

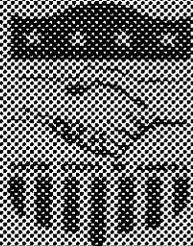
UNCLASSIFIED

Annual Budget
Submission

FY 1985

EL SALVADOR

BEST AVAILABLE



JUNE 1983

Agency for International Development
Washington, D.C. 20523

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EMBASSY OF THE
UNITED STATES OF AMERICA

June 23, 1983

The Honorable Otto J. Reich
Assistant Administrator for Latin American
and Caribbean
Agency for International Development
Washington, D. C. 20523

Dear Otto:

I am pleased to transmit herewith the USAID/El Salvador Annual Budget Submission for FY 1985 with my full concurrence in its substantive thrust and proposed funding levels. The document reflects serious thought as to what our assistance can and should accomplish in this country over the next two years, containing within its pages some modifications of the strategy approved last fall. It prudently assumes a continuation of the present conditions adversely affecting the economy through the two-year program period, yet retains the flexibility to adapt to improved conditions, should they occur.

In a departure from recent years, the strategy establishes an objective of positive growth, now necessary as El Salvador's economic base has contracted to a dangerous point with unacceptably high unemployment, serious erosion of public services for the majority of Salvadorans, and a continuing milking of capital investments. It proposes a more deliberate effort to stabilize and vitalize the industrial sector with direct support for private enterprise, while maintaining continuing strong support for agrarian reform consolidation and for an improved situation for the thousands of displaced persons suffering from the effects of the continuing conflict. It now directly addresses the problem of institutional deterioration in the social sectors, particularly health and education. It is especially important that the Government manifest an effective presence at the grass roots level and that the majority of the population see their basic needs addressed effectively. No less importantly, the proposed program supports judicial reform, elections machinery and human rights efforts.

While we have not requested in the ABS funding for agrarian reform compensation, we continue to believe that it is important and necessary, and reiterate our previous requests for such funding, over and above the ABS levels.

All of this is necessary and it is feasible, but only with increased funding levels. What is being requested for Fiscal Years 1984 and 1985 is not dramatically more than what will be obligated in FY 1983, but it is more. The stakes, however, are high. U.S. economic assistance is playing a critical role in El Salvador's struggle for democracy and economic survival. El Salvador needs our support as it moves toward and beyond the next round of national elections and the establishment of a permanent government. If the country is to survive this tumultuous period in its history, its economy and Government need our support to get people back to work and demonstrate that basic needs are being met.

We must persevere in our resolve to help. I am convinced that the strategy and program presented herein will effectively support our objectives and advance U.S. interests in El Salvador. I ask that you and your colleagues give the proposed program your full backing. Best regards.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Kenneth W. Bleakley", written in a cursive style.

Kenneth W. Bleakley
Charge d'Affaires

FY 1985 ANNUAL BUDGET SUBMISSION

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STRATEGY/ACTION PLAN OUTLINE

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FY 1984-FY 1985 STRATEGY/ACTION PLAN NARRATIVE

PREFACE

The following narrative serves several functions. It presents a supplement to the current approved country strategy, describes how the USAID/El Salvador program is implementing the Agency policy emphasis areas, and presents the USAID Action Plan for the FY 1984-1985 period.

OVERVIEW

El Salvador will be experiencing a critical time in its history when FY 1985 U.S. assistance becomes available. Elections presently planned for late 1983 will complete the process begun in March 1982 whereby El Salvador will achieve true democratic government for the first time in two generations. The new government will be confronting an extended test of confidence while at best, facing the major task of rebuilding social and economic systems and services and encouraging investment confidence. There is, however, no assurance, that the current conflict will subside. Thus, for planning purposes it should be assumed that the security situation will not materially improve with all attendant implications, including that El Salvador will continue to depend on large amounts of economic assistance to maintain current levels of economic activity.

Political violence, compounded by external factors, such as the world recession and attendant declining prices for the country's main exports, have brought El Salvador to an unparalleled economic crisis. Economic activity over the past four years has fallen in real terms by 25%, unemployment is estimated at over 40 percent of the labor force; private investment has almost ceased; foreign exchange availability has dropped dramatically as the balance of payments situation has deteriorated rapidly, with arrearages climbing to \$65 million at the end of 1982. The fiscal deficit which climbed to a near \$250 million in 1982 is currently projected at \$253.4 million for 1983--even with U.S. economic assistance which is projected to exceed \$275 million in FY 1983.

Current political violence was, in part, brought about by the many years of neglect of the country's rapidly growing poor population, profound social inequities and an inability of the country's public and private institutions to address the structural disparities. At the same time, living conditions for the majority of Salvadorans have worsened due to political violence and economic decline. Thousands have been driven from their homes, others who once had access to services are now lacking them, either because they live in conflictive areas where services cannot be extended, because infrastructure has been destroyed, or because fiscal constraints are increasingly limiting the government's ability to respond to their needs.

Meanwhile, a dramatic shift in the ownership of over 20% of El Salvador's agricultural land has affected El Salvador's social structure. However vital the agrarian reform program is to social and political stability, agriculture is the key to stabilization of the Salvadoran economy. The government must therefore insure that the reform sector's requirements for support are met, particularly the economically important Phase I farms. At the same time, the uncertainties surrounding the farms that comprise Phase II of the Reform must give way to clarity to permit this important productive sector to make its full contribution to the economy.

There is little likelihood of major change in the overall environment through the FY 1984-1985 period, although indications of worldwide economic recovery suggest for the first time in three years the possibility of arresting decline during the period. If there should be improvement in the economic and/or political situation, a major rebuilding task will have to be faced in any case. Thus, the requirement for high levels of U.S. assistance will continue through and beyond the FY 1984-1985 planning period.

STRATEGY/ACTION PLAN

I. Introduction

To date, USAID strategy has focused on supporting economic stabilization, the agrarian reform, humanitarian assistance, and family planning activities, as well as policy improvement. Given the situation which is likely to confront El Salvador during the next two and one half years, USAID/El Salvador proposes to continue with that strategy, adding however, much needed support to address the deteriorating situation in the health and education sectors as well as support perforce for elections and judicial reform. Additional funding will be needed for the above as well as to buttress economic (and particularly industrial) stabilization/recovery objectives.

The proposed principal modifications in the strategy are the following:

Increased Emphasis on Social Services: Deteriorating social services require immediate attention, particularly in the health and education sectors. The absence of community level services is noted and felt in a similar manner, though not in the same degree as unemployment is noted and felt. To strenghten an effective GOES presence at the grass roots level, to provide for basic human needs for the majority of Salvadorans, and to arrest further institutional deterioration and the undermining of prior investments in these sectors, AID support is required. Our strategy for the FY 84-85 period will be to deal immediately with the symptoms--e.g., absence of medicines and supplies, schools closed or damaged--while strengthening related systems--e.g., health logistical and education administration systems. Emphasis will be on the here and now, i.e., an increase in efficiency, fiscal savings and support with an eye to enhancement of existing services, as well. In general, expansion of systems is neither appropriate, nor contemplated.

Industrial Stabilization/Recovery Sector Support: USAID concentration on dealing with the balance of payments constraint is not sufficient to support economic stabilization efforts. The strategy must be broadened to assist El Salvador more effectively in achieving economic stabilization and recovery. Specifically, a more deliberate effort is necessary to generate business confidence, investment in small/medium size businesses and maintenance/recovery of medium-large industries. The linkage between the latter and

development of non-traditional markets suggests the need for a trade development program, as well. Industrial recovery efforts cannot be postponed until stabilization and security are achieved. A program to increase production of industries running at low capacity or reviving defunct businesses with potential for viable operations should be pursued without delay to enhance the stabilization effort. This cannot be done through non-project assistance alone.

Furthermore, there are linkages among small-medium-large businesses, trade development, and private organizational development that need to be explored, encouraged, and developed. Accordingly, USAID plans to initiate a broad two-year industrial stabilization/recovery sector program in FY 84 with total funding of \$50 million for the two fiscal years.

A Positive Growth Objective

In recent years, USAID has established a zero economic growth objective for El Salvador without providing sufficient funds to achieve it. Moreover, in each succeeding year the base is contracted which constitutes the target level for zero growth. Unemployment and deterioration of services have reached the point where zero growth is no longer an appropriate target. A positive growth rate should be the objective. Continued guerrilla destruction, and lack of security more generally, low commodity prices, continued milking of capital and lack of business confidence do not present prospects for achieving a measurable, significant positive growth rate over the next two years. The combination of more balance-of-payments support and deliberate industrial stabilization/recovery efforts is needed, supplemented by additional efforts directly supporting social services. This will require higher levels of funding. Accordingly, increased levels are being proposed for ESF and DA and are reflected in the budgets herein presented for FY 84 and FY 85 with the objective of achieving positive growth rates in both years.

Under the modified strategy, the following areas will be emphasized:

- Economic Stabilization and Recovery (including cash transfers in support of the balance of payments, public service restoration, industrial stabilization/recovery sector support, PL 480 Title I, Section 206 of PL 480 Title II, employment generation, and Commodity Credit Corporation guaranties);
- Social Development (including agrarian reform, health, population, education, elections, judicial reform, human rights, and housing);
- Humanitarian Assistance (including assistance to displaced persons, PL 480 Title II assistance, and and disaster relief assistance, as necessary); and

- Policy Improvement (including various of the program components above).

The modified strategy requires higher U.S. economic assistance levels during FYs 1984-1985 than those being provided in FY 1983 to continue health and begin education support activities, and to strengthen the stabilization/recovery (positive growth rate) objective through increased balance of payments and direct industrial stabilization/recovery support. The assistance will support U.S. foreign policy objectives in El Salvador, promote economic stabilization, protect and enhance social investments, and continue to lay the groundwork for equitable, long-term economic growth.

II. Economic Stabilization and Reactivation

The most critical and immediate objective of the USAID/El Salvador program strategy in the FY 1984-1985 period will be to help arrest the long and steep economic decline caused by internal political violence and external economic factors, and return the country to economic growth. Providing a boost to key sectors of the economy will be especially important to U.S. interests during a critical period in Salvadoran history which will encompass presidential elections and transition from an interim to a permanent government. The strategy employs a flexible combination of program and project assistance aimed at increasing productive activity with emphasis on foreign exchange and employment generation.

As the main engine of the economy, the private sector will continue to be the focus of economic stabilization and reactivation efforts. Program resources and policy dialogue will be directed to strengthen it and make it more economically efficient. USAID will utilize a variety of program and project resources available to it to achieve the following objectives during FYs 1984 and 1985:

- maintenance or improvement of the country's balance of payments, particularly as it relates to production and the importation of essential foodstuffs and agricultural commodities;
- maintenance or improvement of production and employment levels;
- maintenance of economic infrastructure; and
- implementation of complementary policy initiatives or changes which promote the aforementioned objectives.

Beginning in FY 1984 a centerpiece of USAID's strategy for attaining these objectives will be the new Industrial Stabilization/Recovery Project (No. 519-0287) which will comprehend several activities carried out as a single assistance package. Its components are described below in relation to their area of primary impact.

A. Maintenance of Imports

The FY 1984-1985 USAID program will provide immediate support to the balance of payments by providing foreign exchange to finance essential private-sector production imports under the Private Sector Support I Program (519-0267). Foreign exchange relief will also come under PL 480 Title I and Title II Section 201 Programs which serve to defer or underwrite payment of precious foreign exchange for essential food commodity imports. The CCC Guaranty Program will also be employed in both years to ensure the availability of short-term commercial credit for additional foodstuffs and agricultural commodities. USAID will also provide assistance to help the country generate its own foreign exchange to obviate the need, in the longer term, for external balance-of-payments assistance.

1. Private Sector Support

The foreign exchange provided under the Private Sector Support Program has been instrumental in preventing business closings and maintaining production and employment levels, but it has been insufficient. The program is intended to meet three of the USAID's objectives in the Economic Stabilization strategy component: maintenance of the balance of payments, maintenance of production levels, and maintenance of employment levels. The Program complies with the Agency's emphasis on support of private enterprise and USAID's modified approach to institutional strengthening--in this case, the maintenance of the private sector as the key functional actor in the economy.

The cash transfer program generates substantial amounts of local currency for the GOES monetary program by virtue of the sale of program dollars to the private sector. USAID has used and continues to use this feature to engage the GOES in an ongoing policy dialogue aimed at supporting a wide variety of priority activities. More support for this program is required. Section V., "Policy Improvement," discusses USAID's approach to this aspect of policy dialogue in more detail.

2. PL 480

PL 480 Title I and Title II Section 201 complement the balance-of-payments program in that they will be used to finance wheat, vegetable oil (corn and rice, as necessary) and non-fat dry milk imports during a period when foreign exchange is extremely scarce and the country cannot produce sufficient quantities of these

commodities to meet demand. PL 480 local currency generations are directly used in support of a range of priority activities and have provided leverage at the policy level. (See Section V.)

3. CCC Guaranties

USAID will continue to use the CCC Agricultural Commodity Risk Assurance Program because it also supports USAID's balance-of-payments strategy by encouraging the provision of and deferring payment for other badly needed agricultural commodity imports, although at harder terms than the concessional program.

4. Trade and Investment Development (Industrial Stabilization/Recovery Sector Support)

Steps need to be taken even in the present circumstances to enable El Salvador to create or realize the existing potential capabilities of the private sector to generate foreign exchange. To that end, a component of the Industrial Stabilization/Recovery Sector Support Project which will begin in FY 1984 will focus on ways of increasing export-oriented production and trade, and eventually foreign investment in non-traditional industries to El Salvador. Particular attention will be given to development of markets for industries operating at low capacity. The assistance will also encourage developments in labor intensive, non-traditional agro-business and production activities which reduce foreign exchange requirements for foodstuffs and light industry. The benefits of the CBI, the LAC and ROCAP regional efforts, and centrally funded activities such as Project SUSTAIN will be taken into account and coordinated with the implementation of this activity. The first step will be development of strategy for export-oriented production and trade within the context of an overall USAID strategy to assist in El Salvador's industrial stabilization and recovery.

Specific Project objectives to be evaluated include increases in non-traditional goods exported; increases in the number of export-oriented businesses developed or expanded together with resultant employment increases; eventually the number of new businesses begun with foreign investment (again with increased employment); and the incidence of participation by and benefits to small and medium businessmen. Policy objectives under the Project include an updating of the Export Development Law, development of policies aimed at drawing small and medium businessmen into the export sector, and policy improvements in the management of the free zone.

This activity conforms with all four of the Agency's major policy emphasis areas by providing the technologies and policy initiatives necessary to develop or strengthen private and public institutions which support private enterprise in El Salvador.

5. Information, Policy and Strategy

Assistance in this area will employ the Reform and Policy Planning Project No. 519-0260 together with the LAC Regional Private Sector Initiatives Project (No. 598-0619) to support private and public sector organizations in developing information, policy and strategy mechanisms which will be helpful in the generation or attraction of employment and foreign-exchange generating activities. Specific objectives will include an examination of the implications of substantial further movement toward the parallel exchange market, provision of technical assistance to the Central Reserve Bank (BCR) for the improvement of its foreign exchange management system; and the establishment of a computer-linked information system for CBI beneficiaries and the U.S. with El Salvador.

B. Production and Employment Levels and Generation of Foreign Exchange

USAID supports the maintenance or increase in production and employment levels by provision of foreign exchange and local currency to finance credit, technical assistance and training activities in support of private enterprise and public-sector institutions. Emphasis is placed on (1) increasing agricultural production on farm units participating in the agrarian reform by developing non-traditional productive/processing systems with marketing mechanisms for traditional and non-traditional crops; (2) assisting small and medium non-traditional businesses; (3) supporting the stabilization or recovery, particularly of labor-intensive businesses which generate foreign-exchange earnings; (4) engaging in policy dialogue studies which impact on the aforementioned efforts; and (5) continuing public-works projects with increasing emphasis on productive investments.

1. Agriculture Sector

--Agrarian Reform

USAID will continue to support the productive units--cooperative haciendas and small-farmer plots--created by the agrarian reform. In addition to the technical assistance, AID resources will, as detailed in Section III.A., support the productive employment capabilities of those units so that they can effectively compete in the marketplace. Additional credit assistance from the Agrarian Reform Credit Project (No. 519-0263) and PL 480 local currency generations will be channeled to reform beneficiaries. A Rural Enterprise Development Office will be established under the Agrarian Reform Sector Support Project (No. 519-0265). The office will work to bring agrarian reform production units together with non-reform (or reform) agri-businesses and industries to develop non-traditional, employment-generating enterprises in and around the farm units. The Office will carry out feasibility studies and help establish new rural enterprises, or new lines in existing enterprises, in the next two years, to increase employment on and off the farm units. Development of those enterprises will lead to

increased employment levels on the farm units, particularly in the off-season, and should contribute to their becoming viable economic entities.

—Agricultural Marketing

Improved agricultural marketing policies structures can provide producer price incentives which will result in increased production for agrarian reform and non-reform agricultural sectors alike. The GOES has agreed to undertake a study with USAID support of basic grains marketing in FY 1983 with special focus on pricing policies. Based on the results, USAID will provide assistance in FY 1984 under the Reform and Policy Planning Project (No. 519-0260) to strengthen policies and their underpinnings. USAID also will support an analysis of the potential for marketing fruits and vegetables to be followed in FY 1985 by a project which will address overall constraints to the marketing system for basic grains and export crops. USAID will collaborate with the IDB in the design of the project to ensure complementarity with an IDB loan to construct storage and marketing facilities for public sector institutions.

2. Small-Medium Non-Traditional Business (Industrial Stabilization/Recovery Sector Support)

Two Projects assisting small businessmen, the Small Producer Development Project (No. 519-0229) and the Micro-Enterprise Component of the Marginal Community Improvement Project (No. 519-0251) have generated high demand levels and, upon placement of resources, correspondingly high levels of employment and production. Participants in these programs have tended to be small, low-capital, labor-intensive operations which appear to produce high employment returns to funds invested.

Experience gained in the implementation of the foregoing Projects and a number of studies of the Salvadoran productive sector and its needs, indicate that a significant portion of small businessmen lacks access to well supervised, non-traditional working capital and investment credit. There is a need to re-orient the attitudes and resources of the Salvadoran financial community toward serving small businessmen who are still the neglected majority in the private sector.

USAID intends to meet those small producers' needs through the Industrial Stabilization/Recovery Sector Program by providing funds for credit, technical assistance and training for the Federation of Credit Agencies (FEDECCREDITO); the Federation of Cooperative Associations (FEDECACES); the Agriculture Development Bank (BFA); and the commercial banking system, including FIGAPE (Guaranty Fund for Small Businessmen).

Technical assistance, and training will be given to the BCR (which will administer the credit allotted to the commercial banks) and the commercial banks themselves to enable them to deal with the increased administrative and supervision requirements implicit in

expanded small business portfolios. USAID hopes to achieve an annual small business loan level of 12,000-14,000 loans using the expanded system described above.

The provision of working and investment capital to small and medium-size businesses will result in increased production and employment, and in advancing USAID's social development goals by facilitating participation of lower-income sectors of the economy in the country's economic and social benefits. The program thrust is in keeping with AID's policy of promoting development through support for private enterprise, and is responsive to AID's institutional development policies.

3. Industrial Recovery (Industrial Stabilization/Recovery Sector Program)

Since 1978, a large number of businesses have been forced to close because of violence, lack of markets, lack of capital, lack of expertise or some combination of the foregoing factors. The majority of those closures--and consequent unemployment--have been in the non-traditional/industrial sectors of the economy which is where considerable future, labor absorptive capacity of the economy lies.

The Industrial Recovery Component of the Industrial Stabilization/Recovery Sector Program will assist in rehabilitating, reactivating or expanding the non-traditional production sector in El Salvador and will emphasize labor-intensive businesses. Dollar and local currency credit and technical assistance resources will be directed toward businesses operating at significantly less than full capacity or closed businesses in an effort eventually to bring overall production in El Salvador up to pre-conflict levels. Attention will be given to the use of agrarian reform bonds together with Project funds to revive some of the moribund enterprises held by the Salvadoran Investment Corporation (CORSAIN) with the objective of turning them into viable operations and selling them back to the private sector. In designing the Project, USAID will work with the IDB and IBRD to assure complementarity in respective efforts to stimulate economic reactivation in the industrial sector. Specific objectives will include over the next two years the reactivation of rehabilitation to full capacity of a number of medium-large businesses affected by political unrest or the depressed economy. This Component directly addresses the Agency's private enterprise and institutional development policy concerns.

