as other community activities will occur. The questions of (a) whether adequate financial resources will be available to meet the anticipated project demands or (b) whether all projects proposed are technically feasible, are not possible to determine at this time. However, we would assume that, if these demands are great enough, subject to technical feasibility, the government will make special efforts to fulfill them. This would be a highly desirable outcome from AID's point of view. It is very difficult to predict either the probability or the magnitude of such a spread effect at the present time. This outcome does not seem unreasonable, given the fact that FOCCO is presently overloaded with requests for community irrigation projects. There is, however, a physical limit as to how far irrigation can be expanded. The possibility for other self-help community projects is virtually limitless.

II. FINANCIAL REQUIREMENTS

The estimated financial requirements to initiate the project are as follows:

	<u>In thousand Dollars</u>		
	<u>GOES</u>	<u>AID</u>	<u>TOTAL</u>
Technical assistance, engineering and administration	300	800	1,100
Commodities, construction/equipment, materials	1,325	1,175	2,500
Other Costs	-.-	25	25
	<u>1,625</u>	<u>2,000</u>	<u>3,625</u>

These figures are a rough estimate to bring an additional 20,000 hectares under small farm irrigation systems by the end of 1980. The technical assistance and commodities components would be fully obligated before 1980. The balance of the funds would be obligated as required to construct systems approximately on the following schedule:

<u>Hectares to Be Irrigated</u>				
<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
2,500	3,200	4,000	5,000	5,000

III. DEVELOPMENT OF THE PROJECT

Some interest in this kind of activity has been expressed by officials of FOCCO, however, only general discussion has taken place and no commitments for such a program have been made by USAID.

A review and analysis of FOCCO's current small irrigation systems operating in the country will need to be completed. This will include initial construction costs with conversion to current prices, systems design, maintenance and operating costs, ownership, operational organization, selection criteria and such other information necessary to develop this proposed project. Representative project sites will be analyzed and plans prepared to better estimate actual costs, best means for the evaluation systems, etc. When the representative project sites (principally based on the current community requests on file), operational plans and evaluation systems are firmed up and agreed to with the host sponsoring organization a PRP will be drafted. Following this and with further approval, a PP will be prepared.

Assistance will be sought from AID/W as necessary. It is contemplated that one agricultural economist will be needed for one month and two or three other irrigation specialists or engineers will be needed for a month each to assist on the technical aspects of the PRP and PP.

IV. ISSUES

Capital costs for irrigation in El Salvador have been traditionally free to those whose lands lie within a constructed system. This project supposes loan financing, therefore the government must be prepared to repay the loans from other revenues if not derived from the direct beneficiaries of this project. Unless a new policy is introduced, it would be difficult to expect the farmer beneficiaries of this project to fully amortize the

loan when others in other systems have not assumed such costs. Further, the benefitted farmers in this project will be expected to provide most or all of the labor for constructing the systems and to this extent they will be paying for a large portion of the construction costs. The issues of water service charges and similar questions need to be worked out as do the plans for implementing the project systems.

It is expected that FOCCO would play the promotional and coordinating role and DGORD the principal engineering role. AID will provide some technical assistance as requested.

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

PREPARED BY: A
 B
 C
 D

FID
 DOCUMENT
 CODE

3. COUNTRY/ENTITY: El Salvador
 4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 DIGITS): [519-0182]
 6. BUREAU/OFFICE: A. SYMBOL: LA B. CODE: [3]
 7. PROJECT TITLE (MAXIMUM 40 CHARACTERS): [Nutrition Improvement]

8. PROPOSED NEXT DOCUMENT
 A. 2 = PRP
 3 = PP
 B. DATE: MM YY [10 | 76]

10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = \$2.50)

FUNDING SOURCE	\$455,000
A. AID APPROPRIATED	3,250
B. OTHER	1.
U.S.	2.
C. HOST COUNTRY	5,000
D. OTHER DONOR(S)	50
TOTAL	8,330

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 A. INITIAL FY [78] B. FINAL FY [81]

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

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) FN	300	300		114		250	3,000
(2)							
(3)							
(4)							
TOTAL				114		250	3,000

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

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

BR	BU	INTR	NUTR	PART	A. SECONDARY PURPOSE CODE
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15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 [To improve the nutritional status of the Salvadoran populace.]

16. PROJECT PURPOSE (MAXIMUM 400 CHARACTERS)
 [To design and implement a National Nutrition Program which will result in approximately a 20% decrease in the prevalence of first, second and third degree protein/caloric malnutrition by 1985.]

17. PLANNING RESOURCE REQUIREMENTS (staff/other)

TQ - short term advisor	2 p/m	\$10,000
FY-77 - TA/N short term advisors	9 p/m	\$45,000 AID/W contracts

18. ORIGINATING OFFICE CLEARANCE
 Signature: *Samuel Taylor*
 Title: Samuel Taylor, Health and Population Officer
 Date Signed: MM DD YY [06 | 15 | 76]

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DECISION DATE OF DISTRIBUTION
 MM DD YY [| |]

I. Summary of the Problem to be Addressed and Proposed Response.

A. The Problem

There has been a series of studies¹ and clinical data that have established the nationwide prevalence of protein/caloric malnutrition in El Salvador at over 70% for children under 5 years of age. The consequences of malnutrition are devastating in that malnourished children suffer an impaired learning capability and stunted growth; it is estimated that malnutrition is directly or indirectly responsible for as much as 80% of the morbidity and mortality in young children. This condition of course is restricted to the poor majority and it seriously reduces their earning abilities in later life. El Salvador simply does not have available enough foodstuff to provide for the basic nutritional requirements of its populace. The daily national average of caloric consumption is only 1,914 calories, which is considerably lower than the 2,200 per day recommended by FAO for developing countries. The availability of calories does not appear to be improving and may even be getting worse. Beside not having enough food, El Salvador's system of food distribution, large family size, high prevalence of infectious diseases, over-allocation of land for export crops, poor feeding habits (mother weaning too early as an example), high rate of illiteracy and the seasonal fluctuations in the availability of foods, all contribute to the problem.

The GOES is not fully cognizant of the magnitude of this problem nor the present or future consequences and has allocated too few resources to effectively tackle the problem to date. Stated bluntly, the poor majority which suffers from malnutrition does not have a very strong lobby in the government.

In late 1975, the GOES hired a local physician with considerable expertise in nutrition to assist in the formulation of a National Nutrition Policy. The Minister of Planning has assured USAID that this third attempt to develop a National Nutrition Policy will produce results; however, the drafts of the policy, which were shared with USAID, indicate that the proposed policy is lacking in definitive base line data and specific corrective action plans. The policy does not provide at least a starting point from which to develop a national program.

B. The Project as a Response to the Problem.

The initial grant financed portion of the project will consist of advisory services and training to establish the technical competence of appropriate GOES agencies to deal with the malnutrition problem and the implementation of pilot activities to test the effectiveness of various

¹ INCAP, CARS and CRS

measures in reducing malnutrition. Possible program activities include (1) promotion of nutrition through the use of mass media (particularly radio and educational television), (2) nationwide distribution and promotion of high protein bean seed such as gandul to small farmers via community health workers, community development workers, agricultural extensionists, etc., (3) a volunteer nutrition collaborator system for 3,000 cantones. (The volunteers will weigh and measure children and refer cases of a second and third degree malnutrition to the health posts, which will have PL-480 Title II commodities), (4) establishment of a nutrition department in the "Escuela de Capacitación" in MOH to ensure that all health workers trained have an adequate background in nutrition, (5) a Nutrition Unit in the Ministry of Agriculture (MAG) to ensure that nutrition receives consideration in agricultural planning, (6) establishment of a nutrition education center in the MOE that will develop textbooks and educational materials for school teachers and for different grade levels, (7) the training of a core of multi-disciplinary planners for the Nutrition Unit in the Ministry of Planning.

