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AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ANNUAL BUDGET SUBMISSION

FY 1980

ANDEAN REGIONAL

DEPARTMENT
OF
STATE

JUNE 1978

ANDEAN REGIONAL PROGRAM: FY 1980 ABS

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ANDEAN REGIONAL PROGRAM: FY 1980 ABS

INTRODUCTION

During the past years the Latin American Bureau has assisted regional and subregional integration efforts throughout the hemisphere. Regional loan and grant activities in Central America and in the Caribbean have been two of the Bureau's larger programs. This was in line with our Congressional Presentations which identified as a major objective of the Latin American program the encouragement of regional integration to foster the growth of internal markets and overcome the diseconomies of small national scale.

The most important integration effort in South America has been that of the Andean Pact -- a regional grouping comprised of Bolivia, Peru, Ecuador, Colombia, Venezuela and, until recently, Chile. As a result of technical and political difficulties associated with some of the Pact's early integration efforts, initial opportunities for AID participation in the Pact's activities were limited and our regional program in South America has been more modest than in other regions. To date AID support to the Andean Region has included only small grants to the Andean Pact for technical advisors and one $15 million loan to the Andean Development Corporation (CAF) approved in 1972 for relending in the private sector for projects which furthered economic integration. This loan is fully committed and will be closed out by the end of CY 1978.

The Andean Pact has focused almost exclusively on removing trade barriers among member countries, developing a common foreign investment code and implementing regional industrial planning. The CAF has directed most of its financing to large private and public sector industrial enterprises and to some infrastructure projects. It has vigorously supported the Andean Pact's sectorial programs of industrial development and its underlying long-term objective of capital intensive imp t substitution. Until recently, very little Andean Pact attention and very little CAF financing have been directed to regional agricultural development or other programs that might directly address some of the fundamental problems of the poor in the Andean Region. Thus, since the establishment in 1973 of AID's New Direction legislation, it has been difficult to expand our Andean Regional program. If no new Andean projects are initiated, AID's involvement with the Andean Pact and with the CAF will terminate in 1978.

In early 1977, one of the Bureau's senior staff visited the Andean Pact offices in Lima and the CAF offices in Caracas for exploratory discussions on possible new AID initiatives for assisting Andean regional development. These discussions followed an ARA-sponsored conference in Lima on the future of the Andean Pact and President Carter's speech to the OAS in which he reiterated continued USG support for Andean integration. The combined events of the ARA Andean Pact Conference, President Carter's speech to the OAS, and the Bureau's visit led to several requests from officials of the Andean Pact and the CAF for expanded AID assistance for Andean Regional projects. Also, in his response to President Carter's OAS speech, the U.S. Ambassador to Peru recommended that "... AID move as rapidly as possible to expand its Andean Regional Program." These initiatives encouraged the Bureau to submit an FY 79 ABS last year. Unfortunately, budgeting constraints at that time precluded moving ahead with that proposal.

This FY 80 ABS is being presented because there is continuing and growing interest in an Andean Regional program, both from the CAF and the Andean Pact, as well as from within the LAC Bureau and the AID Missions in the region. The essence of this ABS is the same as last year's in strategy, objectives, and project proposals. However, it proposes a more modest funding level, in recognition of expected budget constraints and competing demands for funds from the Bureau's other bilateral and regional programs.

As AID formally closes its relationship with the Andean Region when the CAF loan terminates this year, the Bureau should consider renewing that relationship with an innovative and important regional program. Such a program is proposed in this ABS -- innovative because it addresses new problems in sectors such as energy, technology, and the environment; and important as a catalyst in effecting a fundamental shift in Andean Regional development strategy. While building on past successes in Andean integration, the program embraces the less ambitious goal of regional coordination in those areas of development which are in the interest of all the member countries. A real and significant opportunity exists at this time for AID to capitalize on a viable institutional framework and the growing momentum for policy change in order to encourage the Andean Region to address those development issues which are of highest priority to AID.