4. Policy Areas and Studies

USAID will engage the GOES in a dialogue regarding the structure of its private sector programs in 1984 and 1985 inter alia in the context of the Central Bank's monetary program. USAID will identify specific credit needs and policy targets for negotiation at the appropriate time in the GOES planning cycle.

USAID plans to provide related non-credit support primarily in the form of studies training, or technical assistance which will strengthen or provide direction to private and public sector efforts to maintain or increase production levels. USAID will fund an assessment of agro-industrial potential related to phase I farms, specifically in the western region of the country. The study will examine the feasibility of establishing the production and processing of non-traditional crops with good potential for farm level earnings and which would either save or earn El Salvador foreign exchange. The results of the study will be used in implementation of the Agrarian Reform Credit and Agrarian Reform Sector Support Projects and in planning and executing the Industrial Stabilization/Recovery Sector Program and the Marketing System Support Project scheduled for obligation in FY 1985. Technical assistance will be employed to develop a practical system for the use of agrarian reform bonds as viable payment and investment instruments for agricultural and industrial projects. Training in such areas as financial analysis and commodities and futures marketing will also be supported.

4. Public Sector Employment

Maintaining and increasing employment levels is a major objective of the USAID programs. The economic crisis, with resultant production drops, business closures, and sharply increasing unemployment has necessitated public-sector employment-generation efforts. The Public Sector Employment program which was originally funded under the Project of the same name (No. 519-0256) supported such efforts with considerable success. As a result of resource-allocation discussions with the GOES, the program is now largely supported from PL 480 local currency generations, and GOES priority fiscal package funds, the only exception being \$955,000 in grant funds being provided for technical assistance. To date, some 1,350 subprojects have been completed providing over 8 million person days of employment in a job-scarce economy. An added benefit of the project is that it has served as the principal rapid-reaction resource in responding to natural calamities such as the September 1982 flood. It also has served as the first line of response to clean-up and economic stabilization activities following the ravages of war, as was the case recently in Berlin.

Assuming a funding level of the colon equivalent of \$30 million, objectives for FY 1984 and FY 1985 include completing 400 infrastructure projects such as roads, bridges, irrigation and potable-water systems, and over 50 reforestation and soil conservation projects, thus providing 2.5 million person days of employment in each year. The scope of the program may be broadened to include agencies other than the Ministry of Public Works and the Ministry of Agriculture. At the same time, USAID will work with the GOES to establish new project selection criteria which will favor projects with more impact on economically productive activities, e.g., construction of irrigation systems, extension of a road to the site of a new agribusiness facility, repair of farm-to-market roads, etc.

C. Economic Infrastructure

One of the principal guerilla tactics aimed at the destruction of the Salvadoran economy is attacking vital infrastructure, i.e., the electric, water, communications, and transportation systems. USAID plans to continue its Public Services Restoration Project (No. 519-0279) in FYs 1984 and 1985 with a view to (1) limiting the adverse impact of terrorist attacks against the country's most vital economic infrastructure while (2) supporting the country's balance-of-payments situation by financing the import of emergency equipment.

During the strategy period, USAID will continue working with the National Electric Power Company, the National Railroad, the Ministry of Public Works, the National Telecommunications Company, the National Authority for Water and Sewerage, and individuals in the private sector through special arrangements with the Ministry of Planning to assure that the country's most vital services continue, despite the heavy guerilla attacks against them. While precise activities cannot be identified at this time, given the nature of the problem, we expect to continue providing a wide range of services and materiel, including among others, helicopter services for repairing downed electrical transmission lines and towers, installation of Bailey bridges, and rehabilitation of railroad rolling stock.

D. Other Donor Program Coordination and Support

The Inter-American Development Bank, the World Bank and the International Monetary Fund all have contributed or will be contributing to economic stabilization efforts in El Salvador.

The IDB initiated a \$40 million project aimed at industrial rehabilitation in late 1982 and reportedly is planning to start another one in late 1983 for the same amount of money. Project funds are used for purposes similar to those of USAID's cash transfer program, but are more deliberately earmarked for import requirements of export industries. The World Bank is also planning to start a similar project in early 1984 at a level of about \$40 million. As with the IDB loan, resources will be directed towards exporting industries. The IDB has three agricultural production and investment credit projects ongoing with the Agricultural Development Bank (BFA). USAID will coordinate with both institutions to ensure complementarity and avoid duplication. Where indicated, local currency generations from U.S. programs will be programmed to help meet the IDB/IBRD project counterpart requirements.

The IMF has provided just under \$70 million in Compensatory Financing Fund and Standby resources since July 1982 for balance-of-payments support. Another \$17 million should be disbursed before the end of July. USAID will continue to work closely with the Fund and GOES on key macro-economic issues.

III. Social Development

Social problems form a considerable part of the origin of El Salvador's current political crisis and are exacerbated by the continuing economic crisis. Action is needed now to prevent social services from deteriorating further, to give the citizenry at the grass roots confidence in the Government and faith in a brighter future, and to support reform efforts.

USAID's overall social development objective is to increase the opportunity for El Salvador's poor, especially the rural poor, to participate in the national economy and share in its benefits, while arresting the general deterioration in social services. To achieve this overall objective, USAID's social development assistance will be targeted toward providing for:

- * -- access to productive resources, i.e., land, capital, support services, and infrastructure;
- access to services and other means which improve the quality of life;
- participation in the democratic institutions which guarantee equal access to political, economic, and social benefits of development; and
- vitalization of key public social services, particularly health, education, and other community services.

The USAID strategy for the next two years is to build on what has been accomplished since the 1979 coup and to reinforce institutions and systems to arrest deterioration of social services.

A. Access to Productive Resources

Perhaps the most dramatic social development in El Salvador's history is the Agrarian Reform which to date has affected over 20% of the country's agricultural lands. Recognizing that the effort is key to social progress (and to political stability), AID has invested considerable financial resources (second only to those provided in support of economic stabilization efforts) to assure its success. Progress in the reform, has been impressive though uneven. The task remains to complete Phase III and consolidate Phase I as rapidly and efficiently as possible so that full attention can turn to increasing production and farm employment. The disposition of Phase II remains problematic though a consensus may be developing on an approach to a reduction in holdings to a maximum of 100 hectares through land sales. The principal issues to be resolved will be the social value and feasibility of the solution. It would appear that the more of the one there is, the less of the other there will be. USAID is encouraging a survey of Phase II farms to develop a profile to provide a basis for decision-making on this most important issue.

The assistance to the agrarian reform described below is fully consistent with the Agency's policy emphasis areas in its focus on a major element of the private sector, particularly cooperatives and small enterprises, its institution-building element and its policy dialogue aspects.

1. Access to Land.

-- Phase I and Decree 207

In FYs 1984 and 1985, USAID will continue supporting the land titling process under the Agrarian Reform Sector Support Project (No. 519-0265). The Project will permit an increase in the human resources devoted to the land titling process so that the permanent titles will be issued to all Phase I cooperatives and 15,000 to Decree 207 beneficiaries in FY 1984. In FY 1985 the target is 15,300 definitive titles for Decree 207 beneficiaries. Continued support will be given to FINATA in its effort to elicit more applications for land from eligible beneficiaries. Toward this end FINATA will undertake a new mobile campaign in July 1983.

-- Phase II

USAID will encourage the Ministry of Agriculture (PERA) to undertake an analysis of Phase II farms in FY 85 to provide a basis for decision-making on the disposition of Phase II.

2. Access to Capital

Major support for the agrarian reform has been provided under the Agrarian Reform Credit Project (No. 519-0263). To date, project assistance and PL 480 local currency generation resources have provided the country's agricultural financing system with a total of \$70.3 million, most of which has served to meet the production credit requirements of Phase I cooperatives, and Decree 207 and other small farmers. Especially since the Agriculture Development Bank (BFA) is expected to assume the entire Phase I portfolio, USAID's program objective will remain that of assuring the BFA adequate resources and administrative and technical capacity to provide for agrarian reform and small-farm production and investment credit requirements. Continued project assistance and local currency generations will add capital the BFA's integral credit line for the sector. USAID expects, and will measure improvements in the credit-delivery system resulting from the BFA reorganization currently being assisted by U.S.-funded technicians, and in financial management resulting from the introduction of a new data management system. Additional credit resources will be needed both in FY 84 and FY 1985.

3. Access to Support Services

USAID assistance for agrarian reform in the support-services area will focus on institution building.

-- Cooperative Strengthening and Development

USAID assistance will aim at building the private-sector Phase I cooperatives into organizations capable of making their farms productive, profitable enterprises. A principal objective of the Agrarian Reform Sector Support Project is to strengthen the management capacity of the 340 Phase I cooperatives by the end of CY 1984 by supporting the extension of a uniform management and accounting system and recruiting and contracting competent managers and accountants where necessary. The Banco de Fomento Agropecuario (BFA) will have increasing interest in and responsibility for the management program, given the intention to shift financing of all Phase I farms to the BFA. Assistance in this area is also being provided on a smaller scale through the Technoserve OPG. USAID is exploring the substantial expansion of Technoserve's effort in this area.

In addition, through the Technoserve OPG (Rural Small Enterprise and Cooperative Development Project No. 519-0286), USAID will provide financial and technical support to the recently established National Federation of Agrarian Reform Cooperatives (FESACORA). The USAID objectives through the end of the FY 1984-85 period are (a) to have built the organization into an effective private sector cooperative federation representing the agrarian reform cooperatives at banking and GOES institutions on credit, training, and the broad range of development matters of concern to the agrarian reform cooperative membership and (2) to have strengthened the organization sufficiently so that it can undertake to contract for funding on its own.

-- Extension and Training

One of the objectives of the Agrarian Reform Sector Support Project is to arrest deterioration now prevalent in the institutions which provide human resources for implementing agricultural extension and training activities vital to success of the reform, i.e., the National Center for Agricultural Technology (CENTA), the National Center for Agricultural Training (CENCAP), and the National Agricultural School (ENA). Specifically during the planning period, project assistance and/or local currency generations will be used to assist CENTA in its research and extension activities related to all crops except coffee. The objective is to increase the number of extension agents from 142 in FY 1983 to 282 in FY 1985. CENCAP will provide training to 10,000 farmers and 2,000 Ministry of Agriculture technical and professional personnel. Short-term, third-country training will be provided to upgrade the skills of the ENA faculty. In addition, LAC Training Initiatives Project resources will provide long-term (two-year) university level training in the U.S. or Puerto

Rico for ten ENA faculty members while PL 480 local currency generations will cover salary costs of specialists who will be brought in on a short-term basis, not only as replacements for the faculty who will receive training, but also to assist in revising ENA curriculum design. A pilot extension project will be initiated with FINATA, the BFA, and CENTA to test the provision of technical services by the private sector to 207 beneficiaries.

4. Access to Infrastructure

-- Irrigation

USAID plans to provide additional funding in FY 1984 for the Small Farm Irrigation Project (519-0184) for the construction on agrarian reform cooperative properties of an additional 12 irrigation systems to be completed during FY 1985

-- Other

Transportation infrastructure, e.g., roads and bridges, water systems, and electric power are, also important to the agrarian reform farmers for the processing and marketing of their products. Thus, the Employment Generation and Public Services Restoration Programs described in Section II.B. will also be important elements in the success of the reform as well as for longer term development of the entire agricultural sector.

-- Access to Markets

Access to markets is important not only to the success of the reform, but also to the long-term development of the agricultural sector and the economy in general. Activities described in Section II.B. will contribute to the access-to-production-resources strategy objective, as well as to macro-economic goals.

B. Quality of Life

In FY 1980, the USAID strategy turned its focus perforce to El Salvador's emergency situation. Low USDH staff levels, and a mushrooming of resources suggested a limited focus, i.e., on stabilization of the economy, agrarian reform on the most urgent humanitarian problems resulting from the conflict--i.e., the displaced persons. Meanwhile, shrinking budgetary resources forced the GOES to cut back on programs in areas outside of the emergency effort and political violence undermined ability of the GOES to extend services to all areas of the country. The result has been a clear deterioration in the social services for the majority of Salvadorans. For example, health supplies are scarce and schools have been closed, adding to the effects of increased unemployment affecting a large number of the population. USAID has therefore determined that the program strategy under which we are operating needs to be broadened to address deterioration of social services, particularly health and education.

1. Health

The GOES has publicly stated that health its highest priority social sector. Yet budgetary resources for Health have diminished and the health situation has deteriorated markedly since 1978. Violence, a declining economic situation and its concomitant adverse effects on GOES budgetary resources, and a growing displaced persons population are the primary factors contributing to the deterioration of Health status. A new Health Systems Vitalization Project (No. 519-0291) is now being developed and is scheduled for obligation in July and for immediate implementation thereafter.

The two-year Project will provide medicines, equipment and supplies which have been in critically short supply as a result of the country's foreign-exchange and fiscal problems, and will strengthen the Ministry of Health's supply management and distribution system to ensure that project commodities reach all areas of the country. Specific project objectives in FY 1984 will be to increase the quantity of pharmaceuticals, medical supplies and essential equipment for the primary health care system; to improve Ministry of Health procurement and distribution systems; and to strengthen their bio-medical equipment and vehicular repair-and-maintenance system. Emergency medical care will also be emphasized. A key aspect of the institutional strengthening component of the Project will be training of procurement, supply management, and vehicular/equipment maintenance personnel. USAID will begin a follow-on project in FY 1985, Health Systems Vitalization II (No. 519-0298), which will have a more broadly-based institution-building element dealing with overall management-planning and human-resource-development problems, as well as a continuing medical-commodities supply support component.

2. Education

The education sector has also suffered deterioration at every level as the result of the economic and political crisis which has confronted the country in the last few years. More than 800 primary and secondary schools, representing an enrollment of over 150,000 children, have been closed; technical schools lack equipment and supplies, and the university system has been severely weakened by the closing of the National University. The necessary effort to deal with these problems is beyond the resources of the GOES under current conditions. USAID proposes to help the GOES address some of the most critical and fundamental problems in the education sector.

The first step in FY 1983 will be to carry out a Program Development and Support-funded broad-brush sector assessment in cooperation with the Ministry of Education, based on which a new Education Sector Revitalization Project (No. 519-0295) will be designed and obligated in FY 1984. The Project will emphasize institution building (which, in this case, is more accurately described as arresting institutional deterioration). It will encompass provision of supplies and services, as required. The following areas will be considered for assistance: improvement of the Ministry of Education's administrative management system; repair of damaged

schools and construction of new schools in areas of new urban concentrations; activities which protect US investments to date, e.g., assistance for the education television system which provides a cost-effective means for the MOE to carry out its responsibilities; and, at the technical education level, equipment and a module in the curriculum that teaches business administration for small-business situations. Finally, consideration will be given to limited support at the university level when the National University is reopened, including seminars, open fora, conferences, community research programs, etc. in such areas as agriculture, education, law, business administration, economics, and the physical sciences, which will bring the University into more active involvement in GOES social and economic development efforts. This will require a careful step-by-step approach. The USAID objective for the end of FY 1985 is that the Project will have addressed the most immediate problems identified during the assessment and project development.

3. Population

Contraceptive coverage of women of child-bearing age is estimated at 30-35 per cent. This is not high enough. Even through the emergency situation, USAID has continued supporting population programs in El Salvador in an effort to help reduce the 2.9 population growth rate which is a major cause of many of the country's current problems and an inhibitor of future progress. USAID has provided assistance to both public and private sector programs and plans to continue to do so through and beyond the strategy/action plan period.

In FYs 1984 and 1985, USAID will provide support to the Salvadoran Demographic Association (SDA) commodity distribution, sales, and mass media campaigns through incremental funding of the OPG which will begin in FY 1983. USAID assistance will support the organization's efforts to continue its mass media campaign whose purpose is to establish "brand consciousness" for several contraceptive products, as well as to inform Salvadorans about family planning and the country's demographic problem; to achieve its community-based distribution program target of 13% annual increases in coverage (30,000 women by the end of FY 1985); and to achieve its retail sales program target of 50% annual increases in coverage (122,000 women by the end of FY 1985). This OPG assistance is consistent with the Agency's policy of working through the private sector to achieve development objectives.

The Ministry of Health is the largest supplier of population services in the country, reaching some 85% of all acceptors. In FY 1984, as in FY 1983, USAID plans to continue support for distribution programs by providing population commodities through the SDA OPG and budgetary support through local currency generations. Also in FY 1984, USAID will examine how national coverage can be further expanded. Based on those findings, USAID plans to initiate the Population Dynamics project in FY 1985 aimed at supporting all public-sector (including MOH, Salvadoran Social Security Institute, and others) population activities.

4. Housing

There is a demonstrated demand for low-cost housing in El Salvador. Moreover, the housing sector also responds to balance-of-payments-stabilization, employment-generation, and private-sector-development requirements. Thus the Housing Investment Guaranty program has been a particularly valuable resource in the Salvadoran emergency program. Current targets call for the construction of 1,070 new housing units, the improvement of 1600 sites with water and sanitation services, and the provision of 1,200 home improvement loans during each of Fiscal Years 1984 and 1985. In addition, the program will generate 25,000 person months of employment in each year and at least \$6 million will be channeled through the private sector. The HIG Program has been instrumental in instituting policy changes aimed at developing non-subsidized, replicable housing programs, the most important of which relates to increasing interest rates charged under the program to more adequately reflect the real cost of money. The financial strength of participating institutions will be a major focus during program implementation.

USAID plans to establish in FY 1984 a rotating fund with PL 480 local currency generations to provide additional and faster moving capital to the housing sector. The fund will provide a line of credit for housing contractors which will permit more rapid construction of low-cost units which are eligible for HIG financing. The fund will capitalize itself over time, producing an estimated 3,870 additional housing solutions in each of Fiscal Years 1984-1985.

C. Participation in Democratic Institutions

1. Elections

The steps being taken toward representative democracy in El Salvador represent profound changes in the country's traditionally closed political system, which historically was dominated by and served the interests of a small economic oligarchy. The March 1982 elections and those planned for late 1983, combined with sincere efforts of those working within the democratic system to establish a political consensus for government, will lead to increased participation, and an increased stake, of the poor majority in government. This will, in turn, bring increased access of the poor majority to political, economic and social benefits accruing to the society.

In FY 1983, USAID will assist the GOES in this fundamental political and social development effort by financing a Salvadoran Elections Project designed to assist the GOES Central Elections Council in implementation of fair and honest presidential and legislative elections. The project will facilitate the broadest possible participation of eligible citizens in the FY 1984 (and future) elections, thus helping to assure continued participation of the poor in the development process.

2. Judicial Reform

There is a lack of faith in the legal/judicial institutions in El Salvador. Though the first step toward a renewal of faith is beginning with the process of free, open and fair elections, this alone, though transcendental in its importance, will not restore faith in the government institutions which are charged with upholding laws established by a democratically elected government. The problem is that in the past, a demoralized majority has consequently failed either to believe in or demand proper functioning of judicial/legal institutions.

As part of the more general effort to support democratic and egalitarian social and political institutions which can command respect of all Salvadorans, USAID will initiate with the GOES during FY 1984 a Judicial Reform Project (No. 519-0296) designed to communicate a new sense of the importance of institutional justice in a society in which social and political schisms make the anarchic alternatives unbearable. The project will consist of components designed to rehabilitate and add stature to the Salvadoran judicial system by improving the system itself, demonstrating its effectiveness, encouraging a popular understanding of and appreciation for the sanctity of the institution of law, and assisting organizations to develop and demonstrate a demand for proper functioning of judicial/legal institutions. Project targets, which will be more specifically established during project development, will include measurable progress in the rehabilitation of the judicial system as a result of material and technical assistance provided under the Project, e.g., numbers of people trained, numbers of criminal cases prosecuted; and numbers of public-relations activities implemented. It must be recognized, at the outset, that marked change will come only with time.