1. Estimated outputs include:

- An analytical study which details the causes of widespread malnutrition and recommends action programs in sectors involved.
- A redirected PL-480 Title II program with a nutritional objective.
- A data base from which the impact of nutrition programs can be measured and a nutrition surveillance system.
- A trained corps of multi-disciplinary governmental officials who are capable of developing and administering programs with a nutritional objective.
- A well-defined national nutrition program, accompanied by GOES budgetary support.
- A mass media program for the promotion of nutrition.

2. The estimated technical resources include:

- a. Project manager
(one nutrition advisor) 5 person/years
(one year pre-project planning)

b. Selected short-term consultants

nutrition planner	6	person/months
anthropologist	4	"
economist	2	"
food technologist	2	"
statistician	4	"
agricultural planner (nutrition orientation)	6	"
nutrition education (specialist in mass media)	8	"
nutritionist (clinical) M.D. (epidemiologist)	4	"
Total	<u>36</u>	person/months

3. The disbursement period for this project:

FY-78 through FY-81. In FY-78 and 79 grant funds for \$250,000.

Loan funds for \$3 million are being sought starting in FY-79 to overlap for one year with the grant, which is primarily for training and pilot projects.

C. Major Assumptions Pertinent to Project Sources

- USAID can recruit Spanish-speaking technicians to carry out the planning activities and also identify counterparts with which these technicians can work.
- The nutrition sector assessment in the pre-project planning phase will bring about an awareness of the seriousness of the malnutrition in rural areas and the associated social costs.
- Qualified candidates can be identified for long-term training.

D. Other Related Activities in El Salvador

To assist the GOES in the formulation of the Nutrition Policy, INCAP has in-country a full time nutrition planner. Unfortunately, the advisor is under the administrative control of PAHO and is restricted in the activities in which he can participate, i.e. he tends to identify with MOH and the bio-medical aspects of the nutrition problem.

CARS, under an existing RSSA (TA/N) with CDC, Atlanta, for nutrition surveillance, has completed a malnutrition prevalence survey which should provide a mechanism to pinpoint the foci of malnutrition nationwide. INCAP is expanding the initial effort begun by CARS.

The Catholic Relief Services, together with its national counterpart Caritas, is providing PL-480 Title II commodities to approximately

110,000 recipients in the Maternal-Child Health category. This program has not demonstrated it has a nutritional impact. Also, Caritas is planning a nutrition education project with Inter-American Foundation funding.

The World Food Program has a project of four-years duration (1973-1977) of WFP food aid as an incentive to workers participating voluntarily in community development activities. Although rations are given to the families of the workers, the project does not pretend to effect lasting nutritional changes in recipients. Its purpose, rather, is to develop community-benefit activities to generate productive employment and improve living conditions in rural areas.

Other activities are (1) the distribution of gandul beans (pigeon peas) by community health workers and agricultural extension agents as a supplemental resource of protein for 10,000 rural families; (2) the development of soy fortified breads (sweet breads) that are consumed primarily by low-income groups through a USDA contract with TA/N. Hopefully this project will lead to the reduction of the tariff on soy flour and make it possible to add soy to tortillas, the staple for the poor majority; (3) the on-going health sector assessment will focus on actions that the Ministry of Health can take in nutrition in its rural health delivery system.

E. As explained in the DAP revision of the Health, Nutrition and Population, dated November 1975, "We proposed to assist CCNAPLAN (presently the Ministry of Planning) in assembling a staff of planners who will be able to develop a comprehensive nutrition policy and a plan of implementation". The grant part of project is considered as a first phase of this development process and will be followed by a loan when the plans are firm.

F. The direct beneficiaries of this project will be the low-income segment of the population which presently does not have the resources necessary for adequate nutrition.

II. Financial Requirements and Plan

Estimated Project Budget (in \$ 000)				
<u>AID</u>		<u>INCAP</u>	<u>GOES</u>	<u>TOTAL</u>
Grant	250	80	5,000	8,330
Loan	3,000			

The bulk of these grant funds will be used for technical assistance, participant training and the sector assessment. The use of the loan funds will be dependent of the findings from the assessment.

III. Development of Project

To further develop this project, the Mission will require the services of a nutrition planner for two months not later than August 1, 1976 to prepare the PRP for submission to AID/W in October, 1976.

Beginning in early October, the Mission will need a team to do a nutrition sector assessment. Most of the data necessary for this assessment will be available from the INCAP/CARS Malnutrition Prevalence Study, which is already in progress. Also, work being done in the Health Sector Analysis will feed into this effort. It is estimated that 9 person/months of technical assistance will be needed for this effort.

To ensure that the project is well planned and PP is submitted on time, the project manager (Nutrition Advisor) should be on board by October, 1976. SPAR 519-76-002 for this position was transmitted to AID/W on March 31, 1976.

IV. Issues of a Policy or Programmatic Nature

As explained in section A of this PID, malnutrition is a very serious problem, but few actions have been taken by the GOES to improve the situation. This situation points to the fact that the poor majority does not have a very strong lobby in the government, although there are some signs that an AID input could be critical in pushing the government towards a more definite action. Ideally AID should wait until the GOES has defined its strategy and then, when requested, make its resources available. We feel that this may take years, whereas if we begin to program inputs at this time, we will be able to speed up a process that has already been set in motion. Furthermore, the planning effort proposed in this project will also concentrate on developing a Title II program that will have a greater nutritional impact and that can be integrated into a national nutritional effort.

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

1. TRANSACTION CODE
 A A = ADD
 C C = CHANGE
 D D = DELETE

FID
 2. DOCUMENT CODE
 1

3. COUNTRY/ENTITY
 El Salvador

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS)
 319-0183

6. BUREAU/OFFICE
 A. SYMBOL LA B. CODE 3

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)
 Marketing Systems Development

8. PROPOSED NEXT DOCUMENT
 A. 2 = PRP B. DATE 1 0 7 6
 3 = PP

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 a. INITIAL FY 7 8 b. FINAL FY 8 0

10. ESTIMATED COSTS
 (\$000 OR EQUIVALENT, \$1 = Q2.50)

FUNDING SOURCE		AMOUNT
A. AID APPROPRIATED		
B. OTHER U.S.	1.	700
	2.	
C. HOST COUNTRY		1,000
D. OTHER DONOR(S)		
TOTAL		1,700

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

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) 11	224	019		350		700	
(2)							
(3)							
(4)							
		TOTAL					

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)
 039

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

14. SECONDARY PURPOSE CODE
 134

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 To alter the skewness of the income distribution pattern in favor of the small grain producer.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)
 To facilitate marketing exchange efficiency for basic grains through the creation of mechanisms of licensed, registered, or bonded warehouses, and future sales contracts, thereby providing the small grains producer with viable marketing options.*

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)
 Consultant services, Agricultural Marketing Specialist 6 person-months \$30,000
 LA/DR/RD IDY 1 person-month

18. ORIGINATING OFFICE CLEARANCE

Signature: *Boyd T. Whittle*
 Title: Boyd T. Whittle
 Rural Development Officer

Date Signed: 1 0 7 6

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 1 0 7 6

PROJECT IDENTIFICATION DOCUMENT

MARKETING SYSTEMS DEVELOPMENT PROJECT

I. Summary of the Problem to be Addressed and the Proposed Response to the Problem.

The Congressional Mandate and the Mission's DAP state that our principal objective is to improve the income of the rural poor. This objective may be addressed by attempts to alter the skewness of the income distribution pattern in favor of the small farmer.