DECISION UNIT OVERVIEW AND MINIMUM PACKAGE PROPOSAL

BACKGROUND

The Andean Group was formally established in late 1969 with the signing of the Group's basic charter, the Agreement of Cartagena, by the Governments of Bolivia, Chile, Colombia, Ecuador and Peru. Venezuela membership in the Group was agreed upon in early 1973. The basic reason for the formation of the Group was to enable the member countries to compete on a more equal basis with the Latin American big three -- Brazil, Mexico, and Argentina -- and to accelerate the process of economic integration and development among member countries. As the financing arm of the group, the Andean Development Corporation (CAF) was created and began operations in June 1970.

During the first five years of its existence, the Andean Group exhibited substantial harmony and dedication in both designing and implementing integration programs. Intra-regional trade barriers were substantially reduced and trade among the six Andean countries increased by more than 400% in the period 1969-75. Three major regional industrial allocation and development programs -- in the metalworking, petrochemical, and automotive sectors -- were developed and are now being implemented. A common Andean Foreign Investment Code (referred to as Decision 24) was agreed to by member countries and a legal framework was developed for promoting Andean Multinational Enterprises (Decision 46). The Andres Bello Convention covering the integration of the educational, cultural and scientific sectors was approved and was followed by Decision 84 that proposed, among other intitatives, an effort to promote Andean Regional scientific and technological development. During this period, the Andean Development Corporation (CAF) rapidly developed into one of Latin America's most important regional development banks and was increasingly able to attract international resources to meet the growing regional industrial development needs of member countries. Likewise, the Andean Pact developed a highly competent staff of more than 40 economists, engineers, and regional planners who provide support for regional decision-making, planning, and implementation mechanisms. In the period 1969-75, encouraged by the Andean Pact and the CAF, a positive integration momentum surged through the Andean Region.

However, in the past few years, the Andean Pact's early success has given way to a much slower pace of progress, as the difficulty of reconciling conflicting interests on such sensitive issues as industrial planning has proven considerably greater than anticipated. Likewise,

the withdrawal of Chile from the Pact in October 1976, because of a dispute over the Pact's investment code and schedule for reducing tariffs -- reflecting Chile's fundamental disagreement with the Pact's import substitution strategy -- has greatly contributed to a major rethinking of the Andean Pact's previous development and integration strategy. As most observers agree, Andean integration is at a critical turning point. The response to current problems could either lead to the stagnation of Andean integration or to the emergence of significant new opportunities for promoting the growth of South America's most important regional grouping.

A number of very preliminary new Andean Regional initiatives in agricultural development, nutrition improvement, science and technology development, environmental protection and regional training already appear to be emerging. These new ideas represent the beginnings of a fundamental shift in the Andean Pact's previous development strategy. The implementation of these new concepts could begin moving Andean integration towards a more balanced regional development strategy, encourage expanded concern for the poor and promote the implementation of less politically sensitive regional programs that would continue to reinforce the commitment of member countries to regional coordination while the Pact's more ambitious efforts are being worked out.

PROGRAM RATIONALE

Now is a propitious time to reaffirm USG support of Andean Regional cooperation. An important opportunity exists to provide meaningful support for the region's evolving shift away from its prior capital-intensive development strategy which has in the past favored the urban industrial sector. At this critical juncture in Andean Regional development, USG support, backed by AID funding, could make a strategic difference in whether, and how far the new initiatives are carried out. AID funds, carefully placed, will not only assist in financing programs which are designed to directly and indirectly benefit the region's poor, but will offer a valuable opportunity to encourage wide-ranging policy measures in such areas as agricultural and rural development, choice of technology, environmental protection, and resource planning. Moreover, AID can utilize its funds to attract a sizeable financial commitment from Venezuela to Andean Regional programs, particularly in areas such as non-conventional energy and technology development and agro-industry which are in Venezuela's own development interest.

Since average per capita incomes in the Andean country's reflect the region's highly skewed income distribution, these figures disguise a sizeable rural and urban poor population. In three of the five Andean countries -- Colombia,Peru and Bolivia -- the concentration of wealth is far above the Latin American average, where the richese 5% of the population receives from 36% to nearly half the national income. The vast majority of the population in these countries, therefore, have per capita incomes far below the national averages. While detailed data are not available for all countries, it is safe to say that over one-half of the region's population lives in poverty. This incidence of poverty in the region explains AID's continued interest in working with the Andean countries. While AID now has active bilateral programs with only Peru and Bolivia, prospects are excellent for a new program with Ecuador, and the possibility of renewing a program with Colombia is now being considered. Venezuela is the only Andean country not considered eligible for AID assistance, and it is expected that it will not receive any AID funds under this proposed program, but indeed will be a significant contributor.