3. Human Rights

Following the elections of March 1982, the Salvadoran political parties which participated in the elections, with the exception of the Democratic Action Party, signed the "Pact of Apaneca" which established goals for the interim Government of National Unity, including among them human rights, and called for the formation of a Human Rights Commission. USAID/El Salvador has been able to lend support to the GOES initiative in the important areas of human rights by including the subject in discussions related to U.S. budget support and balance-of-payments contributions. The result has been a plan for significant expansion of the Commission staff and resources.

IV. Humanitarian Assistance

A continuing and crucial facet of the program strategy is meeting the most critical and immediate humanitarian needs of the Salvadoran population in response to political and economic crises, and to natural disasters.

A. Assistance to Displaced Persons

The official number of Displaced persons is some 250,000. It is generally thought that there are many more; USAID is contracting a study to determine the number with greater accuracy. The principal humanitarian assistance effort currently being undertaken by USAID is the Emergency Program: Health and Jobs for Displaced Persons Project (No. 519-0281). Begun in FY 1982, the Project is managed by a contracted program unit and provides for curative and preventative health and employment-generation activities. While it was originally designed for one year, USAID must plan continuing assistance through the strategy/action plan period. The project is providing for some 20,000 vaccination and 3,500 curative-medicine visits per month generating 10,000 jobs continually. Projected funding increases will permit an increase in employment levels to approximately 15,000 in FYs 1984-1985.

USAID also plans to increase the scope of its assistance to displaced persons to include health and sanitation activities by involving the private sector in this effort through a yet-to-be-identified private voluntary organization through the OPG mechanism.

Finally, USAID displaced persons assistance programs will continue to be complemented by the World Food Program (WFP) which is primarily responsible for feeding programs among the 250,000 officially registered displaced persons. The United States PL 480 Title II commodities are allocated directly to the WFP rather than through USAID. While having no direct implementation responsibilities under the Program, USAID nonetheless coordinates with the WFP regarding displaced persons feeding.

B. PL 480 Title II

1. Voluntary Agency Programs

Title II commodities will continue to be provided to the ongoing Catholic Relief Service maternal/child feeding program. By FY 1985, the commodities will be reaching some 115,000 mothers and children, and 10,000 orphans. Based on the results of an ongoing Title II program evaluation, a centrally funded outreach grant may be provided to CRS improve the technical knowledge of the program promoters and to support the logistic and administrative staff.

2. Emergency Feeding

In addition to the population which has been affected by the political violence, there is another group, residents of marginal urban communities, who have been hard hit by the Salvadoran economic-crisis-induced unemployment problems. During the FY 1984-85 period, the Emergency Feeding Program, a GOES-administered food-for-work program, will provide food to some 55,000 marginal community residents in four departments. Beneficiaries of the program will earn food by assisting with community infrastructure projects, especially health and sanitation activities, and by

participating in other community development activities including attendance in classes on health, nutrition, family planning, and handicrafts.

V. Policy Improvement

Policy improvement is a recurrent theme in all facets of the El Salvador program. USAID will continue to work with the GOES on policies relating to foreign exchange management, private-sector reactivation, agrarian reform, agriculture marketing, and social programs. The Reform and Policy Planning Project (No. 519-0260) provides resources for undertaking studies and supporting initial implementation efforts in the affected areas.

By the end of FY 1983, the ESF and PL 480 programs will have generated an estimated \$369 million in local currencies since FY 1980. USAID has used the allocation of these local-currency generations as the context for affecting policy at the monetary and fiscal program level. Following extensive negotiations, including discussions with the IMF, USAID and GOES have jointly programmed these currencies for mutually determined priority area activities which the GOES would not have undertaken in the absence of these resources. As a result, agrarian reform, private-sector working capital credit, employment generation, population, natural resource management, and training activities received considerable funding through the GOES budget.

The GOES, recently established an extraordinary budget for FY 1983 PL 480 local currency generations which will greatly facilitate and accelerate the disbursement of those funds and the implementation of the activities they are funding by reducing the approval steps required for allocation and disbursement of funds to those projects. The Ministry of Planning has used some of the local currency generations to establish a Technical Secretariat for External Assistance, an important advance in facilitating the effective utilization of external resources for development. This office has been given important discretion in working with donors to assist efficient donor-financed project implementation by assuring timely and adequate GOES budget allocations and disbursements for those activities. USAID has already witnessed positive results in resource allocation from this new office.

During the Strategy/Action Plan period, USAID will continue working with the GOES to program essential PL 480 local currency generations, and GOES resources from Credit expansion made possible by ESF into programs having maximum impact on economic and social needs. At the very minimum, USAID project counterpart requirements will be met. In addition, funding will be provided for other activities which support the USAID strategy, e.g., private-sector credit and employment generation. Funding will also be provided to meet other-donor-financed project counterpart requirements, serving not only to improve coordination with the other donors, but to leverage the maximum dollar disbursement from other donors per local currency-unit allocation.

NOTES ON TABLE 1

A. FY 1983. Two versions of Table I are provided herein. Table I(A), in accordance with the ABS guidance, reflects the USAID OYB as of April 30, 1983. Table I(B) reflects the more current and significantly higher levels projected for this Fiscal Year. In view of the dramatic post-April increases in the USAID/El Salvador OYB, the second version presents the more useful basis for review of proposed future-year levels. Noteworthy in the Development Assistance functional account levels is the return to a significant program level for the Health sector in accordance with USAID's supplementary strategy described in the opening narrative.

B. Development Assistance--FY 1984. For a more valid comparison, the proposed FY 1984 DA level should be reviewed in light of the FY 1983 level presented in Table I(B). The \$61.8 million DA request for FY 1984, while significantly higher than the FY 1984 CP level, represents a slight \$1.6 million increase over currently projected actuals for FY 1983. Two new projects are proposed. The Education Systems Revitalization Project will be designed to halt deterioration in that sector by improving administration and providing support for maintenance of vital programs. The Judicial Reform Project addresses a critical need in the promotion of Salvadoran human rights. The almost \$38 million allocated for the ARDN account will provide for a one-year extension of the Small Farm Irrigation Project, as well as a continuation of the Agrarian Reform Sector Support Project, the Agrarian Reform Credit Projects, and the Technoserve OPG. The balance of the request will permit the completion of the Health Systems Vitalization I Project as well as a continuation of ongoing activities in social and humanitarian assistance sectors.

C. Development Assistance--FY 1985. The FY 1985 request of just over \$58 million, although \$16 million higher than the authorized planning level, is lower than both the FY 1983 and FY 1984 levels shown in Table I(B). The proposed level will permit USAID to complete LOP funding for the Education Systems Revitalization and the Judicial Reform Projects, as well as to begin three new projects: the Agricultural Marketing Project, which will help increase the efficiency of the agricultural marketing and distribution systems by linking farmers' cooperatives more effectively to private-sector marketing mechanisms and by encouraging more rational pricing programs; the Health Systems Vitalization II Project, which will shift somewhat the focus from relatively heavy commodity and logistical support to selected institution-building efforts with commodity support, as necessary; and the Population Dynamics Project which will provide support to public-sector institutions to increase the national rate of increase in family planning acceptors.

D. Economic Support Fund--FY 1984 and FY 1985. During the action-plan period, El Salvador will continue to require balance of payments/fiscal support. ESF is the key mechanism to provide this support.

The underlying assumptions of the proposed ESF levels for FY 1984 and FY 1985 are: (1) The political violence and low primary commodity prices which are the major causes of El Salvador's current balance-of-payments problems will continue through the period. (2) Even if a political settlement is reached, the economic consequences of the conflict will be carried over into future years. Because of the already severe contraction in economic activity, and the attendant unemployment and erosion of social services, USAID has revised its target from zero growth to positive growth. The FY 1984 and FY 1985 proposed annual levels, while significantly higher than authorized for planning, are USAID's best current estimate of what is needed to get this job done based on prospects and past experience. USAID will also use ESF resources to initiate the new Industrial Stabilization/Recovery Sector Program. The new Program will further the development of small business enterprises, trade and investment programs, and industrial recovery by providing technical and credit assistance to small producers and to businesses operating at low capacity or those which are closed, but have good prospects. ESF resources will also be used to provide continued support for AIFLD's agrarian reform efforts and to finance partially the Emergency Program: Health and Jobs for Displaced Families Project, which we propose to split fund with Refugee Program and OFDA resources, as appropriate. The employment component will be increased in FY 1984 and FY 1985.

E. PL 480 Title I--FY 1984 and FY 1985. The levels proposed for FY 1984 and 1985, while higher in dollar terms than the authorized planning levels, represent a decrease in total commodity level as compared with FY 1983.

F--FY 1984 and FY 1985. The levels proposed for the P.L. 480 Title II program are higher than the guidance levels because USAID anticipates a continued need through FY 1985 for milk imports under the Section 201 program in addition to a continuation of the CRS Maternal/Child Program and the Government-to-Government Emergency Feeding Programs will continue, as in the guidance levels.

G. Refugee Program. USAID is requesting that Refugee Program funds be made available in both FYs 1984 and 1985 to share equally with the ESF account cost and OFDA, as appropriate, of the Health and Jobs for Displaced Families Project.

H. Workforce Levels--FY 1984 and FY 1985. The proposed USAID USDH workforce levels exceed the authorized levels. Factors to be considered in reviewing the requested levels include the size, scope and complexity of the USAID program. The need to effect rapid implementation--of approved activities, and the increased demands on

staff time resulting from the intense public scrutiny (including exceptionally numerous official visits) under which the program operates.

I. The Outyears. Assuming improvements in the Salvadoran political and military situations, the USAID has projected a return to AID/W-authorized planning levels beginning in FY 1986. (Should these improvements not occur, the assistance requirements for El Salvador would necessarily remain higher.) Requested ESF levels will assist in post-war rehabilitation and revitalization. Subsequently, they will help consolidate private-sector and export-development initiatives while also supporting institution-building programs in the social sectors. USAID will also begin to look toward support of a major agriculture-to-industry transition strategy designed to address the country's long-term employment problems.

The USAID projects a phasing down of PL 480 assistance as recovery occurs in the outyears. In view of the continuing high demand for low-cost housing, we project HIG levels to increase slowly as the economy improves and as construction capital-absorption rates increase.

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

EL SALVADOR
BUREAU FOR LATIN AMERICA AND CARIBBEAN

AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION

Project Number and Title	OBLIG THRU FY 82		ESTIMATED U.S. DOLLAR COST (\$000)		FY 85		FY 86		FY 87		FY 88		FY 89		ITFM NO
	G	L	1983	1984	APPL	Cont	Cont	Cont	Cont	Cont	Cont	Cont	Cont		
519-0167 Program Development and Support	900	G 74	1,090	175	250	150	250	Cont	Cont	Cont	Cont	Cont	Cont	391	
519-0182 Nutrition Improvement	340	G 78 / 9	235	36	---	---	---	---	---	---	---	---	---	405	
519-0184 Small Farm Irrigation Systems	064	L 78	84*	650	1500	1109	---	---	---	---	---	---	---	406	
519-0215 Save the Children OPG (U)(R)	240	G 79	84*	160	200	166	---	---	---	---	---	---	---	418	
519-0222 La Leche League OPG (U)(R)	350	G 80	82	65	---	---	---	---	---	---	---	---	---	422	
519-0223 Overseas Education Fund OPG (U)(R)	150	G 83	83*	200	---	35	---	---	---	---	---	---	---	423	
519-0229 Small Producer Development	031	G 80	82*	400	---	91	---	---	---	---	---	---	---	425	
519-0229 Small Producer Development	031	L 80	83*	4000	---	779	---	---	---	---	---	---	---	426	
519-0251 Marginal Community Improvement	800	G 80	80	5	---	---	---	---	---	---	---	---	---	433	
5190251 Marginal Community Improvement	800	L 80	81	3700	---	---	---	---	---	---	---	---	---	434	
519-0253 Health and Nutrition	320	G 80	80	134	---	---	---	---	---	---	---	---	---	437	
519-0256 Public Sector Employment	730	L 80	81	155	---	---	---	---	---	---	---	---	---	440	

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

BUREAU FOR LATIN AMERICA AND CARIBBEAN

COUNTRY/OFFICE EL SALVADOR

Project Number and Title	TECH CODE	G	L	INIT	AUTH	PLAN	OBLIG THRU FY 82	FY 82 PIPE LINE	FY 82 OBLIG- ATTIONS	FY 1983- EXPEND- ITURES	FY 1984- OBLIG- ATTIONS	FY 85 APL	FUNDED THRU	FY 86 OBLIG	FY 87 OBLIG	FY 88 OBLIG	FY 89 OBLIG	ITFM NO
519-0260 Reform and Policy Planning	055	G	84	84	---	250	---	---	---	250	250	---	---	---	---	---	---	---
519-0262 Agrarian Reform Organization	055	G	80	82*	1023	1023	1023	1019	---	---	---	---	---	---	---	---	---	446
519-0262 Agrarian Reform Organization	055	L	80	81*	11750	11750	11750	5147	---	---	---	---	---	---	---	---	---	447
519-0263 Agrarian Reform Credit	044	G	80	85*	1625	1125	1125	506	500	500	500	500	12/85	---	---	---	---	450
519-0263 Agrarian Reform Credit	044	L	80	85*	51500	28100	28100	30073	23000	23700	21000	21000	12/85	---	---	---	---	451
519-0265 Agrarian Reform Sector Support	055	G	83	85*	4900	---	---	152	1700	1960	1700	1700	12/86	---	---	---	---	453
519-0265 Agrarian Reform Sector Support	055	L	83	86*	30000	---	---	2307	9000	9000	13300	13300	12/86	---	---	---	---	454
519-0286 Technoserve OPG (U)(R)	055	G	82	85	2100	500	500	1000	1150	1000	650	650	9/86	---	---	---	---	471
519-0297 Agriculture Marketing	056	G	85	86	---	---	---	---	---	---	---	1000	4/96	1000	---	---	---	---
519-0297 Agriculture Marketing	056	L	85	86	---	---	---	---	---	---	---	2000	4/86	6000	---	---	---	---
APPROPRIATION TOTAL						135591	73013	25024	35535	49884	37550	40400		7000				
GRANT						12541	6361	3111	3435	3857	4050	4100		1000				
LOAN						123050	66650	21913	32100	41027	34500	36300		6000				

COUNTRY/OFFICE EL SALVADOR

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

BUREAU FOR LATIN AMERICA AND CARIBBEAN

Project Number and Title	OBLIG THRU FY 82	FY 82 PIPE LINE	FY 82 OBLIG THRU FY 82	ESTIMATED U.S. DOLLAR COST (\$000)	FY 85 MAPL	FY 86 OBLIG	FY 87 OBLIG	FY 88 OBLIG	FY 89 OBLIG	ITFM NO
519-0149 Family Planning and Population	10209	2305	1923	382	---	---	---	---	---	388
440 G 66 82 10209										
519-0181 Program Development and Support	50	26	35	100	35	Cont	Cont	Cont	Cont	404
400 G 74 Cont										
519-0210 Population Dynamics	---	---	---	---	1700	2000	2000	---	---	417
440 G 85 87* --- 5700										
519-0275 Salv. Demogr. Assoct. UPG (I)(R)	---	---	---	1800	1800	---	---	---	---	462
440 G 83 85 --- 5400										

POPULATION PLANNING

APPROPRIATION	TOTAL	10209	20709	1850	1958	1900	2282	3535	2000	2000
GRANT	10259	10259	2331	1850	1958	1900	2282	3535	2000	2000
LOAN	---	---	---	---	---	---	---	---	---	---

BUREAU FOR LATIN AMERICA AND CARIBBIAN

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

COUNTRY/OFFICE EL SALVADOR

Project Number and Title	TECH CODE	G --DATE-- L INIT FIN	-TOTAL COST- AUTH PLAN	OBLIG THRU FY 82	FY 82 PIPE-LINE	FY 83 OBLIG-EXPND-ATTORNS	FY 84 OBLIG-EXPND-ATTORNS	FY 85 OBLIG-EXPND-ATTORNS	FY 86 OBLIG	FY 87 OBLIG	FY 88 OBLIG	FY 89 OBLIG	ITEM NO
<u>HEALTH</u>													
519-0178	G	74	Cont	205	SUBCAT: HEPP 6	241	75	75	50	Cont	Cont	Cont	401
Program Development and Support													
519-0209	G	79	75	390	SUBCAT: HELVS 282	270	12	---	---	---	---	---	416
Rural Potable Water Delivery													
519-0253	G	80	81	1099	SUBCAT: HEFH 371	116	255	---	---	---	---	---	438
Health and Nutrition													
519-0291	G	83	84	---	SUBCAT: HELDH ---	300	145	1,175	---	---	---	---	---
Health Systems Vitalization I													
519-0291	L	83	84	---	SUBCAT: HELDH ---	1,000	7655	22,247	---	---	---	---	---
Health Systems Vitalization I													
519-0298	G	85	85	---	SUBCAT: HELDH ---	---	---	---	1000	12/86	---	---	---
Health Systems Vitalization II													
519-0298	L	85	85	---	SUBCAT: HELDH ---	---	---	---	4000	1/786	---	---	---
Health Systems Vitalization II													
519-0294	G	84	85	---	SUBCAT: HEPP ---	---	500	500	500	12/86	---	---	---
Health for Displaced Persons OP6 (U)(R)													
APPROPRIATION TOTAL													
GRANT													
LOAN													

COUNTRY/OFFICE: EL SALVADOR

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

BUREAU FOR LATIN AMERICA AND CARIBBEAN

Project Number and Title	TECH CODE	G L	DATE-INIT FIN	AUTH PLAN	TOTAL COST-	ESTIMATED U.S. DOLLAR COST (\$000)		FY 85 MAPL	FUNDED THRU	FY 86 ORLIG	FY 87 ORLIG	FY 88 ORLIG	FY 89 ORLIG	ITEM NO
						FY 1983 OBLIG THRU FY 82	FY 1984 OBLIG THRU FY 85							
519-0094 Special Development Activities		G	70	Cont	480	350	100	350	500	350	Cont	Cont	Cont	387
519-0177 Program Development and Support		G	74	Cont	306	500	500	500	551	500	Cont	Cont	Cont	400
519-0223 Overseas Education Fund (U)(R)		G	79	82	344	344	112	---	---	---	---	---	---	424
519-0251 Marginal Community Improvement		G	80	81	600	600	200	---	139	---	---	---	---	435
519-0251 Marginal Community Improvement		L	80	81	4000	4000	3979	---	---	---	---	---	---	436
519-0256 Public Sector Employment		G	80	83	655	955	219	---	556	---	---	---	---	441
519-0256 Public Sector Employment		L	80	82	28430	28430	9651	---	---	---	---	---	---	442
519-0260 Reform and Policy Planning		G	80	85	950	3950	625	1000	1400	1000	2/86	---	---	445
519-0273 Salvadoran Elections Program		G	83	83	---	3400	1300	---	2100	---	---	---	---	---
519-0296 Judicial Reform		G	84	86	---	9000	---	3000	3000	3/86	---	---	---	---
APPROPRIATION TOTAL					36265	50679	16686	4050	8246	4850	---	---	---	3000
GRANT TOTAL					3935	18249	3056	4250	8246	4850	---	---	---	3000
LOAN TOTAL					32430	32430	13630	---	---	---	---	---	---	---

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT RUDGFT DATA

COUNTRY/OFFICE EL SALVADOR

BUREAU FOR LATIN AMERICA AND CARIBBEAN

Project Number and Title	OBLIG THRU FY 82		FY 82 PIPE-LINE ACTIONS		FY 1983-1984 EXPENDITURES		FY 1984-1985 OBLIGATIONS		FY 85 APL		FUNDED THRU		FY 86-89 OBLIG		ITFM NO
	OBLIG THRU FY 82	PIPE-LINE ACTIONS	FY 82 PIPE-LINE ACTIONS	FY 1983-1984 EXPENDITURES	FY 1984-1985 OBLIGATIONS	FY 85 APL	FY 86 OBLIG	FY 87 OBLIG	FY 88 OBLIG	FY 89 OBLIG	FY 86 OBLIG	FY 87 OBLIG	FY 88 OBLIG	FY 89 OBLIG	
DEVL.P. ASSIST. TOTAL 187219	318348	48236	60151	74501	61775	78611	58385	17000	2000	2000	17000	2000	2000	2000	
GRANT 27539	67671	8493	12209	8695	14620	18420	15085	8000	2000	2000	8000	2000	2000	2000	
LOAN 159680	250677	39743	47942	65806	47155	60191	43300	9000	---	---	9000	---	---	---	
<u>ECONOMIC SUPPORT FUND</u>															
519-0259 Agrarian Reform Support	5000	41	---	---	---	---	---	---	---	---	---	---	---	---	443
519-0262 Agrarian Reform Organization	843	---	843	---	---	---	---	---	---	---	---	---	---	---	
519-0267 Private Sector Support I	499000	---	123000	123000	133000	133000	123000	---	---	---	---	9/85	---	---	456
519-0279 Public Service Restoration	39000	---	15000	13000	12000	12000	12000	---	---	---	---	9/85	---	---	465
519-0279 Public Service Restoration	13400	---	11664	---	---	270	---	---	---	---	---	---	---	---	466
519-0281 Energy Program for Displaced Families	15000	---	---	---	7500	7500	7500	---	---	---	---	4/85	---	---	
519-0287 Indus. Rehab./Recov. Sector Support	50000	---	---	---	20000	10000	30000	---	---	---	---	5/86	---	---	
519-0289 AIFLD OPG (U)(R)	6157	---	1157	1157	2500	2500	2500	---	---	---	---	6/86	---	---	
APPROPRIATION TOTAL	233400	628400	138400	149705	175000	165200	175000	---	---	---	---	---	---	---	
GRANT	220000	615000	125000	138041	175000	165000	175000	---	---	---	---	---	---	---	
LOAN	13400	13400	13400	11664	---	200	---	---	---	---	---	---	---	---	
PROGRAM TOTAL	420619	946748	264869	224206	236775	243811	233385	17000	2000	2000	17000	2000	2000	2000	
GRANT	247539	682671	148189	146736	189620	183420	190085	8000	2000	2000	8000	2000	2000	2000	
LOAN	173080	264077	116680	77470	47155	60391	43300	9000	---	---	9000	---	---	---	

PROJECT NUMBER: 519-0297

PROJECT TITLE: AGRICULTURAL MARKETING

PROPOSED FUNDING: (\$000) FY 84 L - G -
 FY 85 L 2,000 G 1,000
 LOP L 8,000 G 2,000

FUNCTIONAL ACCOUNT: AGRICULTURE, RURAL DEVELOPMENT AND
 NUTRITION

PROJECT PURPOSE: To enhance the capacity of the GOES to plan and implement policies which will minimize factors constraining production, distribution, sale and consumption of basic grains, fresh fruits and vegetables, and milk products; and to promote the development of a cooperative system to market these products.