The preliminary figures from the 1971 Census of Agriculture indicate that El Salvador's small farmers (less than five hectares) are overwhelmingly devoted to the production of basic grains. The less than five hectare farms have 87.5 percent of their tillable land in basic grains and produce 63.7 percent of the total crop of El Salvador.

Surveys of the marketing system for basic grains often point out that small farmers are forced to sell their crop at the farm gate to intermediaries at prices lower than those prevailing in the market place. The farmer is forced to sell in this manner because he needs the money, he has no method of transportation, it is too far to the market, lacks adequate storage and lacks knowledge of prevailing prices.

The current basic grains price policy is to stimulate production leading to the goal of becoming self-sufficient and avoiding expensive imports. This policy has recently resulted in guarantee prices substantially above the market price. Since IRA cannot purchase all the grain which is offered, (which would be total production) they purchase only from small and medium-size farmers who have obtained production credit from the Banco de Fomento Agropecuario, FEDECACES, and other agricultural cooperatives. From AID's point of view, these turn out to be what we consider medium-size farmers.

If these obstacles could be overcome, the small grain producer would receive a higher price thereby improving his income. This project will attempt to eliminate enough of these obstacles to provide an increased income to the small grain producer.

A. Project Purpose.

The purpose of this project is to facilitate marketing exchange efficiency for basic grains through the creation of a mechanism of licensed, registered or bonded warehouse receipts and future sales contracts. The basic objective is to provide the small producer with

viable options to immediate sale at harvest, so that he can take advantage of the higher prices which prevail later in the year.

B. Project Description.

This project will have several facets which will be developed simultaneously so that the producer is given more than one option.

1. Warehouse Receipts Program.

Basic grains can be stored after harvest in government licensed and bonded or registered warehouses and legal receipts can be issued which confirm the quantity and quality of the product. The possibility of using government bonded or registered agents to take delivery of grain at the farm gate and simultaneously issuing legal receipt will be explored. This project element would provide the option for the small producer to retain ownership of his commodities and allow him to receive the consequent increase in income resulting from sale at a higher price later in the year. The legal receipts issued can be used as chattels to underwrite loans from financial institutions if the owner desires. These loans would carry low interest rates due to the low risk inherent in secured loans.

2. Future Sale Contracts.

The buying and selling of goods to be delivered in the future may be as old as commerce itself. The first authenticated instance occurred in 17th Century Japan (where land owners sold receipts for unharvested rice crops), though there is reason to believe that Assyrian wheat growers set up similar deals 3,000 years earlier. Regardless of the crop or the era, the basic idea is that prices fluctuate. Prices of agricultural goods -- harvested one or two months a year but needed all year round -- fluctuate wildly. Before the advent of organized futures trading, in the United States, grain would sell for almost nothing when it was plentiful (usually right after harvest), then gyrate madly, according to the vagaries of weather, shipping, demand and whatnot. This pleased neither the growers (who often felt they were not getting a fair price for their crops) nor the processors (who usually had to bid higher and higher for diminishing supplies of grain as the season wore on and faced the risk of colossal inventory losses if prices plummeted).^{1/} To escape this dilemma, growers began selling contracts for future delivery of goods at current prices. Such future-delivery contracts protected the farmer from losses that might occur if his produce were in oversupply (having already sold

^{1/} It should be pointed out here that in the case of perishable commodities the processor is not faced with problem of rising prices during the year as inventories are depleted and therefore this marketing mechanism does not lend itself to those commodities. Contracting for perishable commodities has been known to work where the processors objective is to assure a quantity sufficient to make his plant operate cost-effectively. Contracting does not work for the fresh marketing of produce.

the goods, he did not care what happened to prices after that) and protected the processor from losses he might incur if prices were to increase (having already purchased, he did not care, either). In time, futures contracts became standardized and negotiable, and speculators leaped eagerly into the middle. If they thought the price of grain was going up, they would buy contracts to receive it, in hope of subsequently reselling the contracts at a profit. If they thought the price was going down, they would contract to deliver grain at current prices, in hope of fulfilling the contract later on at a cheaper rate.

The creation of a commodities or futures market in El Salvador such as the one which exists in the United States is probably not feasible. The relatively small size of the market would lead to a lack of active trading and speculation which is essential to a futures market. However, the trading of future contracts by the actual producers and processors which was the forerunner of the commodities exchange as we know it, could have some potential. This project will assist in the establishment of a mechanism to facilitate such trading, by providing technical assistance.

Both of the project elements described above will require the establishment of enabling legislation at the national level. Standards for licensing, bonding, and inspecting government approved warehouses and storage facilities will have to be developed, then implemented. Uniform grades and standards as well as weights, measures, and shipping containers will have to be developed. The program cannot work without them. This implies the need for a cadre of trained inspectors and program administrators to supervise and manage the program. The obvious implementing agency would be IRA. This program would require technical assistance and training for the people who will be involved and possibly some funding for operations during the initial phase.

Another critical aspect of the program would be to expand the Ministry of Agriculture's current practice of obtaining daily price information on a series of commodities in the San Salvador market to those of San Miguel and Santa Ana. Then the preceding days prices should read several times during the early morning hours over local radio stations in these three areas. Farmers' knowledge of current market prices will be essential to the functioning of the project.

The life of the project would be five years, with the first two being devoted to developing, planning and getting approval on the required legislation (this is a time consuming process in El Salvador) and the next three years to implementation. The rationale for AID financing is that there exists some doubt regarding whether or not this technique will be accepted and used by the small basic grains producers, and there is a need for considerable advisory services in this area. This is a high risk project and would likely not be undertaken without AID's input.

C. Major Assumptions.

Probably the most important assumption is that some small grain producers will be motivated to use these options in order to improve their income. This will represent a new concept in marketing to most if not all of them. Another related assumption is that the cost of storage (in the case of the bonded warehouse scheme) will be less than, or at least not greater than, the increase in price which occurs between harvest and time of sale. It would seem likely that cost will not be greater, since currently the market remunerates somebody to store the grain until it is used during the course of the year.

D. Description of Host Government and Other Donor Activities.

The GOES has, of course, the grain price stabilization program through IRA, funded by AID Loan 519-T-019 and CABEL. The proposed project would be complementary to this activity, particularly with respect to the improved access of small farmers to the marketing facilities and the increased storage capacity. Also, the trucks which are being purchased under the Grain Marketing Loan would be used in the proposed project, in order to provide the small producer more access to the options described. Some changes in IRA's current price policy and retail sales program would be necessary. The extent and feasibility of these will be determined during project development. There is no other donor activity in this area at the moment.