Supplementary to the developmental rationale for an Andean Regional program is the positive human rights record throughout the region. The five Andean countries are exemplary in the hemisphere for their commitment to civil liberties and public participation. Venezuela and Colombia have democratically-elected governments while Ecuador and Bolivia are scheduled to elect new governments this summer to replace current military regimes. And Peru, in its first step toward a return to participatory democracy, has scheduled elections to select a constituent assembly to redraft the constitution. In none of the five Andean countries

is there a consistent pattern of gross violations to human rights of prisoners, political opponents, trade and labor unions, or other political groupings. This outstanding record clearly warrants a positive expression of USG and AID support.

THE ANDEAN REGIONAL PROGRAM

The overall purposes of the program would be to encourage Andean Regional initiatives in addressing new areas of regional concern such as rural employment generation, nutrition improvement, natural resources planning, manpower training, science and technology development, and regional satellite technology utilization. This effort would demonstrate USG support for Andean development and integration as well as encourage the Andean Group to look beyond its narrow strategy of import substitution industrialization to a broader view of Andean Regional cooperation. Specifically, the AID program would be designed to serve the following basic purposes:

-- Support the implementation of Andean Regional development and integration policies that can more effectively deal with the region's serious poverty problems, and thereby encourage the Andean Pact and the CAF to implement a more balanced regional development and integration strategy.

-- Assist the Andean Group develop organizational structures and implementing mechanisms for dealing with such new concerns as environmental protection, science and technology development, agricultural crop insurance and satellite technology that are increasingly important developmental concerns, and are most effectively treated on a regional level.

-- Attract a significant financial contribution to Andean Regional development from the region's wealthy partner, Venezuela.

-- Reinforce the commitment of member countries to regional cooperation and integration, while strengthening existing regional institutions.

-- Demonstrate USG support for Andean integration and for the human rights records of the Andean member countries.

The projects in the proposed Andean Regional program have been identified as those addressing urgent development problems which can most effectively be treated on a regional level. These include, first, problems which go beyond national borders, either because they relate to common resources or because their resolution requires a pooling of resources from two or more Andean countries. Examples of these kinds of problems include overfishing of Lake Titicaca on the Peru - Bolivia border, agro-industrial development in which raw materials for processing industries straddle

national boundaries, or imbalances in labor and energy supplies among Andean countries. Second, certain kinds of programs exhibit significant efficiencies of scale in planning and implementation. Programs in satellite technology development, some kinds of agricultural research, and R & D on alternative technolgies and energy sources will benefit all Andean countries and, if done on a regional scale, can eliminate duplication of efforts and investments in facilties, research, training and administrative infrastructure. And last, regional cooperation is critical to the viability of programs which may require standardized policies and uniform controls, particularly in the fields of environmental improvement and technology development. The projects proposed below, therefore, are necessarily regional in nature, and can not be as effectively undertaken on a bilateral basis.

Selected projects and proposed funding levels for FYs 1979 - 1981 are as follows. More detailed descriptions are given in Tables IV A & B.

FY	Project Title	Funding (in $000)
FY 79	Regional Agro-Industry Development (L)	10,000
FY 79	Regional Remote-Sensing Technology Transfer (L)	5,000
FY 79-80	Regional Environmental Improvement (G)	500
FY 80	Regional Energy, Science & Technology Development (L)	12,000
FY 80	Regional Communications Satellite Services (L)	4,500
FY 81	Regional Environmental Improvement (L)	12,500

Additional projects may be identified in the course of the coming year as program development proceeds in close collaboration with the Andean Region. These may include regional agricultural planning and research, manpower training, agricultural marketing development, and regional health services.

These projects will be implemented through the Andean Region's major institutions: the Andean Development Corporation (CAF), the region's development bank; and the Andean Pact, the Region's technical secretariat charged with regional policy formulation and development and implementation of projects. Other regional institutions, such as training and research institutes, will also participate.