PROBLEMS ADDRESSED: Inefficiencies in the Salvadoran food marketing and distribution system result in reduced incomes for producers and high prices for consumers. Farmers are therefore discouraged from producing, and Salvadoran consumers are discouraged from buying, locally grown foods. As a result, cereals and fresh products that Salvadoran farmers could produce for local markets are instead imported from other countries.

The traditional GOES policy response to production problems in basic foods has been production credit and technical assistance extension, along with guaranteed prices for selected commodities. Financial and institutional constraints have prevented attainment of extension and credit objectives, but these constraints are the object of two recently approved A.I.D. project interventions. The guaranteed pricing program has been especially problematic, but despite the importance of price incentives and the complexity of marketing and distribution programs, no comprehensive assistance has heretofore been provided to support modifications of either the GOES policy or the marketing system.

The intent of the GOES pricing policy, particularly as it relates to the production and distribution of basic grains, has been to bring an element of order to an environment in which prices fluctuate widely over the cycle, and to insure producers a profitable return on their investment and labor while providing consumers with ample supplies of basic food stuffs at fair prices. Whether it can be attributed to a lack of financial and/or managerial resources to implement the policy, or to internal inconsistencies within the policy itself, pricing policy objectives have not been achieved. This project will finance technical assistance, training and material and working-capital costs associated with increasing the technical and administrative capacities of Salvadoran private and cooperative grain and produce marketing institutions to carry out their functions in the interest of Salvadoran farmers and consumers. The project will also finance technical assistance,

materials and training aimed at establishing improved policy planning, forecasting, marketing and distribution analysis capabilities within the GOES Ministry of Agriculture. The project will form an important element in USAID's continuing policy dialogue with the GOES.

HOST COUNTRY ENTITIES: There exist in El Salvador cooperative organizations and other private sector entities which could be encouraged to assume responsibilities for the implementation of a private/public cooperative marketing program. USAID has tentatively identified the Ministry of Agriculture's Planning Office (OSPA) and the Agricultural Marketing Board (IRA) as the most appropriate GOES entities to collaborate in the policy planning, analysis and forecasting component of the project.

MAJOR ISSUES: There is general consensus in El Salvador that current food policies are inappropriate for the needs of the country's producers and consumers. Issues relating to the feasibility of developing an efficient and effective cooperative grain and produce marketing system will be addressed early in the project design process.

TARGET GROUP: The principal targets for the project are the small farmers who produce the bulk of the country's basic grains and those who could be encouraged to shift to the cultivation of fresh fruits and vegetables in an environment of appropriate policy guidance and market linkages.

ADMINISTRATOR'S MAJOR POLICY CONCERNS: This project is consistent with the A.I.D. Policy Paper on food and agricultural development in that it seeks to (1) "improve country policies to remove constraints to agricultural marketing," (2) "increase the productivity, incomes, and market participation of small producer," and (3) assist private and public institutions to deal with constraints to increased and more efficient agricultural marketing. The project will impact directly and positively upon the producers and consumers of basic foods by increasing market efficiency, improving government planning and forecasting capabilities, and discouraging disruptive government involvement in price determination, while promoting the development of cooperative institutions to efficiently market and distribute foods.

PROJECT NUMBER: 519-0298

PROJECT TITLE: HEALTH SYSTEMS VITALIZATION II

PROPOSED FUNDING: (\$000) FY 1984 L - G -
 FY 1985 L 4,000 G 1,000
 LOP L 12,000 G 3,000

FUNCTIONAL ACCOUNT: HEALTH

PROJECT PURPOSE: To consolidate logistics and supply management programs installed within the Ministry of Health (MOH) under a previous project; to expand this program to include improvements in health delivery administration, planning and evaluation within all of the Ministry's operations; and to rebuild a viable pre- and in-service training program in the Ministry.

PROBLEMS ADDRESSED: El Salvador has suffered a steadily declining health environment situation since 1978. The decline has been due in part to the civil strife, which has not only caused disruption of orderly health service delivery but has also added to the burden by producing increased numbers of trauma victims, both in the civilian and military population. In addition, however, the economic problems facing the country have resulted in substantial cuts in the health budget. Factoring in inflation, the cuts have reached almost 20% in both 1982 and 1983. From an estimated 1983 budget requirement of \$16 million for drugs, the MOH actually received only \$4 million

Recognizing the crisis the country is facing in providing even minimal basic health services, and with the extenuating circumstance of civil strife-related trauma, AID has initiated work on a Health Systems Vitalization project to begin in late FY 1983 which focuses on: a) non-availability of essential drugs, supplies and equipment to deal with routine and emergency health care; b) the logistics systems by which these essential commodities should reach the health care provider, and thus, the clients of the health system; c) essential biomedical and transport equipment which is deadlined due to lack of spare parts; d) a system of preventive maintenance, and trained personnel to carry out maintenance/repair of this equipment; and e) the information system required to track and maintain drugs and other supplies, equipment, and spare parts. The Health Systems Vitalization project is viewed as a rapid means by which nationwide health services delivery can be restored. It will leave behind effective and modern equipment maintenance and supply management systems.

This new project, Health Vitalization II, will finance consolidation of the support systems addressed by Project 519-0291, but will expand its scope to address other key problem areas such as Management, Planning and Human Resources Development.

In the areas of Management and Planning, the project will create improved administrative linkages between planning and program implementation, thereby increasing executive control over national health programs. Technical assistance will be provided to insure that Health Ministry officials are made cognizant of the most recent developments in the areas of health planning, management and evaluation. Training will be provided in these areas as well as others, e.g., logistics, repair and maintenance, accounting, health systems programming, chosen to emphasize efficiency in administration and conservation of limited resources.

In Human Resource Development, the project will address the pre- and in-service training needs of primary health care workers, including community health care workers, community health aides, auxiliary and graduate nurses. A training facility will be provided and Technical Assistance personnel will be invited to work in curriculum design and training delivery. Commodity support will be continued, as necessary.

HOST COUNTRY ENTITIES: The Ministry of Health will be the implementing agency, through its Administrative Planning and Human Resources Divisions.

MAJOR ISSUES: None.

TARGET GROUP: Clients of the health care system will be the ultimate beneficiaries of improved support systems established under this project. The project itself, however, will only insure availability of supplies and strengthen the MOH's capacity to plan and manage its financial and human resources more effectively.

ADMINISTRATION'S MAJOR POLICY CONCERNS: The project will provide the GOES with the most up-to-date technologies in health administration and help to reestablish health delivery institutions in El Salvador on a solid management footing. This will enable the leadership of these institutions to maximize the effect of limited resources available to them and reduce their dependence upon outside assistance. Thus, the project addresses two of the four major themes of the administration's foreign assistance program, i.e., institutional development and technology transfer. The project also conforms with guidance provided in the A.I.D. Health Assistance Policy Paper (a) by focusing on "institutionalizing more universal coverage with a minimum PHC package..." and (b) by assisting the GOES in improving the management and administration of its health system by providing technical assistance and training in the areas of management, supervision, administration, maintenance and repair, information, and logistics systems, as appropriate.

PROJECT NUMBER: 519-0295

PROJECT TITLE: EDUCATION SYSTEMS REVITALIZATION

PROPOSED FUNDING: (\$000) FY 1984 L 6,000 G 3,000
 FY 1985 L 3,000 G 1,000
 LOP L 12,000 G 6,000

FUNCTIONAL ACCOUNT: EDUCATION

PROJECT PURPOSE: To strengthen the administrative capacity of the Ministry of Education (MOE), to protect prior investment in the public education system and halt deterioration caused by economic and political turmoil, and to reinforce areas of the education program which most effectively support the economic development objectives of El Salvador. An assessment will be carried out to determine the most appropriate activities to be undertaken in support of these objectives. Our current thinking follows.

PROBLEMS ADDRESSED: The current economic and political upheavals have had disastrous effects upon the educational system in El Salvador. The war has caused massive shifts of student population from rural to urban areas at the same time that reductions in Ministry of Education budgets have rendered effective adjustments to these shifts impossible. In addition, administrative problems which had already become apparent before the current emergency have been magnified by the emergency itself. Maintenance and repair of the very significant investment in capital infrastructure--and expansion of that infrastructure in areas receiving most pressure from the population shifts--has been impossible in the face of budgets, like that for 1983, in which 94 percent of the total appropriation is going for salaries.

The Ministry of Education is one of the largest in the Government, employing approximately 40,000 people in technical, administrative and teaching positions--while serving the needs of almost one million students throughout the country. Despite this, the Ministry has never adopted appropriate modern management tools to the administration of this large and complex system. An initiative in this area is essential even before important technical educational concerns can be addressed. Improvement in the MOE system of administrative management will, therefore, be the highest priority of this project.

Numerous important educational programs undertaken in years prior to the war have been curtailed, or essential growth seriously limited, by the current situation. Some of these programs, like an educational television program originally financed by USAID/El Salvador, provide a cost efficient means for the MOE to discharge its responsibilities. Unfortunately, though it is important that such means be effectively employed during times of budget crisis, the emergency has made effective planning of priorities difficult--

and, in this particular case, high initial investment costs have discouraged expansion. Other such programs with high cost/benefit ratios, and involving significant prior investment, have also been set aside in the face of budget limitations.

The National University of El Salvador was closed in June 1980, in the face of political unrest. As other democratic institutions begin to re-emerge--and as a popularly elected government takes control--a demand will be heard for reopening the National University. USAID will consider providing funding under this Project to engage the University in outreach activities, including seminars, open fora, conferences, community research programs, etc., which will bring the University into more active involvement in social and economic development efforts of the government.

The Ministry of Education has identified as a principal shortcoming of the technical educational system the lack of entrepreneurial training and the tendency of the system and the students in it to look only to the public sector for employment. Increasingly high percentages of student will have to be trained for jobs in the private sector, involving in many cases, self-employment. This Project will include components designed to help develop elements of the educational system (technical, business administration, entrepreneurial skills training) which will promote an increased private-sector focus in the technical school curricula. Equipment and supplies will also be financed. Finally, USAID will consider financing urban school construction.

HOST COUNTRY ENTITIES: The GOES Ministry of Education will implement this project.

MAJOR ISSUES TO BE ADDRESSED: AID might choose to focus support more specifically on a particular level of the educational system (i.e. primary or secondary) or on a particular type of education (e.g., vocational/technical) rather than spread its resources throughout the system. USAID/El Salvador believes, however, that maximum savings of prior investment in the system can be realized if limited allocations are distributed among priority areas within each of the major elements of the system. Finally, the USAID believes that efficiencies to be derived from improved administration of the limited resources available to the MOE will have the effect of freeing more resources for reprogramming than a more concentrated effort directed at improvements in a single area of the Ministry might provide.

TARGET GROUP: The project will affect the quality of education provided to the estimated one million students who are provided instruction in El Salvador's school systems.

ADMINISTRATION'S POLICY CONCERNS: As noted in the updated Country Strategy Statement accompanying this ABS, much of what would be normally directed toward institutional development in El Salvador must, in view of the current emergency situation, be directed at halting institutional deterioration. This investment in the

maintenance of institutional systems and infrastructure which already exist will prove far more cost effective in the long run than would nay "new" institutional development effort. In addition, efforts under this project to re-orient the public education system toward private sector human resources needs is entirely in keeping with the Administration's private sector focus.

PROJECT NUMBER: 519-0296

PROJECT TITLE: Judicial Reforms

PROPOSED FUNDING: (\$000) FY 84 L - G 3,000
 FY 85 L - G 3,000
 LOP L - G 9,000

FUNCTIONAL ACCOUNT: SELECTED DEVELOPMENT ACTIVITIES

PROJECT PURPOSE: To build and sustain confidence in the Salvadoran criminal justice system; to enhance the ability of the system to perform its functions, and to encourage a majority demand for the system to be made universally responsible for and responsive to the country's constitution and laws.

PROBLEMS ADDRESSED: When faced with important criminal cases involving politically sensitive questions, the institutional justice system in El Salvador has often been unable to execute its functions in a consistently responsible way. The result has been a breakdown in the system of criminal law and the perpetuation of skepticism in a system of institutionalized law. As a result, considerable citizen involvement and major evidence of change will be required to restore any general faith in the system.

Most people agree that, although antiquated codes are partly to blame for the inefficiency of the system, more fundamental problems involve issues of popular faith in the administration of the legal system. There is an awareness that dramatic steps need to be taken to bring law enforcement agencies effectively under the control of the central government. Less dramatic long-term efforts will also have to be undertaken, however, to rehabilitate the criminal judicial system itself--and to convince people that faith in a "new" system is deserved.

Along with the active subversion of the legal judicial system by political and other elements, more mundane inadequacies have contributed to the institutional weaknesses which have undermined El Salvador's justice system. These include, among other things: a lack of trained judges, shortages of support materials and equipment; low salaries; poor systems of security for judges, prosecutors and witnesses, inefficient and improper documentation and recordkeeping; a lack of facility facility for scientific criminal investigations; and lack of convenient access to legal documents.

The Judicial Reform Project will be designed to communicate both to government officials and to the general population a faith in institutional justice as a basic component of the democratic alternative to recent years' anarchy in this country. The project will consist of: (a) programs to rehabilitate the judicial system by provision of material and technical assistance, and training;

(b) an AID-financed legal fund to finance prosecution of a few important criminal cases to demonstrate effective and efficient justice carried out fairly in the service of all the people; and (c) an information program involving seminars, conferences, communications and media activities, as well as direct support to selected local organizations (legal, labor, business, church, human rights, school, political, etc.), to encourage and demonstrate a broad-base popular demand for judicial reform.

HOST COUNTRY ENTITIES: A high-ranking group of U.S. officials, headed by Attorney General William French Smith, visited El Salvador in March 1983 and held conversations with Salvadoran government officials as well as representatives of private organizations interested in the legal reform effort. Following that visit, President Magana appointed a Judicial Reform Commission which was tasked with addressing this important issue. This Commission is the appropriate agent for direction and execution of this effort.

No funding under this project would be used to provide training or advice, or provide any financial support for police, prisons, or other law enforcement forces of the GOES.

MAJOR ISSUES: The major issues to be addressed involve the feasibility of establishing and maintaining a unified popular faith in and demand for an effective criminal justice system in a society as politically fractured as that in El Salvador. The current effort by disparate political groups to establish a popularly elected democratic government in El Salvador lends credence to the belief that Salvadorans can subordinate individual political preferences under a coalition of general support for democratic institutions like the courts.

TARGET GROUP: The target group includes every citizen of El Salvador. Though a large portion of the project's resources will be directed at the training or support of individuals who serve the judicial system. The citizens will be involved in the project through various organizations or institutions which they support or to which they belong. The project objective will be to establish the confidence in every citizen that the laws and judicial/legal entities of the country are in place and working to protect his interests.

ADMINISTRATION'S MAJOR POLICY CONCERNS: This project supports two basic administration policy objectives. It enhances support for a democratically elected government in El Salvador and provides support for a basic democratic institution which is essential to the maintenance of confidence in that popularly elected government.

PROJECT NUMBER: 519-0287

PROJECT TITLE: INDUSTRIAL STABILIZATION/RECOVERY SECTOR
SUPPORT

PROPOSED FUNDING: (\$000) FY 84 L -- G 20,000
FY 85 L -- G 30,000
LOP L -- G 50,000

FUNCTIONAL ACCOUNT: ECONOMIC SUPPORT FUND

PROJECT PURPOSE: To broaden and deepen the participation of small businesses in the Salvadoran economy; to expand and upgrade export-oriented businesses and increase foreign investment in El Salvador; and to rehabilitate, reactivate and expand the non-traditional productive sector in El Salvador.

PROBLEMS ADDRESSED:

A. A shortage of small business investment credit. Experience gained in the implementation of the AID-financed Small Producer Development Project (519-0229) and the Micro-Enterprise Component of the Marginal Community Improvement Project (519-0251), as well as a number of studies of the Salvadoran productive sector and its needs, indicate that a significant portion of the productive sector—specifically small business—lacks access to well supervised, non-traditional working capital and investment credit. This fact is largely due to the inability of the Salvadoran financial institutions to administer small business portfolios.

USAID/El Salvador has found that loan resources provided to agencies implementing the two projects mentioned above have generated high demand levels and, upon placement of resources, correspondingly high levels of employment and production. In general, participants in the programs have tended to be small, low-capital, labor-intensive operations which appear to produce high employment returns to funds invested.

Because of the success of these first activities, the USAID intends to direct additional resources under this project into credit agencies involved in the first projects, while expanding their capacities, and to expand the small business loan programs into the commercial banking system. Technical assistance, training and human resources will be provided to the banks handling the credits to enable them to deal with the increased administrative requirements implicit in larger small business portfolios. The GOES will finance additional staffing for the banks using counterpart resources, its own resources or local currency generations.

B. A lack of foreign exchange. One of the principal problems besetting El Salvador's economy over the last three and a half years has been the lack of foreign exchange. The political crisis and

worldwide recession are the principal factors, but inappropriate trade and investment policies, combined with an outdated Export Development Law, have also played a role. Steps must be taken to enable El Salvador to realize, from existing capabilities and from new system and infrastructure, the potential of the private sector to generate additional foreign exchange.