E. Alternatives to the Project.

The alternative of doing nothing was considered and subsequently rejected due to the potential for real gains for the small farmer. Since such a large portion of small farms are devoted to grain production and since small farmers produce such a large proportion of all basic grain, it seems worth the risk to attempt the project. Also, a loan to purchase trucks aimed at increasing competition among buyers was considered. It was decided that if competition is lacking, entrepreneurs would jump at the opportunity. They are not, so the alternative was rejected although future studies will examine this alternative as well.

F. Beneficiaries.

The direct beneficiaries will be those innovative small farmers who take advantage of the options to obtain a higher price for their output. The number and amount of increased income expected is impossible to determine. As these farmers realize higher prices, they will increase their output to some extent which will ultimately benefit the poor consumer whose diet is heavily dependent upon basic grains. It should also be recognized that any grain producer could take advantage of the proposed program, since it would be difficult to limit to just small producers. However, there are not too many large grain producers and they are benefiting from the current system anyway. There should be some

gains from shifting from the present policy in terms of tax savings benefiting that portion of population which pays taxes.

G. Spread Effect.

This program will be implemented on a national scale. If the program is successful, as the word of the innovative more confident small farmer gets around, it is expected that many others will likewise take advantage of the potential for increased prices. The magnitude of the spread effect is difficult to determine.

II. Financial Requirements.

The estimated financial requirements are as follows:

	<u>(Million Dollars)</u>		
	<u>GOES</u>	<u>AID</u>	<u>TOTAL</u>
Technical assistance	-	0.5	0.5
Training	-	0.2	0.2
Operations	1.0	-	1.0
Total	1.0	0.7	1.7

It would seem appropriate for this particular project to make these funds available in the form of a grant to the GOES.

III. Development of the Project.

It is anticipated that a farm level study of marketing of basic grains will be required. Specifically such a study should determine who farmers are currently selling to, at what prices, and if competition exists on the buyers side. Also a determination of whether the often aluded to lack of trucks is a real problem. Additionally, a study of what price spread would be necessary to cover the cost of storage, transportation, and administrative cost of the bonding or registering of warehouses, etc. These efforts will require up to six man-months of consultant services. The approximate cost of 30,000 dollars will be available from the Mission's technical support budget. Up to one man-month of LA/DR/RD TDY will be required for document preparation at the PRP and PP stages. It is not likely that these studies can be accomplished before the submission of the PRP, October 30, 1976. However, they will be completed prior to submission of the PP in August of 1977.

IV. Issues.

The major issue is that of willingness on the part of the GOES to implement the proposed project. This project would likely mean the end of IRA's price support program as currently known as well as their retail sales program. These two changes should be conditions to the

proposed project because they would be competitive.

Since IRA is the only GOES agency through which the proposed project could be channeled, a second issue might be whether, given our current experience, IRA has the sufficient capacity to carry out the proposed project. Under loan 019 there has been some training to upgrade the IRA staff.

DS/am

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

1. TRANSACTION CODE
 A A = ADD
 C C = CHANGE
 D D = DELETE

PID
 2. DOCUMENT CODE

3. COUNTRY/ENTITY
 EL SALVADOR

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS) 519-0179

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

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)
 RURAL HEALTH DELIVERY SYSTEM

8. PROPOSED NEXT DOCUMENT
 A. 2 = PRP B. DATE MM YY 09 76
 3 = PP

10. ESTIMATED COSTS
 \$5000 OR EQUIVALENT, \$1 =

FUNDING SOURCE		PAGES
A. AID APPROPRIATED		
B. OTHER U.S.	1.	369
	2.	
C. HOST COUNTRY		220
D. OTHER DONOR(S)		43
TOTAL		632

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 a. INITIAL FY 78 b. FINAL FY 79

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

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) PH	532	510		140		369	
(2)							
(3)							
(4)							
TOTAL				140		369	

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

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

BR	DEL	TNG	PART
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14. SECONDARY PURPOSE CODE

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 Improving the health status of the rural poor of El Salvador.

16. PROJECT PURPOSE (MAXIMUM 450 CHARACTERS)
 Designing and testing a low-cost rural health delivery system using community level health workers and reorienting the existing fixed facility service system.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)
 \$50,000 Technical Support Budget plus Central Contracts - FY 76 - 5 person/months.
 \$20,000 Technical Support Budget plus Central Contracts - 5th quarter - 3 person/months.
 \$90,000 Technical Support Budget plus Central Contracts - FY 77 - 12 person/months.

18. ORIGINATING OFFICE CLEARANCE

Signature: *Samuel Taylor*
 Title: Samuel Taylor, Health and Population Officer

Date Signed: MM DD YY 04 21 76

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENT DATE OF DISTRIBUTION
 MM DD YY

I. Summary of the problem to be addressed and the proposed response.

A. The Problem

The problem addressed in this paper is that of improving the health status and the social well-being of the rural population of El Salvador.

Currently, the 60 percent of El Salvador's (4.1 million) population defined as rural suffers higher rates of infant mortality and malnutrition and other morbidities than the urban minority. The rural poor have less access to trained health care persons, less understanding of how to recognize and deal with illness, less income to purchase health services, and, thus, less control over their own well being than to their urban counter-parts.

The Ministry of Health is largely responsible for providing health services to 85% of the population of El Salvador. Despite the existence of 14 public hospitals and another 206 widely dispersed MOH public health facilities, only a small portion of the population actually receives curative services. The low contact rates, 0.2 per year of the rural population and the known high prevalences of diseases provide strong evidence that persons needing care are not receiving it from modern medical practitioners. As part of the pre-project planning activities, AID/ES has employed an anthropologist to identify social and cultural impediments to the delivery of health services. These findings will be addressed in the overall design of the project.

Provisions for improved rural health services have been established as a priority concern in the Government's new Five-Year Health Plan (1977-1981). The GOES is already using its own and external Inter-American Development Bank (IDB) loan resources to support extensive new construction and remodeling of health facilities in rural areas. It is also using these loan funds to improve rural water supply and sewerage systems, and to implement extensive latrinization programs in the rural areas. However, these efforts are still not sufficient to have a major impact on the health status of populace.

Currently, health facilities are unevenly distributed, favoring urban people, but geographical distance explains only part of the non-use by rural people. Many of the rural poor who live only a short distance from clinics still fail to use the existing facilities. Social distance and ignorance are other critical barriers which have been demonstrated to be every bit as inhibitive as geographical distances.

The Ministry of Health recognizes that unless contact is made with these people, the health care system simply cannot have a significant impact regardless of their quality and convenience. A means of extending services to those in need, and of motivating those persons to utilize existing and planned resources is required. The present Project Identification Document (PID) proposes such a means.

B. The Project as response to the problem.

1. Brief Description.

This project will involve the use of locally trained health workers for operating within their respective rural communities. They will develop a client oriented delivery system at both the group level and with individuals. The outreach system will first be implemented in an isolated rural area with a population of 150,000 to 200,000.

Outreach workers will be distributed on the basis of approximately one worker per 1000 population. They will provide a variety of services including health education, medical motivation, minor primary care, family planning referral, contraceptive supplies, health nutrition monitoring, and preventive care. Upon identification of persons who are in need they will treat or refer them to the fixed facilities as indicated.

While workers will have a considerable degree of independence, a system of supervision will be established to assure the provision of quality services. These workers will become an integral part of the existing fixed health delivery system. Such integration will doubtless require a re-organization of the fixed service facilities as well.