Implementation of this proposed program would represent a fundamental shift in the Andean Region's development policies and would encourage the region to establish new programs and mechanisms for dealing with regional problems that will continue well into the future. Such an AID effort would represent a new USG commitment to Andean cooperation and would allow AID to play more creative and dynamic role in assisting Andean Regional development.

Decision Unit: Andean Regional

TABLE I: LONG RANGE PLAN

($ million)

Category	FY 78 (Estimate)	FY 79 (Request)	FY 80 (Minimum) 1/	Planning Period FY 81	FY 82	FY 83	FY 84
Food & Nutrition		15.0(L)			5.0(L)	7.5(L)	
Education							6.0(L)
Health					5.0(L)		
SDA			16.5(L)	12.5(L)			
Total Program		.25(G)	.25(G)				
Loans		15.0	16.5	12.5	10.0	7.5	6.0
Grants		.25	.25				
Personnel (wk-years) 2/							
USDH	(.25)	(.25)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Contract		(.25)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Operating Expenses 3/							

1/ No additional programs for expanded or proposed decision packages.

2/ Program will be managed from AID/W; therefore, requirements as shown here are included in AID/W personnel budget, and are non-add items.

3/ Operating expenses will be met from the AID/W budget

Decision Unit: Andean Regional

TABLE III: SUMMARY OF RESOURCES ($000)

Program	FY 78 Funding	FY 78 Personnel 1/	CY 79 Funding	CY 79 Personnel 1/	BY 80 2/ Funding	BY 80 2/ Personnel 1/
FN:						
Agro-Industrial Development (L)		.15	10,000	.15		.25
Remote-Sensing Tech. transfer (L)			5,000	.05		.10
SDA:						
598-L-004 (L)		.10				
Communications Satellite Services (L)					4,500	.10
Environmental Improvement (G)			250	.05	250	.20
Energy, Science & Tech. Development (L)					12,000	.35
Total Program		.25	15,250	.25	16,750	1.0
Non-Program	(All non-program costs to be met from AID/W operating budget)					

1/ USDH only (excludes outside contractors)

2/ Minimum decision-package; no program for expanded and proposed packages.

TABLE IV A - ACTIVITY NARRATIVE: ANDEAN REGIONAL AGRO-INDUSTRY

Purpose: To establish a credit fund to finance regional agro-industrial projects which benefit the Andean Region's rural poor by creating jobs and assuring stable markets for agricultural production.

Background: Since the establishment of the Andean Group in 1970, it has focused its energy and attention on the removal of industrial trading barriers among member countries, control of foreign investments, and promotion of an industrial development strategy that has emphasized capital-intensive import-substitution policies. These development policies have tended to benefit large enterprises located in the urban/industrial and export sectors, while the rural economy has remained untouched by regional development programs. The great majority of the rural habitants of the Andean highlands and jungle areas continue to live in poverty, subsisting on marginal agriculture or forced to migrate to capital cities in search of employment.

Thus confronted by massive rural poverty, growing unemployment and income inequalities, and an agricultural sector that cannot adequately supply the Andean population or its commercial/industrial sectors, the Andean Pact has begun to reassess its development and integration strategy. There is a growing awareness that to further the development of the Andean Region, which remains predominantly agricultural, there is an urgent need to increase the productivity of the agricultural sector, to increase the employment and income of the rural agricultural labor force, and to achieve greater integration between the agricultural and industrial sectors. It is recognized that increased productivity of the Andean agricultural sector can also contribute to a more equitable distribution of income.

Reflecting these new concerns within the Andean Region, in November 1976, the Ministers of Agriculture of Bolivia, Peru, Ecuador, Colombia and Venezuela met to discuss and analyze the Andean agricultural sector. From this conference emerged twenty-two recommendations for expanding regional agriculture development activities that, taken together, represent the formulation of the Andean Pact's first Agricultural Development and Integration Program. By January 1977, a new Andean Regional Department of Agriculture and Livestock was created. This Department has begun formulating a long-range regional agricultural development plan and specific regional development and integration projects in the Andean agricultural sector. One package of such projects -- in food technology -- has already been formally approved by the Andean Pact's Commission in its Decision 126, issued in February 1978, which also designates agro-industry as a new priority sector for regional development.