This project will assist export-oriented, public and private sector production and trade institutions which can play a role in increasing trade and foreign investment in non-traditional industries in El Salvador. Technical assistance and project training programs will be directed toward identification of specific external product market demands and toward efforts to match interested foreign investors with potential or existing production facilities and labor markets in this country. Trade and investment systems and technologies will be described in high-level training programs directed toward personnel in the Ministry of Foreign Trade and the private sector's Export Committee (COEXPORT). Project emphasis will be placed on market development of industries working at low capacity or defunct industries with good prospects. Labor-intensive, non-traditional agro-business and production activities which reduce foreign exchange requirements for foodstuffs and light industry imports will also be emphasized. The project will work with the GOES' newly formed Export Policy Commission, as well as individual private-sector institutions. Specific objectives will include increases in: exports of non-traditional goods; the number of export-oriented businesses developed or expanded (together with consequent employment increases); eventually, the number of new businesses begun with foreign investment; the incidence of participation by and benefits to small and medium-sized businesses; and increases in net international reserves. Policy objectives will be obtained through an updating of the Export Development Law, introduction of policies aimed at drawing small and medium businessmen into export sector, and policy improvements on management of the free zone.

C. Underproductive industrial capacity. Since 1978, a large businesses have been forced to close because of violence, lack of markets, lack of capital, lack of expertise or some combination of the foregoing factors. The majority of those closures--and consequent unemployment--have been in the non-traditional/industrial sectors of the economy where the future labor-absorptive capacity of the economy lies. Special opportunity exists here for reactivation of the Salvadoran export program.

An Industrial Recovery component of the project will be aimed at rehabilitation, reactivation or expansion of non-traditional productive resources in El Salvador. The component will be oriented toward increased production and employment in that sector and will emphasize labor-intensive businesses. Dollar and local currency credit and technical assistance resources will be directed toward businesses operating at significantly less than full capacity or businesses which have been closed. Particular attention will be given to using agrarian reform bonds, together with project funds

and local currency generations to revive some of the moribund enterprises held by the Salvadoran Investment Corporation (CORSAIN), with the objective of turning them into viable operations and selling them back to the private sector. In designing the Project, the USAID will take care to ensure that its structure and thrust complement related IDB and IBRD projects which seek to stimulate economic reactivation in the industrial sector. The benefits of the Caribbean Basin Initiative (CBI) and other regional initiatives, and centrally-funded activities such as Project SUSTAIN, will be taken into account and coordinated with the implementation of this project.

HOST COUNTRY ENTITIES: The project will be carried out in cooperation with the Ministry of Foreign Trade, the Ministry of Economy, the Central Reserve Bank, and through the commercial banks, FEDECCREDITO, FEDECACES, the Agriculture Development Bank, and the Export Committee (COEXPORT).

MAJOR ISSUES: None.

TARGET GROUP: The project will address itself to the needs of small businessmen; businesses with export potential, which are either closed or operating under capacity; and export-oriented labor-intensive, non-traditional agro-business and production enterprises, particularly those which can reduce foreign exchange requirements for foodstuffs or light industry imports. The general population will benefit from the employment generated by new or expanded production and trade operations and from consequent improvements in the Salvadoran economy.

ADMINISTRATION'S MAJOR POLICY CONCERNS: The program thrust of this project is directly in keeping with the Administration's policy of promoting development through support for private enterprise, particularly as it relates to institutional development, support for small and medium businesses, and for agencies which serve these businesses. Help provided to the institutions themselves accords with the spirit of the Administration's institutional development policies. The project also contributes to the achievement of AID's general social development goals by helping lower income sectors of the economy to share in the country's economic and social benefits.

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1985 PROPOSED PROGRAM RANKING

Country/Office: El Salvador

PROGRAM ACTIVITY							
RANK	DESCRIPTION	O/ N	L/ G	APPR ACCT	INCR	(\$000) CUM	
1	5190267	Private Sector Support I	O	G	ES	112,500	112,500
2	519PL01	PL 480 Title I	O	L	PL	(36,400)	112,500
3	519PL02	PL 480 Title I, Sec. 206	O	C	P2	(1,400)	112,500
4	5190279	Public Service Restoration	O	G	ES	12,000	124,500
5	5190263	Agrarian Reform Credit	O	L	FN	21,000	145,500
6	5190263	Agrarian Reform Credit	O	G	FN	500	146,000
7	5190281	Emergency Prog. for D.P.s	O	G	ES	5,500	151,500
8	519PL02	Gvt-Gvt Emerg. Feeding Prg.	O	G	P2	(2,500)	151,500
9	519PL02	CRS Maternal/Child Feeding	O	G	P2	(1,840)	151,500
10	5190094	Special Devel. Activities	O	G	SD	350	151,850
11	5190287	Ind. Stab./Recov. Sector Spt.	O	G	ES	10,000	161,850
12	5190275	Salv. Demogr Assoc. OPG	O	G	PN	1,800	163,650
13	5190265	Ag. Reform Sector Support	O	L	FN	13,300	176,950
14	5190265	Ag. Reform Sector Support	O	G	FN	1,700	178,650
15	5190177	SDA PD&S	O	G	SD	500	179,150
16	5190167	ARDN PD&S	O	G	FN	250	179,400
17	5190294	Health for Disp. Persons OPG	O	G	HE	500	179,900
18	5190260	Reform & Policy Planning	O	G	SD	1,000	180,900
29	5190296	Judicial Reform	O	G	SD	1,500	182,400
20	5190286	Technoserve OPG	O	G	FN	650	183,050
21	519HG00	Housing Investment Guaranty	O	Ga	HG	(10,000)	183,050
22	5190181	Population PD&S	O	G	PN	35	183,085
23	5190178	Health PD&S	O	G	HE	50	183,135
24	5190168	Education PD&S	O	G	EH	50	183,185
25	5190289	AIFLD OPG	O	G	ES	2,500	185,685
26	5110281	Emergency Prog. for D.P.s	O	G	ES	2,000	187,685
27	5190267	Private Sector Support I	O	G	ES	10,500	198,185
28	5190287	Ind. Stab./Recov. Sector Spt.	O	G	ES	20,000	218,185
29	5190296	Judicial Reform	O	G	SD	1,500	219,685
30	5190297	Agricultural Marketing	N	L	FN	2,000	221,685
31	5190297	Agricultural Marketing	N	G	FN	1,000	222,685
32	5190298	Health Syst. Vitaliz. II	N	G	HE	1,000	223,685
33	5190298	Health Syst. Vitaliz. II	N	L	HE	4,000	227,685
34	5190295	Education Systems Revital.	O	G	EH	1,000	228,685
35	5190295	Education Systems Revital.	O	L	EH	3,000	231,685
36	5190210	Population Dynamics	N	G	FN	1,700	233,385

TABLE V NARRATIVE

The strategy/action plan presented in this Submission concentrates on the short term, i.e., on economic and political stability and on maintenance of social services. It is also written with an eye to the future.

The program and workforce levels requested for FY 1985 represent what is necessary to achieve stabilization/recovery, social development, humanitarian assistance and policy improvement objectives set forth in the strategy/action plan. They are justified in terms of what is required to meet those objectives and against the levels of assistance currently being provided to the country; and should be reviewed in that light.

In the Table V ranking, we have attempted to balance the macro-economic support, social development, humanitarian assistance and policy improvement components of our strategy. Macro-economic programs have a priority edge in the ranking because they contribute both to economic/political stability and maintenance of budget for social programs. The secondary theme in the ranking is timing. Some programs require that funds (or commodities) be in place on demand and some are more fast disbursing than others. Based on the balancing-requirements/timing rationale, the Table V ranking can essentially be divided into three sections, the first two of which include only ongoing programs.

Section I (Items 1 through 10) represents a program mix touching on every strategy emphasis area in which the timing of funding is critical (e.g., for public service restoration and production credit). Such programs will have very little pipeline, if any, at the end of the year. Private Sector Support I (PSS I), PL 480 Title I and PL 480 Title II Sec. 201 programs provide critical balance-of-payments support. Moreover, they generate local currencies which, in the first instance (PSS I), support the GOES' monetary program and, in the second instance (PL 480), provide the GOES with resources to cover the counterpart requirements for AID/GOES and other donor projects, as well as for undertaking other agreed priority programs. Timely availability of these funds is critical to maintaining levels of economic activity. Public Service Restoration Project activities address destruction of Salvadoran economic infrastructure and must be in place on demand for the repair of damaged power lines, transportation systems (bridges and railroads), and water systems. The Agrarian Reform Credit Project contributes to both the macro-economic objective of maintaining or increasing production/employment levels and the social development objective of providing the poor with access to productive resources. Funds under this project must be in place in time for the planting season and must disburse rapidly (reasons for which this Project has a higher priority in the ranking than does the Agrarian Reform Sector Support Project which is an extremely important, but slower disbursing Project. The objectives of the last four items in the grouping are humanitarian. The Emergency

Program for Displaced Persons provides curative and preventive health services and employment for those persons who have been displaced by political conflict. On the other hand, the Special Development Activities Project helps communities with small reconstruction activities, particularly in the combined plan area. PL 480 Title II feeding programs assist the nation's most vulnerable groups, mothers and small children, orphans, and residents of urban marginal communities who are among the hardest hit by the effects of the battered economy.

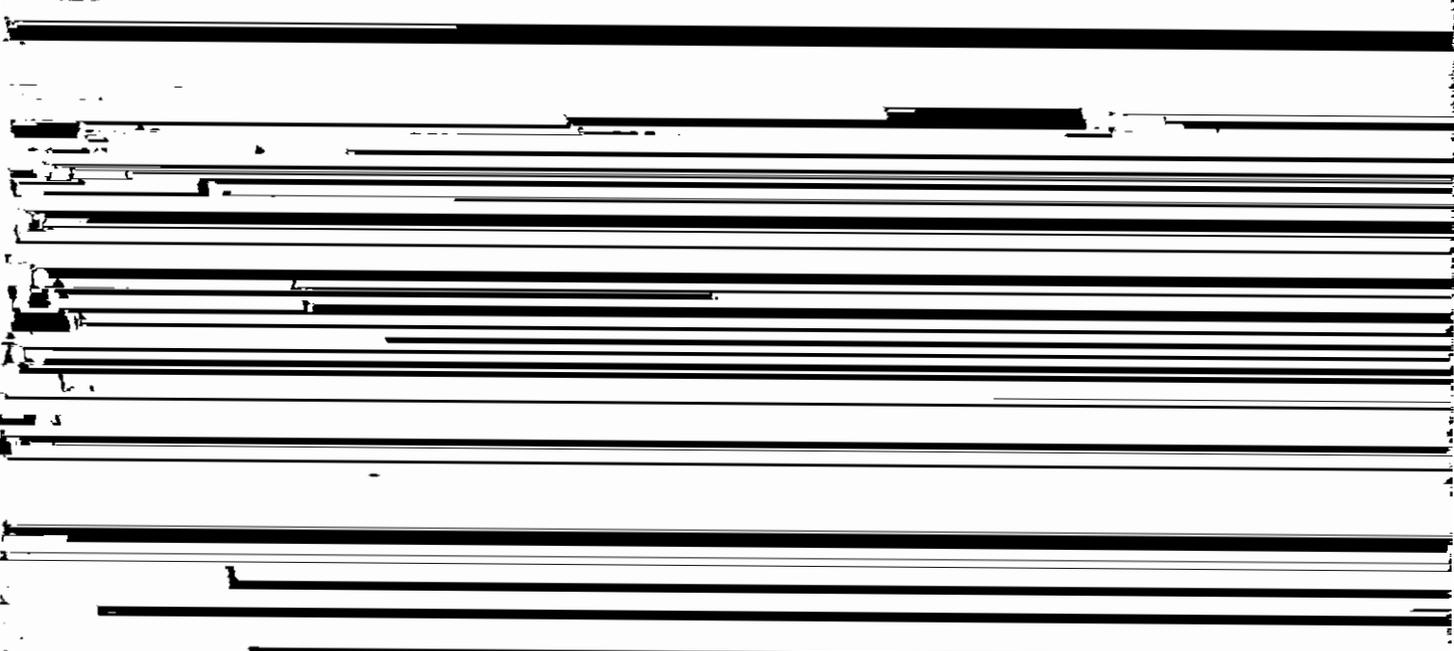
Section II (Items 11 through 25) permits USAID to continue programs which fit within an emergency strategy framework, i.e., programs which support economic stabilization/recovery, essential social development (agrarian reform and population), and humanitarian assistance. These programs are also critical to achievement of USAID strategy objectives. However, there is perhaps somewhat more flexibility in the timing of new funding increments. The Agrarian Reform Sector Support Project, the AIFLD Program, and the Technoserve OPG, all of which have important institution-building elements, contribute to providing the rural poor with access to productive resources (land) and support services (extension and training), and particularly to consolidating the agrarian reform. The Health for Displaced Persons OPG provides for better sanitation in areas with concentrations of displaced persons. The Reform and Policy Planning Project, while most directly addressing the action/plan's policy improvement objective, also affects efforts in economic stabilization, private enterprise (including agriculture) development, and social development. The Judicial Reform Project contributes to the social development objectives by helping to assure the confidence of all segments of society in the country's judicial institutions. The HIG supports economic stabilization by effecting improvements in balance-of-payments and by increasing employment, while raising the quality of life of the poorer elements of El Salvador's population by providing low-cost shelter and improved sites and services.

Sections I and II bring the USAID program to the total AID/W authorized DA/ESF planning level. While this level permits action in a variety of areas, it no more than keeps the El Salvador program in an emergency "hold" pattern. It permits little more than band-aid treatment for the economic and social problems confronting the Salvadoran population, and precludes any serious attempt to address them in a more in-depth and comprehensive fashion.

Section III (Items 26 through 36) therefore essentially completes funding requirements for emergency package programs, permits more in-depth economic stabilization/recovery efforts and support for programs to arrest the institutional decline in the health and education sectors. The proposed level will permit increased employment among the displaced persons. Given the minimal coverage of the employment program as a proportion of the official desplazado population (less than 20%), the excellent experience with the program to date, and the ease with which management capacity could

be increased, USAID plans to increase funding to the point where employment would be increased by some 50%. The proposed levels will also: (a) help assure the financing of one-fourth of the total private-sector import requirements under the Private Sector Support I Project; (b) assist more businesses to operate at full capacity and/or to reopen, thus providing stimulus to the economy and promoting more private-sector-generated employment under the Economic Stabilization/Recovery Sector Support Project; (c) provide production incentives to farmers by supporting a marketing system for milk products, basic grains and fruits and vegetables under the new Agriculture Marketing Project; and (d) increase the number of family planning acceptors through a comprehensive public-sector effort under the Population Dynamics Project.

Further the higher levels will permit USAID help arrest



with the Ministry of Health's overall management-planning and human-resources-development problems under the Health Systems Vitalization II Project and providing additional commodity support, as necessary; and (b) addressing the most critical problems of the education sector under the Education Systems Revitalization Project.

Workforce Levels

EVALUATION PLAN

Part A. Issues Narrative

In a period in which the USAID/El Salvador program is responding to what is essentially an emergency situation, the fundamental criterion in determining whether a project will be evaluated is the need for information on which to base decisions relating to (1) follow-on project activities, be they new projects or extensions of ongoing activities, and (2) modifications in ongoing activities which are required to achieve the project's purpose. Given the existing workload/staffing ratio, planning for more at this time would not be realistic. However, USAID will, as time permits during the evaluation planning period, respond to targets of opportunity for other evaluations which contribute to the USAID and Agency-wide information resource base.

Based on the need-for-information criterion, the following projects are planned for evaluation during the FY 1984-FY 1985 period.

A. Follow-on Project Activities

1. Agrarian Reform Credit (Project No. 519-0263). The Agrarian Reform Credit Project is designed to increase the availability of agricultural credit to Phase I and Decree 207 agrarian reform beneficiaries, as well as to other small farmers who are clients of the Agricultural Development Bank (BFA). In FY 1983, USAID submitted a detailed Project Paper supplement based on an evaluation of the Project, an in-depth review of the agrarian reform sector's credit requirements, and an assessment of the BFA's ability to respond to them. The USAID budget for FYs 1984 and 1985 responds to a projected continuing need for assistance in this area. For FY 1984, we expect much of the analysis done for the FY 1983 supplement to remain valid with minimal updating and assessment of progress. However, the FY 1985 supplement will require a more in-depth review. The evaluation proposed for the first quarter of FY 1985 will contribute to the analytical basis of the new PP supplement. Specifically, the evaluation will look at the proportion of potential clients receiving credit, the rate at which loan applications are being processed, end uses of credit, BFA's ability to supervise its agrarian reform portfolio, the rate of loan repayment, and the rate of preparation and effectiveness of farm financial plans and their utilization by cooperatives and the banking system in meeting the credit needs of the reform sector.

2. Rural Small Enterprise and Cooperative Development (Technoserve OPG--Project No. 519-0286). The purpose of this project is to strengthen farm cooperatives and enterprises with emphasis on the agrarian reform sector and provide support for the Salvadoran cooperative movement. While the Project is scheduled to terminate at the end of FY 1985, the USAID action plan projects the need for a one-year project extension and an expansion of the effort now. The planned FY 1985 third-quarter project evaluation will

contribute to a final decision regarding the need for the extension and what project modifications, if any, should be undertaken.

3. Health Systems Vitalization (Project No. 519-0281). This two-year project, which is scheduled for initiation in July 1983, responds to the deteriorating health situation resulting from a combination of factors, including political violence, a declining economic situation and its concomitant adverse effects on GOES budgetary resources, and a growing displaced persons population. It focuses on providing medicines, equipment and supplies which have been in critically short supply as a result of the country's foreign exchange and fiscal problems and on strengthening the Ministry of Health's (MOH) supply management and distribution system to ensure that project commodities reach all areas of the country. USAID will undertake an end-of-project evaluation in late FY 1984 to determine whether the Project has achieved its purpose or needs to be extended and/or modified. USAID will use the evaluation as a basis for proceeding with the follow-on Health Systems Vitalization II project contemplated in the strategy/action plan which contemplates a shift in primary focus to more broadly-based institutional strengthening.

4. Health and Nutrition (Project No. 519-0253) and Rural Water Supply and Sanitation (Project No. 519-0209). USAID will undertake end-of-project evaluations of these projects during the second quarter of FY 1984 with special emphasis on MOH institutional capacity as a feed-in to the design of the above-mentioned Health Systems Vitalization II Project.

5. Housing Guarantee Program (519-HG-006). USAID's long-range plan contemplates continuing Housing Investment Guarantee Program activities in El Salvador through FY 1989. USAID plans to undertake in cooperation with RHUDO, an evaluation of the HIG Program in early FY 1985 with an emphasis on institutional capacity of the implementing organizations and the adequacy of the national housing policies. USAID will also look to the evaluation for recommendations on additional policy reforms, targets of opportunity and appropriate funding levels.

B. Ongoing Program/Project Modification

USAID cannot predict at this time problems which may require project evaluations to determine what design modifications are necessary. However, for planning purposes, USAID anticipates undertaking interim evaluations of several major projects/programs to assure that they are proceeding as planned toward achievement of the purpose-level objectives.

1. Agrarian Reform Sector Support (Project No. 519-0265). The Project, which will be initiated in July, is designed to increase the efficiency and effectiveness of the agrarian reform program by accelerating the land transfer process, improving the ability of the GOES to provide resources and services to reform beneficiaries, increasing managerial capacity of cooperatives and expanding private-sector investment in enterprises directly related to the agrarian

reform. Just beyond mid-point of the life of project, USAID will undertake an evaluation to assure the continued relevance of the project design to achieving the purpose. One of the key project elements to be examined will be whether the project has achieved its objective of improved management capacity on all Phase I farms (as scheduled by the end of CY 1984).

2. Health Systems Vitalization (Project No. 519-0291). Given that this Project's short-term objectives affect an entire social sector, USAID will plan to undertake an interim evaluation in the third quarter of FY 1984 to assure progress toward stated objectives, unless project monitoring indicates such evaluation is unnecessary.