In support of both the community based ambulatory worker and the fixed facility organization, additional support capacity in the form of supply, maintenance, recruitment and in-service training will be provided.

The project, in addition to providing health services, will be a training device for the development of the management capacity of the Ministry of Health at the central level. This in itself is considered an important component of the program package because it will improve the Ministry's ability to plan, monitor and evaluate existing and new programs.

The specific anticipated outputs of this program will include:

- Over 200 community health workers trained and in place in rural areas.
- Twenty supervisory workers trained and in place.
- Institutionalized capacity to train additional health workers.
- Establishment of rural health worker support system.
- Approximately 200,000 persons covered by outreach services.

2. Disbursement Period.

Grant funding is being sought to support the demonstration program for Fiscal Years 1978 and 1979. Planning and small scale training and demonstration activities will commence earlier in CY 1976 utilizing Title X and UNICEF funds. Depending on the need and nature of the project, A Project Paper for expansion of the program in FY 1980-1981 will be prepared.

3. Major assumptions pertinent to program success.

- Services provided by paraprofessionals will be sufficient and acceptable to the population.
- Existing categories of health workers will cooperate with and support the outreach system.

C. Other related activities in the area.

The Government of El Salvador, the Ministry of Health in particular, is attacking health and population problems on a broad front, using a variety of devices and experimental projects throughout the country.

In the rural area they have been aggressively extending fixed facility services thru the IDB construction loan. In the past three years, they have added 54 rural health posts which are staffed by a graduate and physician (both part-time) and one full-time nurse auxiliary.

For the purposes of improving and extending the services mentioned above, the GOES has submitted a request to the United Nations for a project to cover physician intern training, to finance additional medical service hours and to purchase mobile team equipment in order to make more health services available and, in particular, MCH and family planning services.

There is also a large scale potable water development project in rural areas which is supported by a \$3.1 million IDB loan plus \$400,000 from UNICEF with \$3.2 million contributed by the GOES.

At the San Lucas Training Center, a PVO, 700 rural leaders are being trained in health promotion.

Two new programs have been developed by the MOH, Division of Maternal and Child Health which involves the delegation of health service and health promotion tasks to lesser trained workers. One called Project Delegation proposes the up-grading of registered nurses to become more responsible for pre-natal care, breast and genital cancer detection and family planning services. During CY-76 plans are firm to train 12 nurses, a part of MCH/Family Planning Project activities. It is worth emphasizing that this program represents an important experiment in redefining the roles of physicians and nurses in El Salvador.

The other program would utilize existing cadres of volunteer malaria workers as health promoters and dispenser of contraceptive supplies. The program has not yet been funded but the thinking that is going into it will be useful for developing an innovative well-designed rural health service delivery system.

Because of the potential impact on the health status of the populace, an overview of program activities in family planning and nutrition in El Salvador is essential. Since the declaration of a National Population Policy in 1974, a rather well-defined strategy has been created to provide a nation-wide coverage of family services. The MOH has a major role in the delivery of these services to rural areas through its network of health centers and health units. (The details of the system have been elaborated in the Family Planning and Population Project Paper /PP 7 519-0149 dated September 1975).

While nutrition is recognized as a severe problem in El Salvador, few actions have been taken which have resulted in a reduction of the prevalence

of protein-caloric malnutrition. A nutrition professional from INCAP has recently begun to work with the Ministry of Health to analyze in greater detail the nutrition situation in El Salvador. A nutrition policy statement is currently being developed by the MOH and the Ministry of Planning (formerly CONAPLAN). It is anticipated that the now ongoing health sector assessment will give serious attention to nutrition problems and provide a strategy for improving nutrition on a national basis.

The PL-480, Title II program which is administered by Catholic Relief Services (CRS) reaches 110,000 pre-schoolers and pregnant and lactating women annually. As yet, the nutritional impact of the program has not been measured and it is seen as, at best, a stop gap action.

D. Alternative to the Proposed Program.

Problems of health, nutrition, family planning and well being in rural El Salvador are being confronted via a number of programs. The program proposed in this paper is not viewed as an either/or alternative to other methods of changing the situation. Rather, it is seen as a supplement to an existing set of mechanisms which have not yet been able to have the desired impact.

It appears that the increased expenditures for fixed facility services of physicians and other health workers will not necessarily bring health services to those with the greatest need. Certainly, it is recognized that such resources within reach of the population are themselves necessary, but additional increases in their support will not do the job without the establishment of well structured outreach programs.

The program proposed in this document has the interest and support of the Minister of Public Health as well as his advisors. As a result of self-examination on the part of the MOH, the goal of extending health service coverage to the rural population has been established as a high priority.

E. Program Beneficiaries.

The beneficiaries of the program will include:

1. The initial target population of 200,000 rural persons who will be provided health, family planning and nutrition services.
2. Health workers from rural areas who will develop skills and income producing jobs.
3. The entire country will benefit from improved services under a rationally organized, efficient health service system which will be low cost.

F. The Multiplier Effect.

Replication of this project in other rural areas will be the responsibility of the Ministry of Health and the capacity for replication will be assessed in the evaluative phase of the project.

II. Financial Requirements and Plans.

The best estimate of total project costs over two years is \$632,000 (US) for which \$369,000 (US) of AID funding is sought for FY 1978 and FY 1979.

	<u>Estimated Budget</u>			
	<u>Total</u>	<u>AID</u>	<u>UNICEF</u>	<u>GOES</u>
Training Costs	72,000	18,000	-	54,000
Salary and Subsistence of Trainers	60,000	25,000	15,000	20,000
Salaries of Field Workers	192,000	96,000	15,000	81,000
Medical Equipment	138,000	100,000	13,000	25,000
Evaluation and Management Information Costs	110,000	70,000	-	40,000
Technical Assistance	60,000	60,000	-	-
	<u>632,000</u>	<u>369,000</u>	<u>43,000</u>	<u>220,000</u>

Additional support which does not appear in the project totals includes further technical assistance for pre-project planning which is estimated at twelve person-months. The Mission has requested TA/H to make available this amount of technical support from its centrally-funded contracts with the American Public Health Association (APHA) and other organizations. (Estimated \$60,000).

Because of the role of the community health workers in family planning, Title X monies up to \$45,000 will be used for the project prior to FY-78.

III. Development of the Project.

The project will be further developed by MOH personnel with the assistance of local Mission staff and technical advisors who will work on the Health Sector Assessment during CY 1976. Because of the interest on the part of MOH and the recognized need for giving considerably greater attention to the solution of national health problems, the planning of this project is considered an important aspect of the National Health Sector Assessment and the development of a National Health Plan. The plan will, of course, be subject to revisions based upon the findings of the Health Sector Assessment and the resulting strategy for a National Health Plan.

The Minister of Health has identified a planning group within the Ministry which will be responsible for designing the rural health service delivery program. This task will be ultimately integrated with sectoral planning activities of the Ministry of Planning and the assessment activities of the Technical Coordinating Commission (Health) which has responsibility for the National Health Sector Assessment. The findings of the assessment will be taken into account in the development of the rural health services program and reflected in the Project Review Paper (PRP) which will be submitted to AID/W in September 1976.

Mission Health Office Staff will provide an estimated 40 person-days in the development of the proposal and TDY TA/Health Advisors will be available for assistance.