These initial steps show great promise for a shift in the Andean Region's policies toward a more balanced development and integration strategy that can effectively address regional agricultural and rural poverty problems. However, successful implementation of this new strategy will require substantial political will, difficult policy changes, and large infusions of capital and technical assistance. Without adequate and timely support, the momentum behind this new initiative may be lost and, with it, an opportunity to effect a significant shift in Andean Regional development policies.

Project Description: Studies conducted by the Andean Pact confirm that one of the most promising strategies for increasing agricultural productivity and rural incomes is through development of a regionally integrated agro-industrial sector. A regional approach to agro-industry development allows integration of all participants in production, processing, and marketing where raw materials, labor supply, processing facilities and potential markets straddle national borders. For example, Venezuela, a major food-deficit Andean member, offers an immense market for agricultural products which could be readily tapped by neighboring labor-abundant countries. For certain agricultural products, bottlenecks in storage and processing facilities or marketing infrastructure in some countries discourage full exploitation of agricultural resources available in other countries. Investments designed to relieve these and similar constraints to regional agro-industrial development may be expected to have a significant impact on rural poverty and nutrition in the region by assuring stable markets for agricultural production, creating off-farm employment opportunities, and increasing the region's supply of food products.

The Andean Development Corporation (CAF), the financing arm of the Andean Pact, has recently initiated a new development strategy to promote the expansion of integrated agro-industries. Four categories of agro-industrial projects will be financed, including: (1) agro-industries that serve Andean regional markets, (2) agro-industries composed of stockholders from two or more Andean countries, (3) successful national agro-industries that are prepared to expand into a second Andean country, and (4) agro-industries along the frontiers of two Andean Pact countries that must operate in both countries to be feasible.

The proposed AID loan, estimated at $10 million, is designed to build on this initiative by providing technical assistance, training, and capital to the CAF to establish and administer credit for a regional agro-industrial development fund. Technical advisors in agro-industrial planning and marketing would be provided for up to two years to assist the CAF in identifying agro-industrial investment opportunities, promoting new enterprises, and developing guidelines for feasibility studies and

criteria for CAF financing. The special expertise of LAAD might be a valuable source for this kind of contract assistance. In addition, AID funds will be provided to finance short-term training, seminars, and international travel for CAF officers. Up to $500,000 will be provided for these TA and training costs. The remainder of the AID loan, or $9,500,000, will constitute seed capital for a revolving credit fund to finance new or expanding regional enterprises. Credit under the loan would be provided only to enterprises which meet criteria regarding rural job creation, linkages to the small farm sector, and regional integration. Both the CAF and the private sector will be expected to make sizeable contributions in debt and/or equity funding of eligible projects financed under the project. The CAF will also provide necessary administrative support and technical assistance to borrowers.

Beneficiaries: The project will provide direct benefits to the rural poor throughout the Andean Region in the form of new off-farm employment opportunities, assured and stable markets for agricultural production, and a more balanced supply of food products.

Current Year Program: A PP will be presented for AID/W review and authorization in the second quarter of FY 79. Negotiations will proceed with the CAF, Andean Pact, and member governments for loan signature in FY 79. Request for technical assistance proposals will be prepared.

Budget Year Program: A technical assistance team will be selected and a project implementation plan will be developed defining selection criteria and operating procedures. Credit operations will begin in the CAF and a promotion campaign will be undertaken.

Major Outputs: During the four-year life of the project, AID funds will be matched by CAF resources to capitalize a $19 million credit fund. This fund will finance an expected 20-35 agro-industrial projects which will create an estimated 5000-7500 jobs. Almost $7 million in private and public sector investment resources will be mobilized for agro-industrial development designed to benefit the rural poor.