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1985 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE El Salvador

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issues	Fundlink Source (\$000)	USAID Person Days	Collateral AID Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
ABQJN 519-0263 Agrarian Reform Credit	-			1	3	<p>PMCD = 12/31/84</p> <p>Informational basis for PP supplement. Evaluation will examine proportion of clients receiving credit, the rate at which loan applications are being processed, and uses of credit, BFA's ability to supervise its agrarian reform portfolio, rate of loan repayment, rate of preparation and effectiveness of farm financial plans and their utilization by cooperatives and the banking system in meeting the credit needs of the reform sector.</p>	19.8	20	Secure 3-person contract team
519-0286 Rural Small Enterprise and Cooperative Development (Theocative-ORC)	8/82			2	3	<p>PMCD = 09/30/85</p> <p>To determine whether project should be extended for one year and to provide informational basis for any design modification.</p>	1.5	5	
519-0265 Agrarian Reform Support	-			3	4	<p>PMCD = 07/31/86 (estimated)</p> <p>To determine whether design modifications needed to achieve project goal. Key evaluation element will be determining whether project's objectives of improved Phase I crop management have been met.</p>	15.0	14	Secure 3-person contract team

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1985 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE El Salvador

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral AID Assistance
		Start To AID/W (Qtr)	Start To AID/W (Qtr)	Start To AID/W (Qtr)	Start To AID/W (Qtr)				
<u>HEALTH</u>									
519-0253 Health and Nutrition	5/83	2	3			PACD = 12-31-83 EOP evaluation. Focus on institu- tional problems for feed-in to Health Systems Vitalization II design.	PD&S 20	5	
519-0209 Rural Water Supply and Sanitation	-	2	3			PACD = 12/31/83 EOP evaluation. Focus on institu- tional problems for feed-in to Health Systems Vitalization II design.	PD&S 15	5	
519-0291 Health Systems Vitalization	-	4	1			PACD = 07/31/85 (estimated) To ensure satisfactory progress toward project purpose. Of parti- cular importance will be functioning of logistics system.	Proj. 30	10	Securing contract team
519-0291 Health Systems Vitalization				3	4	PACD = 07/31/85 (estimated) To determine whether project exten- sion is required and/or provide information base for follow-on project design.	Proj. 34.5	10	SECURITY

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1985 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE El Salvador

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral AID Assistance
		Start (Qtr)	To (Qtr)	Start (Qtr)	To (Qtr)				
SELECTED DEVELOPMENT ACTIVITIES									
519-467-006 Housing Investment Community Program	4/83			2	3	PAAD - 12/31/84 Informational base for program extension. Evaluation will examine institutional capacity of implement- ing organizations, adequacy of national housing policies, targets of opportunity for future activity, and appropriate resource-allocation levels.	PI&S 100*	13	RHJDO assistance in preparation of evaluation design and tech- nical support in monitoring conduct of the evaluation. *USAID will encourage RHJDO cost sharing of evaluation expenses.

ORGANIZATION USAID/El Salvador

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		1,707.7		1,707.7	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	993.0		993.0	21.9
PT/TEMP U.S. BASIC PAY	U102	112	28.7		28.7	1.3
DIFFERENTIAL PAY	U103	116	207.4		207.4	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	40.5		40.5	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	0.0		0.0	XXXXX
EDUCATION ALLOWANCES	U106	126	22.0		22.0	14.0
RETIREMENT - U.S.	U107	120	71.6		71.6	XXXXX
LIVING ALLOWANCES	U108	128	0.0		0.0	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	41.5		41.5	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	49.6		49.6	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	54.8		54.8	11.0
POST ASSIGNMENT - FREIGHT	U112	22	97.4		97.4	11.0
HOME LEAVE - TRAVEL	U113	212	36.0		36.0	28.0
HOME LEAVE - FREIGHT	U114	22	21.6		21.6	28.0
EDUCATION TRAVEL	U115	215	10.9		10.9	16.0
R AND R TRAVEL	U116	215	9.5		9.5	30.0
ALL OTHER CODE 215 TRAVEL	U117	215	23.2		23.2	28.0
<u>FOREIGN NATIONAL DH</u>	U200		365.6		365.6	XXXXX
BASIC PAY	U201	114	326.0		326.0	35.5
OVERTIME, HOLIDAY PAY	U202	115	12.6		12.6	1.3
ALL OTHER CODE 11 - FN	U203	119	1.0		1.0	XXXXX
ALL OTHER CODE 12 - FN	U204	129	26.0		26.0	XXXXX
BENEFITS FORMER FN PERS.	U205	13	0.0		0.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		472.9		472.9	XXXXX
PASA TECHNICIANS	U301	258	0.0		0.0	0.0
U.S. PSC - SALARY/BENEFITS	U302	113	84.4		84.4	0.8
ALL OTHER U.S. PSC COSTS	U303	255	0.0		0.0	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	388.5		388.5	50.0
ALL OTHER F.N. PSC COSTS	U305	255	0.0		0.0	XXXXX
<u>HOUSING</u>	U400		319.8		319.8	XXXXX
RENT	U401	235	190.0		190.0	27.0
UTILITIES	U402	235	10.0		10.0	XXXXX
RENOVATION AND MAINT.	U403	259	13.9		13.9	XXXXX
QUARTERS ALLOWANCE	U404	127	30.4		30.4	4.8
PURCHASES RES. FURN/EQUIP.	U405	311	10.0		10.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	5.4		5.4	XXXXX
SECURITY GUARD SERVICES	U407	254	56.9		56.9	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.5		1.5	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.7		1.7	XXXXX

ORGANIZATION USAID/El Salvador

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		<u>776.7</u>		<u>776.7</u>	<u>XXXXX</u>
RENT	U501	234	<u>59.5</u>		<u>59.5</u>	<u>XXXXX</u>
UTILITIES	U502	234	<u>3.8</u>		<u>3.8</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>37.1</u>		<u>37.1</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>70.0</u>		<u>70.0</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>34.5</u>		<u>34.5</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>15.0</u>		<u>15.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>26.0</u>		<u>26.0</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230	<u>36.0</u>		<u>36.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>41.9</u>		<u>41.9</u>	<u>XXXXX</u>
PRINTING	U510	24	<u>2.0</u>		<u>2.0</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210	<u>0.0</u>		<u>0.0</u>	<u>0.0</u>
SITE VISITS	U512	210	<u>53.4</u>		<u>53.4</u>	<u>445.0</u>
INFORMATION MEETINGS	U513	210	<u>4.5</u>		<u>4.5</u>	<u>7.0</u>
TRAINING ATTENDANCE	U514	210	<u>16.5</u>		<u>16.5</u>	<u>9.0</u>
CONFERENCE ATTENDANCE	U515	210	<u>12.5</u>		<u>12.5</u>	<u>11.0</u>
OTHER OPERATIONAL TRAVEL	U516	210	<u>33.7</u>		<u>33.7</u>	<u>15.0</u>
SUPPLIES AND MATERIALS	U517	26	<u>122.2</u>		<u>122.2</u>	<u>XXXXX</u>
FAAS	U518	257	<u>113.4</u>		<u>113.4</u>	<u>XXXXX</u>
CONSULTING SVCS - CONT.	U519	259	<u>0.0</u>		<u>0.0</u>	<u>XXXXX</u>
MGT./PROF. SVCS. - CONT.	U520	259	<u>0.0</u>		<u>0.0</u>	<u>XXXXX</u>
SPEC. STUDIES/ANALYSES CONT.	U521	259	<u>0.0</u>		<u>0.0</u>	<u>XXXXX</u>
ALL OTHER CODE 25	U522	259	<u>94.7</u>		<u>94.7</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>3,642.7</u>		<u>3,642.7</u>	<u>XXXXX</u>
RECONCILIATION			<u>1,496.1</u>		<u>1,496.1</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>2,146.6</u>		<u>2,146.6</u>	<u>XXXXX</u>

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

\$1,086.0
Q3.90 = US\$1.00

ORGANIZATION USAID/EL SALVADOR

Table for 29.0 W.Y.

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,181.5		2,181.5	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,326.2		1,326.2	29.0
PT/TEMP U.S. BASIC PAY	U102	112	26.7		26.7	1.6
DIFFERENTIAL PAY	U103	116	283.5		283.5	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	17.2		17.2	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	0.0		0.0	XXXXX
EDUCATION ALLOWANCES	U106	126	52.6		52.6	28.0
RETIREMENT - U.S.	U107	120	114.1		114.1	XXXXX
LIVING ALLOWANCES	U108	128	0.0		0.0	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	36.7		36.7	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	10.4		10.4	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	57.5		57.5	9.0
POST ASSIGNMENT - FREIGHT	U112	22	180.7		180.7	9.0
HOME LEAVE - TRAVEL	U113	212	14.5		14.5	14.0
HOME LEAVE - FREIGHT	U114	22	11.5		11.5	14.0
EDUCATION TRAVEL	U115	215	14.9		14.9	15.0
R AND R TRAVEL	U116	215	20.1		20.1	34.0
ALL OTHER CODE 215 TRAVEL	U117	215	14.9		14.9	34.0
<u>FOREIGN NATIONAL DH</u>	U200		504.2		504.2	XXXXX
BASIC PAY	U201	114	437.8		437.8	40.0
OVERTIME, HOLIDAY PAY	U202	115	43.3		43.3	4.0
ALL OTHER CODE 11 - FN	U203	119	0.0		0.0	XXXXX
ALL OTHER CODE 12 - FN	U204	129	22.6		22.6	XXXXX
BENEFITS FORMER FN PERS.	U205	13	0.0		0.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		594.8		594.8	XXXXX
PASA TECHNICIANS	U301	258	0.0		0.0	0.0
U.S. PSC - SALARY/BENEFITS	U302	113	135.9		135.9	2.3
ALL OTHER U.S. PSC COSTS	U303	255	0.0		0.0	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	458.9		458.9	63.0
ALL OTHER F.N. PSC COSTS	U305	255	0.0		0.0	XXXXX
<u>HOUSING</u>	U400		557.8		557.8	XXXXX
RENT	U401	235	383.7		383.7	34.0
UTILITIES	U402	235	14.0		14.0	XXXXX
RENOVATION AND MAINT.	U403	259	17.3		17.3	XXXXX
QUARTERS ALLOWANCE	U404	127	0.0		0.0	0.0
PURCHASES RES. FURN/EQUIP.	U405	311	29.3		29.3	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	10.3		10.3	XXXXX
SECURITY GUARD SERVICES	U407	254	100.0		100.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.5		1.5	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.7		1.7	XXXXX

ORGANIZATION USAID/EL SALVADOR

Table for 29.0 W.Y.

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		764.5		764.5	XXXXX
RENT	U501	234	65.0		65.0	XXXXX
UTILITIES	U502	234	5.0		5.0	XXXXX
BUILDING MAINT./RENOV.	U503	259	10.0		10.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	64.0		64.0	XXXXX
VEHICLES	U505	312	36.0		36.0	XXXXX
OTHER EQUIPMENT	U506	319	38.6		38.6	XXXXX
TRANSPORTATION/FREIGHT	U507	22	31.7		31.7	XXXXX
COMMUNICATIONS	U508	230	52.2		52.2	XXXXX
SECURITY GUARD SERVICES	U509	254	38.4		38.4	XXXXX
PRINTING	U510	24	1.7		1.7	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	0.0		0.0	0.0
SITE VISITS	U512	210	72.2		72.2	235.0
INFORMATION MEETINGS	U513	210	14.5		14.5	14.0
TRAINING ATTENDANCE	U514	210	40.8		40.8	19.0
CONFERENCE ATTENDANCE	U515	210	37.1		37.1	32.0
OTHER OPERATIONAL TRAVEL	U516	210	29.8		29.8	18.0
SUPPLIES AND MATERIALS	U517	26	76.9		76.9	XXXXX
FAAS	U518	257	0.0*		0.0*	XXXXX
CONSULTING SVCS - CONT.	U519	259	0.0		0.0	XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	0.0		0.0	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259	0.0		0.0	XXXXX
ALL OTHER CODE 25	U522	259	150.6		150.6	XXXXX
TOTAL O.E. BUDGET			4,602.8		4,602.8	XXXXX
RECONCILIATION			1,804.4		1,804.4	XXXXX
OPERATING ALLOWANCE REQUEST			2,798.4		2,798.4	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

\$1,374.3
Q3.90 = U.S.\$1.00

Estimated Wage Increases - FY 1983 to FY 1984
Estimated Price Increases - FY 1983 to FY 1984

53.6
14.3

* Mission has not received AID/W estimates for FAAS.

ORGANIZATION USAID/EI Salvador

Table for 22.0 W.Y.

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		1,614.9		1,614.9	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	987.1		987.1	22.0
PT/TEMP U.S. BASIC PAY	U102	112	26.7		26.7	1.6
DIFFERENTIAL PAY	U103	116	214.6		214.6	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	17.2		17.2	XXXXX
OTHER MISSION FUNDED O.C. 11	U105	119	0.0		0.0	XXXXX
EDUCATION ALLOWANCES	U106	126	38.9		38.9	2.1
RETIREMENT - U.S.	U107	120	84.9		84.9	XXXXX
LIVING ALLOWANCES	U108	128	0.0		0.0	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	27.9		27.9	XXXXX
OTHER MISSION FUNDED O.C. 12	U110	129	9.6		9.6	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	32.1		32.1	6.0
POST ASSIGNMENT - FREIGHT	U112	22	116.9		116.9	6.0
HOME LEAVE - TRAVEL	U113	212	10.5		10.5	10.0
HOME LEAVE - FREIGHT	U114	22	7.8		7.8	10.0
EDUCATION TRAVEL	U115	215	10.7		10.7	11.0
R AND R TRAVEL	U116	215	15.1		15.1	26.0
ALL OTHER CODE 215 TRAVEL	U117	215	14.9		14.9	34.0
<u>FOREIGN NATIONAL DH</u>	U200		504.2		504.2	XXXXX
BASIC PAY	U201	114	437.8		437.8	40.0
OVERTIME, HOLIDAY PAY	U202	115	43.8		43.8	4.0
ALL OTHER CODE 11 - FN	U203	119	0.0		0.0	XXXXX
ALL OTHER CODE 12 - FN	U204	129	22.6		22.6	XXXXX
BENEFITS FORMER FN PERS.	U205	13	0.0		0.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		594.8		594.8	XXXXX
PASA TECHNICIANS	U301	258	0.0		0.0	0.0
U.S. PSC - SALARY/BENEFITS	U302	113	135.9		135.9	2.3
ALL OTHER U.S. PSC COSTS	U303	255	0.0		0.0	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	458.9		458.9	63.0
ALL OTHER F.N. PSC COSTS	U305	255	0.0		0.0	XXXXX
<u>HOUSING</u>	U400		432.6		432.6	XXXXX
RENT	U401	235	283.8		283.8	27.0
UTILITIES	U402	235	12.0		12.0	XXXXX
RENOVATION AND MAINT.	U403	259	13.6		13.6	XXXXX
QUARTERS ALLOWANCE	U404	127	0.0		0.0	0.0
PURCHASES RES. FURN/EQUIP.	U405	311	15.9		15.9	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	4.1		4.1	XXXXX
SECURITY GUARD SERVICES	U407	254	100.0		100.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.5		1.5	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.7		1.7	XXXXX

ORGANIZATION USAID/EI Salvador

Table for 22.0 W.Y.

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		719.3		719.3	XXXXX
RENT	U501	234	65.0		65.0	XXXXX
UTILITIES	U502	234	5.0		5.0	XXXXX
BUILDING MAINT./RENOV.	U503	259	10.0		10.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	59.4		59.4	XXXXX
VEHICLES	U505	312	36.0		36.0	XXXXX
OTHER EQUIPMENT	U506	319	38.6		38.6	XXXXX
TRANSPORTATION/FREIGHT	U507	22	30.4		30.4	XXXXX
COMMUNICATIONS	U508	230	39.6		39.6	XXXXX
SECURITY GUARD SERVICES	U509	254	38.4		38.4	XXXXX
PRINTING	U510	24	1.5		1.5	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	0.0		0.0	0.0
SITE VISITS	U512	210	69.6		69.6	199.0
INFORMATION MEETINGS	U513	210	13.2		13.2	12.0
TRAINING ATTENDANCE	U514	210	36.3		36.3	17.0
CONFERENCE ATTENDANCE	U515	210	31.8		31.8	27.0
OTHER OPERATIONAL TRAVEL	U516	210	22.6		22.6	14.0
SUPPLIES AND MATERIALS	U517	26	71.3		71.3	XXXXX
FAAS	U518	257	0.0*		0.0	XXXXX
CONSULTING SVCS - CONT.	U519	259	0.0		0.0	XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	0.0		0.0	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259	0.0		0.0	XXXXX
ALL OTHER CODE 25	U522	259	150.6		150.6	XXXXX
TOTAL O.E. BUDGET			3,865.8		3,865.8	XXXXX
RECONCILIATION			1,358.4		1,358.4	XXXXX
OPERATING ALLOWANCE REQUEST			2,507.4		2,507.4	XXXXX
OTHER INFORMATION:						
Dollar requirement for local currency costs					\$1,350.8	
Exchange rate used (as of May 1, 1983)					Q3.90 = \$1.00	
Estimated Wage Increases - FY 1983 to FY 1984					53.6	
Estimated Price Increases - FY 1983 to FY 1984					14%	

* Mission had not reviewed AID/W estimates of FAAS

ORGANIZATION USAID/El Salvador

Table for 29.0 W.Y.

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,358.3		2,358.3	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,392.9		1,392.9	29.0
PT/TEMP U.S. BASIC PAY	U102	112	28.2		28.2	1.6
DIFFERENTIAL PAY	U103	116	277.1		277.1	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	17.7		17.7	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	0.0		0.0	XXXXX
EDUCATION ALLOWANCES	U106	126	70.2		70.2	37.0
RETIREMENT - U.S.	U107	120	119.8		119.8	XXXXX
LIVING ALLOWANCES	U108	128	0.0		0.0	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	38.7		38.7	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	7.8		7.8	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	72.9		72.9	12.0
POST ASSIGNMENT - FREIGHT	U112	22	227.8		227.8	12.0
HOME LEAVE - TRAVEL	U113	212	37.7		37.7	21.0
HOME LEAVE - FREIGHT	U114	22	26.0		26.0	21.0
EDUCATION TRAVEL	U115	215	8.0		8.0	7.0
R AND R TRAVEL	U116	215	21.5		21.5	25.0
ALL OTHER CODE 215 TRAVEL	U117	215	12.0		12.0	22.0
<u>FOREIGN NATIONAL DH</u>	U200		513.0		513.0	XXXXX
BASIC PAY	U201	114	445.1		445.1	40.0
OVERTIME, HOLIDAY PAY	U202	115	44.5		44.5	4.0
ALL OTHER CODE 11 - FN	U203	119	0.9		0.9	XXXXX
ALL OTHER CODE 12 - FN	U204	129	22.5		22.5	XXXXX
BENEFITS FORMER FN PERS.	U205	13	0.0		0.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		563.8		563.8	XXXXX
PASA TECHNICIANS	U301	258	0.0		0.0	0.0
U.S. PSC - SALARY/BENEFITS	U302	113	125.0		125.0	1.5
ALL OTHER U.S. PSC COSTS	U303	255	0.0		0.0	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	438.8		438.8	62.0
ALL OTHER F.N. PSC COSTS	U305	255	0.0		0.0	XXXXX
<u>HOUSING</u>	U400		583.8		583.8	XXXXX
RENT	U401	235	374.6		374.6	33.0
UTILITIES	U402	235	15.4		15.4	XXXXX
RENOVATION AND MAINT.	U403	259	19.3		19.3	XXXXX
QUARTERS ALLOWANCE	U404	127	0.0		0.0	0.0
PURCHASES RES. FURN/EQUIP.	U405	311	52.8		52.8	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	18.5		18.5	XXXXX
SECURITY GUARD SERVICES	U407	254	100.0		100.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.5		1.5	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.7		1.7	XXXXX

ORGANIZATION USAID/EI Salvador

Table for 29.0 W.Y.