IV. Issues of Policy or Programmatic Nature.

In the September 1973 El Salvador AID/DAP the health section concluded: "In summary, prospects for major improvements in the MOH appear unlikely given its heavy emphasis on construction projects and minimal consideration of the human elements that must be present to make the health system work effectively".

The project described in this PID represents an important movement away from the fixed service facility operation upon which health care has generally been dependent in El Salvador and is consistent with currently accepted theories for improving health levels which stress the outreach component of service systems over new facility construction.

If the results of the health sector assessment and this project indicate that additional AID assistance to the health sector would be productive, the Mission will consider requesting further grant or loan support to the health sector with emphasis on the rural delivery system.

The goals of the proposed program are consonant with the U.S. Congressional Mandate for devising assistance plans aimed at serving the poor majority in LDC's.

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

1. TRANSACTION CODE
 A A = ADD
 C C = CHANGE
 D D = DELETE

PID
 2. DOCUMENT CODE
 1

3. COUNTRY/ENTITY
 El Salvador

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS)

6. BUREAU/OFFICE
 A. SYMBOL
 B. CODE

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)

8. PROPOSED NEXT DOCUMENT
 A. 2 = PRP
 3 = PP
 B. DATE

10. ESTIMATED COSTS
 (\$000 OR EQUIVALENT, \$1 = Q2.50)

FUNDING SOURCE		1955
A. AID APPROPRIATED		35
B. OTHER	1.	
	U.S. 2.	
C. HOST COUNTRY		253
D. OTHER DONOR(S)		53
TOTAL		342

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 a. INITIAL FY b. FINAL FY

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

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) PH	513	542		118		358	
(2)							
(3)							
(4)							
		TOTAL					

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

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

BR	DEL	LAB	ENV		
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14. SECONDARY PURPOSE CODE
 583

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)
 \$31,000 technical support budget in FY-77, for 22 person months, per diem, travel, plus system analysts and support costs.
 NOTE: CDC Atlanta will provide salaries for selected technicians.

18. ORIGINATING OFFICE CLEARANCE

Signature *Samuel Taylor*
 Title Samuel Taylor
 Health and Population Officer

Date Signed
 MM DD YY
 06 14 76

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENT DATE OF DISTRIBUTION
 MM DD YY

I. Summary of the Problem to be Addressed and Proposed Response

A. The Problem

For the past 2 years, El Salvador, the smallest country in the Western Hemisphere, has reported more malaria cases than any other country in the hemisphere. In 1975, a total of 83,100 cases (an increase from under 67,000 cases in 1974 and greater than the recent peak year of 1967) were reported, coming mostly from the coastal area of the country. It is estimated that 5 person days are lost from work as a result of each attack of malaria (Central American Research Station [CARS] data indicate a range of 1.5 - 3.00 days in bed per clinical attack), this represents an excess of 400,000 person days lost from productive labor per year. Added to this is the cost of present antimalaria activities, including case detection and treatment, which now absorbs approximately 10% of the Ministry of Health's budget or 1.6% of the total national budget. If this high case rate in coastal areas is allowed to continue, the poor majority will suffer most. An additional significant economic consequence of malaria is the detrimental effects it has on the tourist trade in the coastal resort areas which results in a loss of income and employment in this rural labor intensive industry. This is becoming more important as the GOES and the private sector continue their efforts to turn the coastal area into a major resort area. Also it is the poorest who are affected by this disease, thus further lowering their income earning potential. Without question, malaria in El Salvador is a public health problem of major magnitude which warrants priority attention from not only the host government but also external agencies in an effort to control this disease. The Mission has concluded that the control of malaria is absolutely essential if we are going to improve the income of the rural poor as dictated by the Congressional Mandate and as described in the Mission's DAP.

The reported cases of malaria in El Salvador by selected years are summarized below:

<u>Year</u>	<u>Total Positives</u>	<u>% Falciparum</u>
1967	82,961	8
1972	38,335	8
1973	35,095	17
1974	66,691	20
1975	83,100	20

B. The Project as a Response to the Problem

This pilot project is intended to develop with the Ministry of Health a multifaceted approach to a malaria control program that would be more efficient and effective than the current malaria eradication program. The concept of world-wide malaria eradication was proposed by

the WHO in 1955 and adopted as a national policy in El Salvador in the late 1950's. Progress in El Salvador has been discouraging and rather than eradication, the situation has been worsening. Since 1969, the World Health Organization has accepted the principle of malaria control as an interim objective. Concomitantly, however, no standard guidelines have been issued to effectively change from the historical concept of eradication based on the use of two principal attack measures (intra-domiciliary spraying of residual insecticide and wide-spread distribution of drugs) to control measures dictated by the local malariogenic conditions. This project will test and prove that the latter approach is the more effective approach to malaria control.

To undertake this pilot control project will require a change in the allocation of resources and encompass the following activities:

1. In depth epidemiologic evaluation of the malarious areas of the country for each small geographic unit (locality) for the following purpose:
 - a. Delimit localities and within localities, villages of active transmission.
 - b. Investigate the causes of persistent transmission in each locality.
 - c. Determine appropriate control measures suitable for the locality.
2. Training of personnel (both host country nationals and others) in malariology, by active involvement in the epidemiologic surveys.
3. Initiation of pilot projects of less often used control measures, which might include biologic control of mosquitoes by the use of larvivorous fishes, chloroquine fortified salt and engineering projects for source reduction. Specifically, the MOH will select one of its five Administrative Regions and in partnership with a technical assistance team (PAHO and CARS) survey each community at the local level. As a result of each survey a mix for one locality might involve mass drug distribution for school children and drainage of swamp lands. In another locality, house spraying, drainage, and passive case detection, etc. Subsequent to the past year assessment in the selected region, the system will then be offered to other regions in the country.

The outputs of the project will be:

1. A specific modern malaria control program for 2,900 cantones.

2. A corps of trained health workers with an orientation for malaria control instead of eradication to maintain the system.

3. A determination and definition of what constitutes a malaria control program in each project selected locally and by region.

4. Reduced new malaria cases to an acceptable level. (This level will be defined for each locale).

Grant funding for this project is being sought for fiscal years' FY 1978 thru 1980.

C. Major Assumptions Pertinent to Project Success

Currently-available technology in the control of malaria will have greater impact if applied in a more judicious and scientific manner.

AID will be able to identify and recruit thru PASA arrangements the professional talent needed to carry out this project. (The Central American Research Station (CARS), which has its headquarters in El Salvador, has assured AID of its interest in this project and its willingness to cooperate in the use of its technicians in developing the local evaluation in this region).

It will be economically and socially possible to control active malaria transmission throughout the country.

D. Other Related Activities in El Salvador

El Salvador has volunteer malaria collaborators in approximately 2,800 rural villages. These workers take blood slides from individuals with fever and dispense anti-malarial drugs. Most observers, including Pan American Health Organization (PAHO) representatives, agreed that the system is well supervised and very effectively operated. In fact, the voluntary collaborators have supplied the information upon which the Ministry of Health has been able to quantify the extent of its malaria problem. This project will exploit this existing data base as an initial method for prescribing the actions to be taken in each specific locale.

In recognition of the improbability of eradicating malaria within the foreseeable future, the Ministry of Health has reorganized its malaria program placing the control responsibilities within the regional health services. This is seen as a giant first step in making the program more responsive to the characteristics of each locality and an integral part of the rural health services.