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TABLE IVB ACTIVITY BUDGET DATA

ACTIVITY TITLE	DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
Andean Regional Agro-Industrial Development	Andean Regional	Minimum	FY 1980
	INITIAL OBLIGATION: FY 1979	FINAL OBLIGATION: FY 1979	TOTAL COST: $10,000,000
PROJECT NUMBER: 595-0001 / APPROPRIATION: FN	DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR

ESTIMATED U.S. DOLLAR COST ($ 000)

ACTIVITY INPUTS	PY: 19 78 OBLIGATION	PY: 19 78 EXPENDITURE	PY: 19 78 PIPELINE	CY: 19 79 FUNDING PERIOD (FR–TO)	CY: 19 79 OBLIGATION	CY: 19 79 EXPENDITURE	CY: 19 79 PIPELINE	BY: 19 80 FUNDING PERIOD (FR–TO)	BY: 19 80 OBLIGATION	BY: 19 80 EXPENDITURE	BY: 19 80 PIPELINE
AID-FINANCED TOTAL–					10,000	2,150	7,850		–	3,850	4,000
TA and training				1/79-12/80	500	150	350		--	350	--
Credit				1/79-12/82	9,500	2,000	7,500		--	3,500	4,000
HC AND OTHER DONOR TOTAL–					3,550				LIFE OF PROJECT: 16,900		
CAF: administration					150				150		
credit					2,000				3,500		
Sub-borrowers: equity contribution					1,400				2,450		

PERSONNEL WORKYEARS (XX.X)

FUNDING	FISCAL YEAR 19 78	19 79	19 80	19 81	19 82	BEYOND
PROGRAM ACCOUNT		1.0	1.0	1.0	1.0	--
TDY (NON-ADD)						
OPERATING EXPENSES	.25	.25	.25	.25	.25	.15

PERSONNEL INTENSITY: ☐ HIGH ☐ MEDIUM ☒ LOW

PARTICIPANTS PROGRAMMED

TYPE	A=NONCONTRACT B=CONTRACT	FISCAL YEAR 19	19	19
TYPE A	LONG-TERM			
	SHORT-TERM			
TYPE B	LONG-TERM			
	SHORT-TERM			

FOOTNOTES

AID 1330-8 (3-78)

TABLE IV A - ACTIVITY NARRATIVE: ANDEAN REGIONAL REMOTE-SENSING TECHNOLOGY TRANSFER

Purpose: To create an indigenous capacity in the Andean countries to utilize remote-sensing technologies for rural development objectives.

Background: The rugged terrain of the Andean region, the dense jungle forests, and the expansive desert areas throughout Latin America pose formidable obstacles to natural resource assessment and exploration. Severe climatic conditions present a constant threat of crop failure and flooding. Geological formations make the area vulnerable to earthquakes and landslides. In view of the lack of basic communication facilities and transportation infrastructure, a number of the countries of the region have expressed a strong interest in utilizing modern satellite technologies as a less costly and a more immediate alternative for natural resource inventory and planning. Such advanced technologies are, however, beyond their means to develop independently.

Since relevant and accessible satellite technologies are the sole properties of the U.S. Government, they can only be acquired through a direct technology transfer. Responding to the U.S. commitment to transfer such technology, the countries of Latin America and the Caribbean will organize themselves during FY 1979 (with assistance from A.I.D. -- Regional Remote Sensing Project 598-0580) into a Pan American Remote Sensing Commission. The purpose of the Commission will be to stimulate the utilization of remote sensing imagery for development throughout the region.

Last year the Andean Pact countries through the Andean Development Corporation (CAF) requested A.I.D. financing to create a Regional Remote Sensing Training Center. Although that solicitation was not honored, the interest and needs in this area have not changed. Building on this earlier CAF initiative and the broader regional commitment to use of remote sensing imagery, this project proposes the creation of a Remote Sensing Training Center through a $5 million A.I.D. loan to the Andean Development Corporation.

Project Description: The total financing for the four year project will be $10 million ($5 million loan from A.I.D. and $5 million in counterpart from the CAF). These funds will be used to establish a Regional Remote Sensing Training Center located in the most appropriate Andean Pact country. The purpose of the Center will be to train personnel of the member countries in remote sensing and service their needs as well. More specifically, it will operate a LANDSAT data processing and photographic dark room archives facility; maintain a computer compatible

tape and map files and a photogrammetric, mapping and surveying laboratory; operate a drafting and map preparation room and a classroom and a research laboratory with offices.

The Center will be capable of processing and interpreting remote sensing data by visual and computerized techniques and provide on-the-job training. It will also include a remote sensing library with a LANDSAT browse file and engage in promotional activities through a newsletter and other outreach mechanisms.

Although the Center will be primarily emphasizing the remote sensing needs of the Andean Pact countries, arrangements will be made to extend its servicing and training capacity to the other countries of Latin America and the Caribbean that need them in accordance with a financial and administrative arrangement suitable to all parties concerned.