EXPENSE CATEGORY	FUNCTION CODE	OBJECT CLASS	DOLLAR FUNDED	TRUST FUNDED	TOTAL BUDGET	UNITS
<u>OFFICE OPERATIONS</u>	U500		666.8		666.8	XXXXX
RENT	U501	234	59.4		59.4	XXXXX
UTILITIES	U502	234	5.5		5.5	XXXXX
BUILDING MAINT./RENOV.	U503	259	5.0		5.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	21.2		21.2	XXXXX
VEHICLES	U505	312	36.0		36.0	XXXXX
OTHER EQUIPMENT	U506	319	0.0		0.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	17.2		17.2	XXXXX
COMMUNICATIONS	U508	230	47.2		47.2	XXXXX
SECURITY GUARD SERVICES	U509	254	38.4		38.4	XXXXX
PRINTING	U510	24	1.5		1.5	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	0.0		0.0	0.0
SITE VISITS	U512	210	80.9		80.9	201.0
INFORMATION MEETINGS	U513	210	22.1		22.1	20.0
TRAINING ATTENDANCE	U514	210	40.6		40.6	20.0
CONFERENCE ATTENDANCE	U515	210	40.0		40.0	34.0
OTHER OPERATIONAL TRAVEL	U516	210	22.6		22.6	12.0
SUPPLIES AND MATERIALS	U517	26	76.0		76.0	XXXXX
FAAS	U518	257	0.0*		0.0	XXXXX
CONSULTING SVCS - CONT.	U519	259	0.0		0.0	XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	0.0		0.0	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259	0.0		0.0	XXXXX
ALL OTHER CODE 25	U522	259	153.2		153.2	XXXXX
TOTAL O.E. BUDGET			4,685.7		4,685.7	XXXXX
RECONCILIATION			1,874.4		1,874.4	XXXXX
OPERATING ALLOWANCE REQUEST			2,811.3		2,811.3	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

\$1,425.9
Q3.90 = \$1.00

Estimated Wage Increases - FY 1984 to FY 1985
Estimated Price Increases - FY 1984 to FY 1985

70.7
14%

* Mission has not received AID/W estimates for FAAS'

ORGANIZATION USAID/EL SALVADOR

Table for 22.0 W.Y.

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		1,802.6		1,802.6	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,041.6		1,041.6	22.0
PT/TEMP U.S. BASIC PAY	U102	112	28.2		28.2	1.6
DIFFERENTIAL PAY	U103	116	204.9		204.9	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	17.7		17.7	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	0.0		0.0	XXXXX
EDUCATION ALLOWANCES	U106	126	54.6		54.6	29
RETIREMENT - U.S.	U107	120	89.6		89.6	XXXXX
LIVING ALLOWANCES	U108	128	0.0		0.0	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	29.5		29.5	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	7.4		7.4	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	58.9		58.9	10.0
POST ASSIGNMENT - FREIGHT	U112	22	190.3		190.3	10.0
HOME LEAVE - TRAVEL	U113	212	27.4		27.4	16.0
HOME LEAVE - FREIGHT	U114	22	19.2		19.2	16.0
EDUCATION TRAVEL	U115	215	4.8		4.8	4.0
R AND R TRAVEL	U116	215	16.5		16.5	20.0
ALL OTHER CODE 215 TRAVEL	U117	215	12.0		12.0	22.0
<u>FOREIGN NATIONAL DH</u>	U200		513.0		513.0	XXXXX
BASIC PAY	U201	114	445.1		445.1	40.0
OVERTIME, HOLIDAY PAY	U202	115	44.5		44.5	4.0
ALL OTHER CODE 11 - FN	U203	119	0.9		0.9	XXXXX
ALL OTHER CODE 12 - FN	U204	129	22.5		22.5	XXXXX
BENEFITS FORMER FN PERS.	U205	13	0.0		0.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		563.8		563.8	XXXXX
PASA TECHNICIANS	U301	258	0.0		0.0	0.0
U.S. PSC - SALARY/BENEFITS	U302	113	125.0		125.0	1.5
ALL OTHER U.S. PSC COSTS	U303	255	0.0		0.0	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	438.8		438.8	62.0
ALL OTHER F.N. PSC COSTS	U305	255	0.0		0.0	XXXXX
<u>HOUSING</u>	U400		431.4		431.4	XXXXX
RENT	U401	235	247.5		247.5	26.0
UTILITIES	U402	235	13.2		13.2	XXXXX
RENOVATION AND MAINT.	U403	259	13.9		13.9	XXXXX
QUARTERS ALLOWANCE	U404	127	0.0		0.0	0.0
PURCHASES RES. FURN/EQUIP.	U405	311	39.7		39.7	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	13.9		13.9	XXXXX
SECURITY GUARD SERVICES	U407	254	100.0		100.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.5		1.5	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.7		1.7	XXXXX

ORGANIZATION USAID/EL SALVADOR

Table for 22.0 W.Y.

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		631.3		631.3	XXXXX
RENT	U501	234	59.4		59.4	XXXXX
UTILITIES	U502	234	5.5		5.5	XXXXX
BUILDING MAINT./RENOV.	U503	259	5.0		5.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	21.2		21.2	XXXXX
VEHICLES	U505	312	36.0		36.0	XXXXX
OTHER EQUIPMENT	U506	319	0.0		0.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	17.2		17.2	XXXXX
COMMUNICATIONS	U508	230	47.2		47.2	XXXXX
SECURITY GUARD SERVICES	U509	254	38.4		38.4	XXXXX
PRINTING	U510	24	1.5		1.5	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	0.0		0.0	0.0
SITE VISITS	U512	210	76.7		76.7	177.0
INFORMATION MEETINGS	U513	210	15.6		15.6	14.0
TRAINING ATTENDANCE	U514	210	34.5		34.5	17.0
CONFERENCE ATTENDANCE	U515	210	32.8		32.8	27.0
OTHER OPERATIONAL TRAVEL	U516	210	13.0		13.0	7.0
SUPPLIES AND MATERIALS	U517	26	74.1		74.1	XXXXX
FAAS	U518	257 *	0.0		0.0	XXXXX
CONSULTING SVCS - CONT.	U519	259	0.0		0.0	XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	0.0		0.0	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259	0.0		0.0	XXXXX
ALL OTHER CODE 25	U522	259	153.2		153.2	XXXXX
TOTAL O.E. BUDGET			3,942.1		3,942.1	XXXXX
RECONCILIATION			1,411.5		1,411.5	XXXXX
OPERATING ALLOWANCE REQUEST			2,530.6		2,530.6	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs

\$1,411.5

Exchange rate used (as of May 1, 1983)

C3.90 = US\$1.00

Estimated Wage Increases - FY 1984 to FY 1985

53.2

Estimated Price Increases - FY 1984 to FY 1985

14*

* Mission has not received AID/W estimates for FAAS

USAID/EL SALVADOR
FY 1985 OPERATING EXPENSE BUDGET
TABLE VIII - NARRATIVE

SECTION A --MANAGEMENT IMPROVEMENTS

The operating expense budget projected over the next three fiscal years makes provision for the continuation of four management improvement programs set in motion in FY 82 and the initiation of two other activities designed to improve operating efficiency and effectiveness. These programs are briefly discussed below in terms of the objectives to be achieved.

ACTIVATION OF THE WANG VS-80 COMPUTER

Procurement of a WANG VS-80 Computer System including twelve combined word processing/data processing workstations and seven printers was authorized in FY 82. In FY 83 USAID also contracted for a local technician to manage USAID's computer resources. Emphasis in the near term will be on training the USAID staff in the use of the WP/DP capabilities inherent in the system. In FY 84 USAID plans to acquire the MACS system. Improvements in project monitoring, financial analysis, and the strengthening of overall management control over USAID's program and administration resources is anticipated. (See Tables VIII (a) and (b) and the accompanying narrative for a more detailed discussion of the USAID's ADP and WP resources.)

USG RESIDENTIAL LEASING PROGRAM

The budget projects a continuation of the use of the authority granted to USAID under 82 STATE 130207 to enter into short term US Government leases for residential properties. Significant savings have been achieved through the use of this authority. Since this authority was granted, it is estimated that \$155,000 has been saved thru the conversion of personal leases to USG leases.

FOR EXAMPLE:

Five leases have been converted at a rate, either at the same, or slightly higher level than the former rental paid by the employees. Moreover, each lease has a renewal option to extend it at the same rate for up to four years. The employees rented these properties when the real estate market in San Salvador was at one of its most depressed levels. The average monthly rental paid for the above leases is \$550 per month. Currently property being leased in the three areas where Mission employees may reside is \$1200 per month.

Another advantage to USG leasing is the leverage USAID has in dealing with landlords. The ability to effect advance rental payments and to negotiate leases for longer periods than would be possible for an employee has proven decisive in acquiring many desirable properties. The continuation of this authority is essential to the continued success of the program.

OFFICE SPACE

Architectural and engineering plans have been prepared to construct a one story temporary structure on the Embassy grounds to house the Office of Rural Development and to provide some relief to the tight office space situation currently experienced by the rest of the USAID offices housed in the Embassy. The estimated cost is \$225,400 excluding draperies, carpeting, partitioning and air conditioning. We understand construction costs are to be funded by FBO and/or AID Washington. Consequently, no provision has been made in the O.E. budget for any of the above costs. We anticipate that additional O.E. funds will be made available in FY 83 for the unfunded items.

Once completed, USAID anticipates improvements in communications among all elements in the USAID.

MOTOR VEHICLE OPERATION AND MAINTENANCE

USAID established a motor pool last fiscal year as one step towards maximizing the utilization of its vehicular assets. The activation of a USAID administrative radio network this fiscal year is a further step in this direction. While USAID El Salvador staffing is expected to increase in the near future, no increase in the size of the vehicle fleet is proposed at this time. (Planned vehicle procurements in FY-84 and 85 are for replacements only). The pooling and dispatching of vehicles by radio is being relied upon to off set the increased demand for transportation resulting from an expansion of the staff.

USAID is also planning to review its vehicle maintenance program to determine the cost benefit of stocking the faster moving spare parts. Escalating prices and the lack of foreign exchange are hampering automotive supplies in their efforts to keep pace with the growing demands for spare parts. Moreover, the GOES has decreed that no new vehicle will be imported into the country; thus, the demand for spares to keep older vehicles running is expected to cause inventories to be depleted at an ever increasing pace.

NEW INITIATIVES

The FY 84 budget proposes two new management improvement initiatives: (1) the procurement of equipment and supplies to initiate a microfilming program; and (2) the procurement of teletypewriter emulation. The latter piece of equipment is discussed in the narrative supporting Table VIII (a).

Regarding microfilming, USAID's records holding increased by 51% in FY 82 despite the fact that 125 cubic feet of records were destroyed. Staffing increases, plus automation of USAID's operations, are anticipated to create additional demands for filing equipment. However, no funds have been budgeted for the procurement of filing cabinets. The use of microfilm promises to permit the more rapid removal of records from storage in more costly office space to an intermediate storage point in the USAID warehouse.

SECTION B --JUSTIFICATION FOR FUNDING CHANGES

The following discussion compares the current FY 83 budget allowance to the projected FY-84 requirements. Realistically the FY-84 budget must support a permanent US direct hire complement of 29 positions. Explanations of major increases for the summary functional levels are given below.

<u>FUNCTIONAL CODES</u>	<u>FY 83</u>	<u>FY 84</u>	<u>% INC.</u>	<u>NOTE</u>
U 100 US Direct Hire	1,707.7	2,181.5	+ 27.8%	A
U 200 FN Direct Hire	365.6	504.2	+ 38.0%	B
U 300 Contract Perl.	472.9	594.8	+ 25.8%	C
U 400 Housing	319.8	557.8	+ 74.4%	D
U 500 Office Opr.	663.3*	764.5	+ 15.3%	E

*Excludes FAAS Costs.

Explanatory Notes

- A. Regarding the permanent increases of seven US Direct Hire positions, STATE 133186 allocated 22 US Direct Hire workyears for purposes of preparing this year's ABS. However, this allocation is inconsistent with the minimum workforce levels required and previously justified in 82 SAN SALVADOR 4869.
- B. Currently USAID has 34 FN direct hires against a ceiling of 40. The six vacancies will be filled by the end of FY-83. Therefore, the FY-84 budget reflects the annualization of the salaries and benefits of these six positions. In addition FY-84 includes an 18.3% increase in FN salaries and benefits--a 9.15% increase was effective May 29, 1983. A similar increase is projected for FY-84.

- C. Two new US PSC contractors recruited from the US are to be added to USAID rolls in the new future. In addition to basic salaries and benefits they will be entitled to the same benefits and allowances as a regular USDH.

The budget also reflects an increase in the number of FN personal service contractors. Part of this increase is temporary to permit the employment of additional personnel to implement the MACS. The other increases are related to the support of a new project in the health sector and to provide staffing in support of the programs in the Eastern Region of the country. The balance of the increases is to support the additional seven USDH.

- D. The increase in this functional level is to finance the cost of residential housing for the new American staff.
- E. The increase in this functional level is due to the non-recurring costs to procure carpeting, curtains, partitioning and window air conditioners for the new building to be constructed on the Embassy grounds.

SECTION C - TRUST FUNDS

The USAID has entered into a Trust Fund arrangement with GOES which provides up to 2,500,000 colones from PL 480 generations to reimburse certain local currency costs incurred in connection with the Agrarian Reform.

USAID has seriously considered expanding the existing Trust Fund arrangement to cover a portion of the USAID's local currency expense budget. We have determined, however, that the GOES has an urgent need for all of its available PL 480 local currency generations in order to support ongoing projects which meet the purposes of section 106(b) of Public Law 480.

In view of the above, it would appear totally inappropriate to request GOES to make available any PL 480 local currency generations to meet any of the USAID's operating expenses at this time.

TABLE VIII(a)
OBLIGATIONS OF ADP SYSTEMS
(\$000)

	-----Fiscal Year-----		
	1983	1984	1985
A. <u>Capital Investments</u>			
1. Purchase of ADP Equipment	108.7	26.9	8.2
2. Purchase of Software	0.0	5.0	5.0
Subtotal	108.7	31.9	13.2
B. <u>Personnel</u>			
1. Compensation, Benefits, Travel	17.0	17.0	17.0
2. Workyears	0.3	1.0	1.0
Subtotal	17.0	17.0	17.0
C. <u>Equipment Rental and Other</u>			
<u>Operating Costs</u>			
1. ADP Equipment (ADPE) Rentals ^{1/}	0.0	40.0	40.0
2. Supplies and Leased Software	5.0	5.0	5.0
Subtotal	5.0	45.0	45.0
D. <u>Commercial Services</u>			
1. ADP Service Bureau	0.0	0.0	0.0
2. Systems Analysis and Programming			
3. ADPE Maintenance (If separate from item C.1.)	0.0	5.0	5.0
	0.0	2.0	3.0
Subtotal	0.0	7.0	8.0
E. <u>Total Obligations (A-D)</u>	130.7	100.9	83.2
F. <u>Interagency Services</u>			
1. Payments	0.0	0.0	0.0
2. Offsetting Collections	0.0	0.0	0.0
Subtotal	0.0	0.0	0.0
G. <u>Grand Total (E+F)</u>	130.7	100.9	83.2
 Amount included in <u>Mission allowance</u> for existing systems	 130.7	 100.9	 83.2
 Amount included in <u>Mission allowance</u> for new/expanded systems			

^{1/} US-80 Maintenance contracts

NARRATIVE TABLE VIII(a)

USAID/EL SALVADOR

DATA ON ACQUISITION, OPERATIONS AND USE OF AUTOMATIC
DATA PROCESSING (ADP) AND WORD PROCESSING (WP)
EQUIPMENT, SERVICES AND SYSTEMSAUTOMATED DATA PROCESSING (ADP)FY-83

Late in FY-82 USAID obligated sufficient funds to procure a WANG VS-80 system. The system configuration includes twelve combined word processing/data processing work stations and a high speed printer. Besides providing WP/DP capability to meet USAID's ADP needs, space on the Computer is being made available to the Embassy and USIS. The hardware for this purchase is being funded from the appropriations available to those agencies.

When fully operational, the VS-80 will provide WP/DP capabilities to all USAID offices except the Office of Rural Development (RD). RD is located some distance from the Embassy in a separate building. In order to provide DP capability to this organization USAID plans to procure a WANG PC micro computer as soon as it is approved by M/SER/IRM for purchase.

Regarding personnel resources dedicated to managing and operating USAID ADP resources, the budget includes the salary and travel of a Computer Systems Manager for all three fiscal years. A Computer Manager was hired under a PSC arrangement in the third quarter of FY-83.

FY 1984/85

In FY 1984 USAID plans to acquire the MACS accounting system. Three additional workstations and a high speed matrix line printer are proposed for procurement.

Other procurements proposed for FY-84 include one additional workstation and printer (or possibly one more WANG PC micro computer). The specific type of hardware to be procured will depend on the results of a comparative analysis of the effectiveness of both systems after USAID has gained sufficient experience to make such a determination.

USAID is also proposing to procure a teletypewriter emulation (TTY) attached to the VS system to facilitate telex communications between the USAID and suppliers and other commercial companies. The volume of contracting under the USAID's current contracting authority totaled \$6.5 million in obligations representing 249 contracting/procurement actions from October thru May. The number of contract actions and dollar amounts are expected to substantially increase in the near future. For example, USAID anticipates that AID/W will increase its contracting authority from \$100,000 to \$500,000 before the end of FY-83.

Finally, other costs associated with computer operations for FY-84/85 are included to cover the procurement of supplies and to fund the various contracts needed to maintain the equipment.

TABLE VIII(b)
OBLIGATIONS FOR WP SYSTEMS
(\$000)

	-----Fiscal Year-----		
	1983	1984	1985
A. Capital Investments in W/P <u>1/</u> Equipment	0.0	0.0	0.0
B. W/P Equipment Rental <u>2/</u> and Supplies	7.0	7.0	7.0
C. Other W/P Costs	0.0	0.0	0.0
Total	7.0	7.0	7.0
 <u>Amount included in Mission allowance for existing systems</u>	 7.0	 7.0	 7.0
 <u>Amount included in Mission allowance for new/expanded systems</u>			

1/ 4 Wang 5 purchased in FY82. One Wang 5 transferred from Nicaragua.

2/ Includes maintenance costs in schedule VIII (a).

TABLE VIII (b)
Obligations for WP Systems

Narrative

FY 1983

Last fiscal year USAID bought 4 WANG WP5 Office Information Systems. One additional OIS WP5 system was acquired from Nicaragua as a result of a transfer of property between USAID.

Each workstation is comprised of a Model 5506-2 CRT/workstation; Model 5506 dual disk drive; and Model 5541-W daisy printer. Expenditures in FY-83 are for funding the maintenance contract and for the replenishment of supplies.

FY 1984/85

USAID does not plan to procure any more word processing equipment. Therefore, the budget for this category reflects only the costs to renew the maintenance contracts for this equipment and for replenishment of supplies.

TABLE IX(a) - WORKFORCE REQUIREMENTS (U.S. DIRECT HIRE)

Table for 29.0 W.Y.

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
011	Mission Director	1.0	1.0	1.0	1.0
012	Deputy Mission Dir.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
032	Management Officer	1.0	1.0	1.0	1.0
043	Controller	1.0	1.0	1.0	1.0
043	Deputy Controller	1.3	1.0	1.0	1.0
023	Program Officer	1.0	1.0	1.0	1.0
023	Deputy Prog. Off.	1.0	1.0	1.0	1.0
940	PRJ. Devl. Officer	1.0	1.0	1.0	1.0
940	PRJ. Devl. Officer	0.8	0.0	0.0	0.0
940	Deputy PRJ.Dvl.Off.	1.0	1.0	1.0	1.0
940	Asst. PRJ.Dvl.Off.	1.0	1.0	1.0	1.0
940	Asst. PRJ.Dvl.Off.	0.3	1.0	1.0	1.0
103	Agri. Dvl. Off.	0.6	1.0	1.0	1.0
103	Deputy Agri.Dvl.Off.	1.0	1.0	1.0	1.0
022	Program Analyst	1.0	1.0	1.0	1.0
101	Agric. Economist	1.0	1.0	1.0	1.0
100	Prj.Mgr. Agric.	1.0	1.0	1.0	1.0
100	Prj.Mgr.Agric.	1.0	1.0	1.0	1.0
124	General Dvl.Off.	1.0	1.0	1.0	1.0
121	Project Manager	1.0	1.0	1.0	1.0
124	General Dvl. Off.	1.0	1.0	1.0	1.0
124	Deputy Gen.Dvl.Off.	0.9	1.0	1.0	1.0
071	Admin Aide	0.8	0.8	0.8	0.8
050	Secretary	0.5	0.8	0.8	0.8
021	Program Economist	0.3	1.0	1.0	1.0
021	Asst.Prog.Economist	0.0	1.0	1.0	1.0
932	Dep. Mgt. Office	0.2	1.0	1.0	1.0
041	Accnt.Finl.Analyst	0.1	1.0	1.0	1.0
940	Asst.Prj. Dvl.Off.	0.3	1.0	1.0	1.0
940	Asst.Prj. Dvl.Off.	0.0	1.0	1.0	1.0
124	Gen.Dvl.Off. (Spec. Asst.)	0.3	1.0	1.0	1.0
Total Full time:		23.1 (a)	29.0 (b)	29.0	29.0
Total Part time:		1.3	1.6	1.6	1.6

(a) Includes 1.2 w.y. of 6 new positions expected to be on board before the end of FY83, and 0.3 of a dual incumbency.