The Central American Research Station has been involved in malaria investigations in El Salvador since its establishment in 1967. Field trials of new malaria control methodologies have been carried out in study areas located in malarious areas of the coastal plain. These investigations have included trials of new anti-malarial drug combinations, newly developed insecticides and new methods of applying insecticides. Long term studies have been carried out on the epidemiology of the disease, and on the biology and distribution of the mosquito vector.

At present, a three year project is being conducted for the control of malaria by the release of chemosterilized males of Anopheles albimanus, the main transmitter of the disease in Central America. This project is being carried out in collaboration with the Insects Affecting Man Laboratories of the U.S. Department of Agriculture. Large scale releases of sterilized males will be made by the USDA during 1976 in a 100 sq. km. area near the port city of La Libertad. The effect of these releases on natural mosquito populations, as well as malaria transmission, will be evaluated by CARS.

E. This project was selected because it has the potential to have a very direct impact upon the earning potential of a large segment of the rural population. Furthermore, the Ministry of Health has indicated its strong desire for assistance in malaria control instead of eradication and is increasing its own budget to respond to a problem that already has political overtones. We believe malaria control represents a target of opportunity which should not be ignored and AID can provide the necessary supporting assistance.

F. Program Beneficiaries

The program beneficiaries of this project will be first, the rural families who suffer the loss of income as a result of being afflicted with malaria and second, all Salvadorans because of the heavy toll malaria takes of the Ministry of Health's budget investment which could be used for other social services. Moreover, it is crucial that malaria be controlled if a number of GOES development projects are to succeed, such as the Agrarian Transformation Program and the Labor Intensive Tourist Promotion Project.

G. The Multiplier Effect

This project should provide the model for use throughout El Salvador with the result that the malaria program becomes more effective and at lower costs. Moreover, it will also be a guide for other countries to shift their efforts from the unrealistic task of malaria eradication to the more realistic objective of control of malaria.

II. Financial Requirements and Plans

The estimated budget for this three year pilot project is as follows:

	(Figures in Thousands)				
<u>PAHO</u>	<u>AID</u>	<u>CARS</u>	<u>GOES</u>	<u>TOTAL</u>	
181	358	350	2,539	3,428	

III. Development of the Project

The development of the project will require approximately 22 person/months of technical services, including the services of a malariologist from TA/H for 2 months for the PP. (PRP not required as project is less than \$500,000). CARS has agreed to provide or identify an epidemiologist (FT), entomologist (FT), engineer (2 months), and a statistician (2 months). In addition the project will require a management analyst on a PCS for at least 2 months and PAHO will make available its residence advisors full time to assist and provide policy guidance. It is estimated that \$31,000 in technical support budget will be required in FY-77 for these activities.

IV. Issues of a Policy or Programmatic Nature

As stated in AID Policy Handbook 1, "In both health and population programs, it is AID policy to cooperate as fully as possible with other organizations/donors and sometimes (e.g., the WHO in the control of such diseases as malaria, river blindness and schistosomiasis) to support their leadership." This project will not only strengthen the leadership role of PAHO, which has minimal funds and little leverage, but also mobilize the resources of the in-country CARS technicians. Even though AID has generally phased out of active support for malaria programs worldwide, we believe that the El Salvador situation presents a target of opportunity that should not be ignored.

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

1. TRANSACTION CODE
 A A = ADD
 C C = CHANGE
 D D = DELETE

PID
 2. DOCUMENT CODE
 1

3. COUNTRY/ENTITY
 El Salvador

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS)
 519-0187

6. BUREAU/OFFICE
 A. SYMBOL LA B. CODE 3

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)
 TRAINING FOR DEVELOPMENT

8. PROPOSED NEXT DOCUMENT
 A. 2 2 = PRP
 3 3 = PP
 B. DATE MM YY 10 7 6

10. ESTIMATED COSTS
 (\$000 OR EQUIVALENT, \$1 = 22.50)

FUNDING SOURCE		BASE
A. AID APPROPRIATED		1,340
B. OTHER U.S.	1. _____ 2. _____	
C. HOST COUNTRY		250
D. OTHER DONOR(S)		1,590
TOTAL		

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 a. INITIAL FY 7 8 b. FINAL FY 8 1

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

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 78		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) EH	601		690		1,340		1,340
(2)							
(3)							
(4)							
		TOTAL					

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)
 631

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

14. SECONDARY PURPOSE CODE

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 Provision of increasing numbers of highly-qualified professional and executive management personnel for public and private sector development.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)
 Develop a national system for providing upper undergraduate and graduate students academic training abroad, and establish a system for their placement in appropriate positions in El Salvador.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)
 \$27,000 Technical Support budget in FY 77, for six person months.

18. ORIGINATING OFFICE CLEARANCE
 Signature *Steve Pulaski*
 Title Steve Pulaski
 Acting Education Officer
 Date Signed MM DD YY 05 18 76

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 MM DD YY

PID
TRAINING FOR DEVELOPMENT

I. SUMMARY OF PROBLEM AND PROPOSED RESPONSE

A. The Problem

An acute shortage of well-qualified professional and executive management personnel throughout the public and private sectors of El Salvador has long been recognized as a serious bottleneck to economic, political, and social development.

In recent years, the GOES has given top priority to developing formal educational programs from elementary through senior high school levels. While this has been a necessary condition for economic and social growth, it obviously has not been a sufficient condition. Needs exist also at the skilled, technical, and sub-professional levels, but these areas are finally receiving some attention in El Salvador.

Still relatively unattended in scope and magnitude are programs aimed at producing the quantity and quality of persons needed at the professional and managerial levels to plan, manage, execute, and evaluate complex development projects throughout the economy and in social sectors.

Although current AID priorities focus on the "urban and poor majorities", we contend that no effective programs in their behalf can be developed without the provision of well-educated and highly-trained leaders at the higher levels of administration. We insist therefore that a program to provide this trained professional leadership will directly and significantly affect favorably other projects aimed at the AID target groups.

Host country facilities and resources to solve this bottleneck are scarce, and the prospects of financing the development of appropriate institutions over the short term are bleak. Despite relatively significant efforts by the GOES to improve facilities, staff, and programs - especially at the post-secondary and university levels - the need for high-level personnel is growing at an increased rate.

Some areas are relatively well-covered, at least in quantitative terms. Law, medicine, dentistry, civil engineering, and architecture, for example, apparently are meeting internal requirements. Other areas (e.g., economics) seem to be producing adequate numbers of graduates, but an inspection of the quality

and range of specializations offered within these areas indicates that the needs of a modernizing society like El Salvador are not being met by these university programs. Moreover, in addition to economics there are the other social sciences, such as sociology and anthropology, where needs exceed availabilities.

One alternative solution to this problem is to invest heavily in improving host country institutions. The costs and time involved to achieve results are prohibitive. Another solution for the present and the near future, is to rely upon foreign institutions to provide the training required. We believe this second alternative is more rational and practical for El Salvador.

GOES activities to date in El Salvador in this area of concentration (post-graduate study abroad) have been minimal. A government effort (EDUCREDITO) to help stimulate the development of secondary, post-secondary and university programs by providing loan funds to approximately 1600 students at the high school, post-high school and undergraduate levels (a few of whom are studying abroad) is helping to produce better college undergraduate students, but is doing little for higher level professional and managerial personnel. Graduate training abroad is now generally limited to persons with private financial means or to persons employed by private enterprises willing to sponsor such training.