Beneficiaries: The most direct beneficiaries will be the respective personnel of the participating Andean Pact countries and the appropriate ministries that are involved in the institutionalization of this remote sensing interpretation capacity. Better national economic development planning will result from this process. Indirectly, there will be a link to the rural population, including target group farmers and rural workers through national programs that impact on reforestation needs, water resource availability, colonization, and utilization of agricultural lands.

Current Year Program: The project will fund two staff years of technical assistance to provide advice and guidance in the staffing and establishment of the Center. In addition, a training program will be initiated to train six (6) long-term participants (one from each Andean Pact country) and about 9 short-term participants who will be involved in the operation of the Center or engaged in remote sensing work within their own country.

By the end of the Budget Year, the staff of the Center will be in place and land and a building for laboratories and teaching will be available to house the Center. The staff will consist of a Director and Deputy Director and four staff members for research and training.

Budget Year Program: Equipment will be installed and the Center will begin to provide full range of services. Short term training courses and workshops will be conducted.

Major Outputs: Outputs by the end of the four-year project will be: plant and equipment in place for a fully operating center; staff in place for the Center and in the Andean Pact countries; a Center that generates land cover computer tapes and colored map products by processing and interpretation of remote-sensing imagery data; a Center that provides training and performs research in remote-sensing analysis. General output indicators would be: 10 LANDSAT scenes processed per day;

storage facility for 1,000 CCTs; 100 square feet for map storage; visual analysis equipment -- one each of color additive viewer, density slicer, zoom transfer scope, and rear view projector; class and lab workroom for 10-12 students; offices for staff of four professionals; one photogrammetric stero-compiler; one audio-visual lab - three projectors, three tape recorders; two office duplicators; one interactive digital processing system; four-wheel drive vehicle; access to one aircraft with remote sensing equipment; complete surveying equipment.

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TABLE IVB ACTIVITY BUDGET DATA

ACTIVITY TITLE	DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
Andean Regional Remote-Sensing Technology Transfer	Andean Regional	,Minimum	FY 1980
	INITIAL OBLIGATION: FY 1979	FINAL OBLIGATION: FY 1979	TOTAL COST: $5 million
PROJECT NUMBER: 595-000 / APPROPRIATION: FN	DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR

ESTIMATED U.S. DOLLAR COST ($ 000)

ACTIVITY INPUTS	PY: 19 OBLIGATION	PY: 19 EXPENDITURE	PY: 19 PIPELINE	CY: 19 FUNDING PERIOD (FR-TO)	CY: 19 OBLIGATION	CY: 19 EXPENDITURE	CY: 19 PIPELINE	BY: 1980 FUNDING PERIOD (FR-TO)	BY: 1980 OBLIGATION	BY: 1980 EXPENDITURE	BY: 1980 PIPELINE
AID-FINANCED TOTAL-								10/1-9/30	2,330	1,330	1,000
Technical assistance											
- Support costs								10/1-9/30	200 (60)	200	-
Training (LT & ST)											
- Support costs								10/1-9/30	126 (38)	126	
Equipment											
- Support costs								10/1-9/30	2,000 (600)	1,000	1,000
Evaluation								9/30	4 (1)	4	-
HC AND OTHER DONOR TOTAL-									LIFE OF PROJECT 3,050		10,050
HC (Andean Pact members)									2,000		
Canadian Center for Remote Sensing									50		
Inter-American Development Bank									1,000		

PERSONNEL WORKYEARS (XX.X)

FUNDING	FISCAL YEAR 1978	1979	1980	1981	1982	BEYOND
PROGRAM ACCOUNT			2	2	2	2
TDY (NON-ADD)			1	1	1	1
OPERATING EXPENSES		.5				

PERSONNEL INTENSITY: ☐ HIGH ☐ MEDIUM ☐ LOW

PARTICIPANTS PROGRAMMED (TYPE A=NONCONTRACT B=CONTRACT)

TYPE		FISCAL YEAR 1980	1981	1982
A	LONG-TERM	6	6	-
	SHORT-TERM	9	9	-
B	LONG-TERM			
	SHORT TERM			

FOOTNOTES

AID 1330-8 (3-78)

TABLE IV A - ACTIVITY NARRATIVE: ANDEAN REGIONAL ENVIRONMENTAL IMPROVEMENT

Purpose: To create an institutional capacity to formulate and carry out a strategy for environmental improvement and natural resource planning for environmentally sound economic growth in the Andean Region.