(b) Includes 7.0 w.y. of 7 new positions of which 6 will be filled during FY83.

TABLE IX(a) - WORKFORCE REQUIREMENTS (U.S. DIRECT HIRE)

Table for 22.0 W.Y.

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
011	Mission Director	1.0	1.0	1.0	1.0
012	Deputy Mission Director	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
032	Management Officer	1.0	1.0	1.0	1.0
043	Controller	1.0	1.0	1.0	1.0
043	Deputy Controller	1.3	1.0	1.0	1.0
023	Program Officer	1.0	1.0	1.0	1.0
023	Deputy Prog. Officer	1.0	1.0	1.0	1.0
940	Proj. Devl. Officer	1.0	1.0	1.0	1.0
940	Proj. Devl. Officer	0.8	0.0	0.0	0.0
940	Deputy Prog.Dvl.Off.	1.0	1.0	1.0	1.0
940	Asst.Proj. Dvl. Off.	1.0	1.0	1.0	1.0
940	Asst.Proj. Dvl. Off.	0.3	1.0	1.0	1.0
103	Agr. Dvl. Off.	0.6	1.0	1.0	1.0
103	Deputy Agr.Dvl. Off.	1.0	1.0	1.0	1.0
022	Program Analyst	1.0	1.0	1.0	1.0
101	Agric. Economist	1.0	1.0	1.0	1.0
100	Proj. Mgr. Agric.	1.0	1.0	1.0	1.0
100	Proj. Mgr. Agric.	1.0	1.0	1.0	1.0
124	General Dvl. Off.	1.0	1.0	1.0	1.0
121	Project Manager	1.0	1.0	1.0	1.0
124	General Dvl. Off.	1.0	1.0	1.0	1.0
124	Deputy Gen. Dvl.Off.	0.9	1.0	1.0	1.0
071	Admin. Aide	0.8	0.8	0.8	0.8
050	Secretary	0.5	0.8	0.8	0.8
Totals - Full time:		21.9	22.0	22.0	22.0
Totals - Part time:		1.3	1.6	1.6	1.6

TABLE IX(b) - WORKFORCE REQUIREMENTS (F.N. DIRECT HIRE)

Table for 29.0 W.Y.

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
050	Secretary	1.0	1.0	1.0	1.0
	Driver	1.0	1.0	1.0	1.0
020	Economic Spec.	1.0	1.0	1.0	1.0
930	Proc.Cont.Spec.	1.0	1.0	1.0	1.0
030	Management Spec.	1.0	1.0	1.0	1.0
070	Admin. Asst.	1.0	1.0	1.0	1.0
070	Mail Clerk	1.0	1.0	1.0	1.0
070	Dispatcher	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
020	Program Spec.	1.0	1.0	1.0	1.0
020	Program Spec.	1.0	1.0	1.0	1.0
020	Program Spec.	1.0	1.0	1.0	1.0
020	Partic.Train.Asst.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
050	Secretary	0.4	0.0	0.0	0.0
040	Acct.Tech.	0.6	1.0	1.0	1.0
040	Acct.Tech.	1.0	1.0	1.0	1.0
040	Acct.Tech.	1.0	1.0	1.0	1.0
040	Voucher Examiner	1.0	1.0	1.0	1.0
040	Fin.Prog.Spec.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
100	Agri.Econ.Spec.	1.0	1.0	1.0	1.0
100	Agric. Spec.	1.0	1.0	1.0	1.0
100	Agric. Spec.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
020	Economic Spec.	1.0	1.0	1.0	1.0
020	Prog. Spec.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
024	Prog. Asst.	1.0	1.0	1.0	1.0
020	Prog. Spec. (FFP)	1.0	1.0	1.0	1.0
020	Prog. Spec. (FFP)	1.0	1.0	1.0	1.0
020	Prog. Spec.	1.0	1.0	1.0	1.0
040	Chief Accountant	0.2	1.0	1.0	1.0
940	Dev. Loan Spec.	0.3	1.0	1.0	1.0
940	Dev. Loan Spec.	0.3	1.0	1.0	1.0
070	Mail Supervisor	0.2	1.0	1.0	1.0
020	Prog. Spec.	0.2	1.0	1.0	1.0
020	Acct.Finl.Analyst	0.3	1.0	1.0	1.0
	TOTALS	35.5	40.0	40.0	40.0

TABLE IX(b) - WORKFORCE REQUIREMENTS (F.N. DIRECT HIRE)

82
Table for 22.0 W.Y.

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
050	Secretary	1.0	1.0	1.0	1.0
	Driver	1.0	1.0	1.0	1.0
020	Economic Spec.	1.0	1.0	1.0	1.0
930	Proc.Cont.Spec.	1.0	1.0	1.0	1.0
030	Management Spec.	1.0	1.0	1.0	1.0
070	Admin. Asst.	1.0	1.0	1.0	1.0
070	Mail Clerk	1.0	1.0	1.0	1.0
070	Dispatcher	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
020	Program Spec.	1.0	1.0	1.0	1.0
020	Program Spec.	1.0	1.0	1.0	1.0
020	Program Spec.	1.0	1.0	1.0	1.0
020	Partic.Train.Asst.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
050	Secretary	0.4	0.0	0.0	0.0
040	Acct.Tech.	0.6	1.0	1.0	1.0
040	Acct.Tech.	1.0	1.0	1.0	1.0
040	Acct.Tech.	1.0	1.0	1.0	1.0
040	Voucher Examiner	1.0	1.0	1.0	1.0
040	Fin.Prog.Spec.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
100	Agri.Econ.Spec.	1.0	1.0	1.0	1.0
100	Agric. Spec.	1.0	1.0	1.0	1.0
100	Agric. Spec.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
020	Economic Spec.	1.0	1.0	1.0	1.0
020	Prog. Spec.	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
024	Prog. Asst.	1.0	1.0	1.0	1.0
020	Prog. Spec. (FFP)	1.0	1.0	1.0	1.0
020	Prog. Spec. (FFP)	1.0	1.0	1.0	1.0
020	Prog. Spec.	1.0	1.0	1.0	1.0
040	Chief Accountant	0.2	1.0	1.0	1.0
940	Dev. Loan. Spec.	0.3	1.0	1.0	1.0
940	Dev. Loan. Spec.	0.3	1.0	1.0	1.0
070	Mail Supervisor	0.2	1.0	1.0	1.0
020	Prog. Spec.	0.2	1.0	1.0	1.0
020	Acct.Finl.Analyst	0.3	1.0	1.0	1.0
	TOTALS	35.5	40.0	40.0	40.0

TABLE IX NARRATIVE

During FY 1983, USAID/El Salvador is moving from an authorized level of 22 to a new level of 29 direct hire positions. Until now, USAID's dramatic increase in program responsibility has been matched by only the most modest increases in staff. Thus, the seven new positions being assigned to USAID this fiscal year are being allocated on the basis of immediate, critical need—not projected requirements.

Requirements for the increase can be best understood in terms of functional increases in the workloads of the offices receiving the new personnel and in the nature of changes in the USAID's responsibilities and interests.

There are two new economist positions in the USAID workforce level of 29. As it has moved into more intensive involvement with the GOES fiscal and monetary program, the USAID has had to lean more and more heavily upon outside assistance in this aspect of its program. TDY assistance alone has proven unacceptable since on four or five major occasions over the course of the year and during frequent, almost daily, continuing negotiations, the USAID becomes involved in highly complex economic policy discussions related to levels and timing of balance of payments support allocations, uses of local currency generations, and reviews of U.S. contributions to the GOES fiscal program. A senior economist is required here to provide comprehensive advice to the mission on the most effective uses of the large amounts of fiscal and monetary program assistance being provided to this country. A second economist is necessary for the same reasons and to relate the overall U.S. economic assistance program to the project-level activities being designed and implemented in the USAID. This person and the senior economist will, together, be expected to insure the economic efficiency and logic of the overall program and the specific relationship of each program component to the economic whole.

There are two new project officers in the USAID's new staffing level. The design and start-up of highly sophisticated, and often complex, projects requires extraordinary amounts of mission staff time for coordination, design, drafting, review, and presentation. The USAID has combined the project design and implementation backstopping functions in the same office.

There is an enormous project management workload on the entire USAID staff. USAID management has determined that staff increases to deal with their workload would most efficiently take place in the projects office. While dealing with the workload problem, the new project officer positions will also build a stronger linkage between program objectives and project design and implementation, and reduce the administrative burden on technical offices.

The final three new positions include a General Development Officer, an Accountant/Financial Analyst and a Deputy Management Officer. There is a requirement for a full-time General Development Officer to coordinate with CONARA the GOES restoration programs.

The new accountant/financial analyst position is a logical requirement of the increased accounting workload related to higher program funding levels. The controller's office requires additional supervision and the project portfolio requires the efficiency which careful project financial analysis can provide if additional implementation staff requirements are to be avoided.

The increased administrative and support workload reflected in the higher levels of staffing now arriving at USAID, and the increased procurement and contracting requirements reflected in the current high levels of U.S. assistance, are clear enough indicators of a requirement for additional direct hire assistance in the USAID management office.

USAID foresees no circumstances in which the current and projected AID program in El Salvador could be prudently managed and effectively implemented with reduced levels of staff.

P.L. 480 NARRATIVE

The strategy/action plan narrative presented at the beginning of this submission demonstrates the integral role of P.L. 480 programs in the overall USAID program strategy. P.L. 480 programs are assuring a continued flow of basic food commodities at a time when the country is unable to pay for its food imports from its own foreign exchange earnings; they are meeting a humanitarian assistance need by providing emergency food commodities to the poorest elements of the Salvadoran population, particularly those who have been forced from their homes as a result of political violence; and they are generating local currencies which permit the GOES to undertake programs which accord with USAID strategy emphases. P.L. 480 resources also provide USAID with an avenue for agricultural policy dialogue and resources to help set GOES fiscal priorities.

During FY 1984-1985, the need for high levels of P.L. 480 will continue. USAID/El Salvador, therefore, proposes to continue programs at approximately the FY 1983 levels and to include within their scope P.L. 480 Title I wheat, vegetable oil, yellow corn, and rice imports; Title II Section 201 milk imports; the Title II CRS maternal/child feeding program; the government-to-government emergency feeding program; and the World Food Program assistance to displaced persons.

Title I and Title II, Sec. 206

A. Requirements

With the projected continuation of political violence and the economic crisis during the FY 1984-1985 period, El Salvador, which can neither meet its own food requirements through domestic production nor afford to pay for its food import requirements, will continue to look to the U.S. for assistance in the provision of basic food commodity imports.

In FY 1983, the P.L. 480 Title I program is providing over \$37 million in food commodities. The level represents normal wheat import requirements as well as increased oil, corn, and rice import requirements over previous years due especially to the 1982 drought and subsequent flooding. Assuming improved weather conditions this year, USAID expects FY 1984 and FY 1985 requirements to return to somewhat lower levels. Total estimated commodity requirements are 183.5 metric tons valued at \$35.8 million in FY 1984 and 182.5 metric tons valued at \$36.4 million in FY 1985.

The following considerations are factored into the USAID estimates. Since El Salvador is not a wheat producer, it will continue to depend totally on concessional imports to meet domestic demand through the current economic crisis. With regard to edible oils, El Salvador has been producing approximately 50% of its requirements in recent years, although this level was reduced somewhat in 1982

because of adverse weather conditions. USAID estimates that during the FY 1984-1985 period, production levels will return to approximately the 50% level, although actual production levels will depend on a combination of factors, including world cotton prices, the extent of political violence in cotton-producing areas, and weather conditions. Corn and rice production, which decreased significantly below original estimates for 1982 as a result of the drought and floods, is projected to return to levels approximating 85% of national demand. Thus, USAID projects yellow corn imports at 45 metric tons and rice imports at 2.5 metric tons in each of Fiscal Years 1984 and 1985.

In FY 1983, reduced milk production caused by violence in certain rural areas and decreased availability of foreign exchange for powdered whole milk imports combined to bring shrinking milk supplies to crisis levels. In response to this situation, the U.S. and the GOES signed a Title II Section 201 agreement whereby non-fat dry milk (NFDM) will be supplied to the GOES for resale through the commercial system. Since the fundamental factors constraining supply are not likely to improve through the planning period, USAID proposes to continue the program at least through FY 1985 and perhaps beyond at annual levels of at least 12,500 metric tons currently valued at \$1.4 million.

B. GOES Efforts

The GOES has made the reactivation of the agrarian economy one of its principal priorities. With the assistance of the U.S. and other donors, it has undertaken a number of projects to increase food availability and expand agricultural productivity through agricultural training, irrigation, credit, and construction and improvement of basic grain storage and supply centers.

As part of its self-help efforts, the GOES has agreed to carry out studies which will assist in developing and implementing policies which encourage increased small-farmer agricultural production. Specifically, the government will (1) examine the structure of the agricultural marketing system and related policies to determine how improved marketing systems can provide producer price incentives; (2) determine whether an incentive program for yellow corn production will assure sufficient domestic production of feed grains to satisfy the requirements of animal-feed-concentrate producers; and (3) determine the most appropriate role for the Agricultural Development Bank in the supply and distribution of agriculture inputs.

Other self-help efforts relate to using local currency generations to provide financial and administrative support to:

- The agrarian reform, specifically in the areas of organization, credit, research and extension, resource conservation, rural employment generation and training.

- Employment generation activities including resource conservation, reforestation, and soil conservation; basic rural community services; and development and strengthening of small rural cottage industries.
- Humanitarian assistance efforts involving rural potable water supply, supplementary feeding programs, assistance to displaced persons and victims of natural disasters, and family planning.

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1983			Estimated FY 1984			Projected FY 1985		
	Agreement \$	Shipments MT	Carry into FY 1983 \$	Agreement \$	Shipments MT	Carry into FY 1984 \$	Agreement \$	Shipments MT	Carry into FY 1985 \$
<u>Title I</u>									
Wheat	18.3	120.0	-	20.8	120.0	-	21.0	120.0	-
Vegetil, Bulk	7.3	15.7	-	8.6	16.0	-	8.8	15.0	-
Corn	9.2	90.0	-	5.6	45.0	-	5.7	45.0	-
Rice	1.7	5.2	-	0.8	2.5	-	0.9	2.5	-
Total	36.5	230.9	-	35.8	183.5	-	36.4	182.5	-
Of which Title III									
<u>Total</u>									

COMMENT:

TABLE XII

Country/Office EL SALVADOR

PL 480 TITLE I/III

Supply and Distribution
(000 Metric Ton)

<u>STOCK SITUATION</u>	<u>FY 1984</u>	<u>Estimated FY 1985</u>
<u>Commodity - Wheat</u>		
Beginning Stocks	30	30
Production	-	-
Imports	120	120
Concessional	120	120
Non-Concessional	-	-
Consumption	120	120
Ending Stocks	30	30
<hr/>		
<u>Commodity - Edible Oil</u>		
Beginning Stocks	3	3
Production	4	5
Imports	16	15
Concessional	16	15
Non-Concessional	-	-
Consumption	20	20
Ending Stocks	3	3
<hr/>		
<u>Commodity - Yellow Corn</u>		
Beginning Stocks	-	-
Production	-	-
Imports	45	45
Concessional	45	45
Non-Concessional	-	-
Consumption	45	45
Ending Stocks	-	-

Comment:

Other Title II

The P.L. 480 Title II program is one of USAID's primary humanitarian assistance instruments. Title II food commodities are distributed to persons displaced by political violence, to persons who are hardest hit by the adverse effects of the country's economic problems, to pregnant and lactating women, and to under-nourished children.

A. World Food Program. Although not part of this submission, the World Food Program deserves mention because it is responsible for the feeding of the nation's estimated 250,000 displaced persons.

B. Emergency Feeding Program. The government-to-government Emergency Feeding (Food-for-Work) Program addresses itself to the residents of urban marginal communities, a group particularly hard hit by the unemployment and increased food costs associated with the country's economic crisis. This food-for-work program is presently providing food commodities to some 55,000 beneficiaries in the marginal communities of five Salvadoran cities, i.e., San Salvador, Santa Ana, San Miguel, San Vicente, and La Libertad. In addition it is helping to promote community development through self-help activities in sanitation, and housing improvement, as well as through family planning, health and nutrition, and handicraft education programs. One example of the success of the community-development aspects of the program relates to marginal community residents who learned a handicraft under the program, united in a community group to apply for micro-enterprises credit and have been able to fully repay their loans.

Inasmuch as the economic crisis is expected to continue, USAID is proposing to provide commodities valued at an estimated \$1.8 million in FY 1984 and \$2.5 million in FY 1985.

C. Voluntary Agency Programs. Title II commodities distributed through the CRS/CARITAS program are addressing the malnutrition problem among pregnant and lactating women and small children, including some 10,000 orphans. The Operational Plan which was recently submitted to USAID is currently being reviewed, with AID/W TDY assistance, in light of a program evaluation which is nearing completion. The Plan will be submitted to AID/W separately when the review is completed.

CRS/CARITAS distributes Title II commodities through 433 MCH nutrition centers located throughout the country. The program has been experiencing problems, most important of which are: (a) lack of proper training for program promoters; (b) excessively high beneficiary contributions in certain areas owing to increased transportation costs related to political unrest; (c) poor administrative control at the center level; (d) inadequate program monitoring due to the security situation; and (e) lack of clinical data and equipment (scales) to measure nutritional progress of the beneficiaries. The aforementioned evaluation, which encompasses a

review of these problems, will provide recommendations as to specific corrective actions. USAID is coordinating with CRS and the GOES to develop an FFP/FVA outreach grant for supervising training, additional monitors, and improvement in logistics and administration to enable the program to reach an increased number of beneficiaries. The value of commodities provided under the program is estimated at \$1.5 million in FY 1984 and \$1.84 million in FY 1985.

FY 1985
ANNUAL BUDGET SUBMISSION
TABLE XIII
PL-480, TITLE II

Country EL SALVADOR

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health Total Recipients 115,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		Kgs	Dollars FY 84
115,000	Soy Fortified Corn Meal	2484	474
115,000	Bulgur	1863	447
115,000	Oil	621	561
115,000	NFDM	1242	137
Total MCH		<u>6210</u>	<u>1619</u>

B. School Feeding Total Recipients 0

C. Other Child Feeding Total Recipients 5,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		Kgs	Dollars FY 84
5,000	Soy Fortified Corn Meal	108	21
5,000	Bulgur	81	20
5,000	Oil	25	24
5,000	NFDM	54	6
Total Other Child Feeding		<u>268</u>	<u>71</u>

D. Food for Work Total Recipients 0

E. Other (Specify) Total Recipients 0

FY 1985
ANNUAL BUDGET SUBMISSION
TABLE XIII
PL-480, TITLE II

Country EL SALVADOR

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health Total Recipients 115,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		Kgs	Dollars FY 85
115,000	Soy Fortified Corn Meal	2484	529
115,000	Bulgur	1863	466
115,000	Oil	621	561
115,000	NFDM	<u>1242</u>	<u>137</u>
Total MCH		<u>6210</u>	<u>1693</u>

B. School Feeding Total Recipients 0

C. Other Child Feeding Total Recipients 10,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		Kgs	Dollars FY 85
10,000	Soy Fortified Corn Meal	216	46
10,000	Bulgur	162	41
10,000	Oil	54	49
10,000	NFDM	<u>108</u>	<u>12</u>
Total Other Child Feeding		<u>540</u>	<u>148</u>

D. Food for Work Total Recipients 0

E. Other (Specify) Total Recipients 0