Thus the majority of students currently enrolled in the nation's two universities (one public and one small private college) possess very limited financial means. Most encounter difficulty in meeting expenses related to undergraduate training (although tuition is free at the national university, related and opportunity costs are significant). Almost none can afford post-graduate training anywhere.

The current university program at the national university, with some exceptions, is limited in offerings, poor in quality, and overwhelmed with students. For example, as a result of a new liberalized admission policy, enrollments have swelled in the past few years from a normal level of 7,000 students to almost 30,000 students. Specialized offerings within faculties are extremely limited, and faculty and staff generally do not possess graduate degrees in these areas.

Other international agencies offer scholarship help, but these programs are either too modest in terms of numbers of grants available or inappropriate for Salvadoran priorities and interests. Most of them require that the students have mastery of a particular foreign language (they don't provide pre-departure language training) and/or an undergraduate degree - extremely limiting factors in the selection of candidates.

B. Proposed Response

USAID/El Salvador proposes a FY 1978 loan project of about \$1.5 million, over a three year period, to provide funds for loan scholarships for advanced study and training abroad of Salvadoran students. Expected areas to be covered are business administration, public administration, agriculture, engineering, biological and physical sciences, social sciences, and education.

Although some scholarships will be necessary, on a selective basis, at the upper undergraduate level in specialties where current university programs are deemed inadequate, the emphasis will be on graduate programs.

Principal sources of candidates are as follows:

1. Currently employed upper and middle echelon officials of public institutions, such as government ministries and semi-autonomous agencies.
2. Faculty and staff members of the two universities and other post-secondary institutions (e.g., technological institutes, Ministry of Education Normal School, Ministry of Agriculture Training Schools; and School of Social Service); and
3. Promising graduates of local universities and post-secondary institutions who, although lacking work experience, can be developed with additional education and training as career personnel in educational institutions, public institutions, and private enterprises.

The GOES entity acting as borrower of the loan will be the Ministry of Planning and Coordination of Economic and Social Development (MOP). The implementing unit within the MOP will be the Division of International Cooperation.

Estimated project outputs necessary to achieve the project purpose are as follows:

1. An appropriate system based upon research findings, for the continual identification of professional and managerial fields to receive priority attention for scholarships;
2. A system for the continual selection, placement and administrative support of participants in training programs abroad;
3. A system for the appropriate placement and follow-up of returned participants.

The estimated kind and amount of technical and physical resources required are as follows:

1. Technical Assistance

It is anticipated that short-term technical assistance will be provided by the USAID during the PRP and PP phases to assist the MOP in planning the project. Appropriate technical, economic, and social analysis will have been completed by the start of the loan to determine the areas of concentration for the training grants.

During the life of the loan one project coordinator will be required (preferably USAID direct hire) to monitor total loan activities, especially the planning, management, and evaluation functions assigned to USAID in this cooperative program. This person will require one full-time, locally-hired secretary.

Also some short-term technical assistance will be required to assist the MOP develop appropriate systems for the selection of candidates for training and their placement in appropriate programs. Finally, appropriate plans must be developed for the placement and follow-up of returned participants within public and private institutions and agencies in El Salvador.

The majority of the loan funds will be used for the participant training grants for study abroad. Approximately one-half of the participants will study in the U.S., while the others will study in other L.A. countries. Until further studies are undertaken, at the PRP stage, it is not known specifically what distribution will be made among areas for long-term training.

Modest commodity assistance, in the form of office furniture and equipment, is anticipated, as are Other Cost components for such items as in-service workshops, publicity, research and publications.

II. FINANCIAL REQUIREMENTS AND PLANS

The estimated financial requirements are as follows:

	THOUSANDS \$		
	AID	GOES	TOTAL
Technical Assistance	60.0	15.0	75.0
Participant Training	1,155.0	200.0	1,355.0
Commodities	15.0	20.0	35.0
Other Costs	110.0	15.0	125.0
Totals	\$1,340.0	250.0	1,590.0

AID: Technical Assistance

One U.S. project coordinator during the first year of the project to coordinate project activities, and two short-term contract planning advisors for selection, placement, and follow-up activities of loan. Participant Training will be phased as follows: 1st year, 15; 2nd year, 20; 3rd year, 25 participants. Commodities will consist of supplementary office furniture and equipment for the central administrative offices. Other Costs will include pre-departure English language training; for approximately half of the students; in-service seminars; research; reports; publications' in-country travel.

GOES: Technical Assistance

Counterparts to U.S. advisors; Participant Training - International travel costs and supplementary assistance to participants. Commodities - office furniture and equipment; Other Costs - in-service seminars; research; reports; publications; in-country travel.

III. DEVELOPMENT OF THE PROJECT

The International Cooperation Division of the Ministry of Planning has adequate counterpart staff and financial resources to help develop the project (with AID assistance) and has expressed a strong willingness to cooperate and participate. General studies and analysis are available to indicate areas of priority, but additional studies are required to refine these assessments.

A PRP can be submitted to AID/W in October, 1976 and a PP in June, 1977. The following AID/W consultant services will be necessary to help prepare the PRP.

One university expert, Physical Sciences - 1 person month, September 1, 1976.

One university expert, Social Sciences - 1 person month, September 1, 1976.

One university expert, Biological Sciences - 1 person month, September 1, 1976.

These advisors will help design, conduct, and analyze the studies required for determining the numbers and kinds of participant training grants needed over the life of the loan.

For the PP phase, it is anticipated that these same kinds of advisors will be required, for approximately one month each, to revise earlier activities and plan new ones.

IV. ISSUES OF A POLICY OR PROGRAMMATIC NATURE

USAID is concerned that an effective and efficient system is developed within the GOES to plan, administer, and evaluate a comprehensive program of advanced training for Salvadoran professionals and managers. To that end, appropriate assistance will be provided through this project to the Ministry of Planning to develop its institutional capability to perform required functions.

The major policy issue is whether the GOES will consider this program of sufficiently high priority to provide proper counterpart support on a timely basis to meet project objectives and - more importantly - whether it will provide the means to sustain the program as a continuous project after AID loan assistance terminates. Also, the issue of expanding the role of women through access to advanced training in more areas will be of paramount concern.

Each of these policy issues will be discussed and negotiated thoroughly during the PRP and PP phases of this project.

The major programmatic issues will center around the development of a system that attends the correct priority areas, selects the most appropriate candidates, and develops proper mechanisms for control of the human and physical resources required. Important items to be considered here include: establishment and management of a revolving fund for the scholarships, an appropriate repayment plan for participants, regulations to assure student return (or heavy repayment requirements), provision of necessary pre-departure language training, effective coordination between the Ministry of Planning and other GOES ministries and agencies and appropriate private sector entities.

It should be emphasized again that this program will provide for El Salvador trained professional leadership that will directly and significantly affect other projects aimed at the AID target groups. This program is not designed to make the rich richer but to train people badly needed if stated objections are to be achieved. The people selected will be from those who could otherwise not afford higher level training. The biggest obstacle in the development and implementation of the project is insufficient training on the part of the Ministry and other agency staff people.

These programmatic issues will likewise be resolved during the PRP and PP phases of the project.