Background: Due to the nature of past economic growth in the countries of the Andean Region, these countries are now confronting a variety of environmental problems in a uniquely exaggerated form. Extractive industries predominate in all of the Andean countries, accompanied by a host of smelters, refineries, extensive transportation networks, and one of the highest urbanization rates in the world. The environmental consequences of this pattern of industrial and urban development are in many cases already apparent, including pollution of major river systems, damage to soils irrigated from these rivers, and serious health hazards from air and water pollution owing to out-dated manufacturing processes and inadequate waste treatment. In other cases, the environmental consequences are as yet unknown, such as those arising from oil pipelines, railroad grids, and electric power lines which traverse wide expanses of virgin territory. Natural resources are abused in other ways, as fertile land is turned over to housing projects and industrial complexes to keep pace with urban growth, and, in the rural areas, a fast declining land-to-man ratio has led to over-grazing, over-fishing, deforestation, and erosion and mineral-depletion of soils.

Tentative first steps have been taken by the Andean governments in response to some of these environmental problems. But such efforts are limited by lack of technical knowledge, financial resources, and, institutional and policy coordination. Since environmental protection demands the application of new technologies, it will require major investments in research and development, industrial design, and natural resource utilization.

Moreover, any environmental protection plan which is to be viable demands an integrated regional approach. First, many of the current problems are shared by all or most of the countries in the region, and some, involving frontier resources, can only be treated regionally. Further, given economic interdependence among the Andean countries, which are directly linked by trade, there is an interest in resolving environmental problems which go beyond national borders. And last, a uniform strategy and standardized controls are necessary to fairly distribute the costs of environmental protection.

Project Description: This project will provide the necessary technical and financial assistance to assist the Andean Region in planning and implementing a meaningful environmental protection program.

This program will be initiated with up to $500,000 in grant-funded technical assistance in FYs 79 and 80. The purpose of this activity will be (1) to identify regional personnel and institutions which are sensitive to environmental concerns and have a capability of articulating these concerns within the host-country context; (2) to make a preliminary assessment of the most critical environmental problems which affect the region; and (3) to outline proposals for implementation of a broad environmental improvement program on a regional basis.

Based on this preparatory work, a $12.5 million loan will be developed for authorization in FY 81. The loan program will include the following elements:

(1) Technical Assistance in Regional Environmental Planning: Up to $1.0 million in A.I.D. loan funds will be allocated to finance training, technical assistance, and special studies to develop scientific and managerial expertise within an Environmental Policy Unit to be established in the Andean Pact.

(2) Environmental Institution-Building Fund: An estimated $1.5 million in A.I.D. loan funds will be allocated for the development of institutions capable of providing advisory services in the field of environmental protection. These may include member governments wishing to establish an institutional capacity to make environmental protection programs, as well as private consulting firms seeking to broaden their technical services in environmental analysis. This component may be supplemented by an OPG to a US environmental organization to develop a pool of consumer-based expertise and to encourage public participation in formulation and enforcement of environmental policy.

(3) Environmental Improvement Fund: The major project component will be credit to establish a fund in the CAF to finance pilot projects utilizing environmental protection technologies. This fund will be capitalized with up to $10 million in A.I.D. loan funds and up to $15 million in contributions from member countries. Credit from this fund will be made available for: (1) natural resource protection programs, including reforestation, erosion control, river defense, water storage, and cleaning up polluted rivers and oceans; (2) public infrastructure, such as waste disposal systems and clean and energy-efficient transportation projects; and (3) industrial investments in pollution control and development of renewable sources of energy. Credit from this fund will be given on concessional terms, and will be available to finance both feasibility studies and capital investments.

Beneficiaries: The beneficiaries of the project's activities will include the general population of the Andean Region. However, A.I.D. assistance in support of member country efforts to manage their natural resources will most directly benefit the poor, since the poor tend to incur a disproportionate share of environmental costs: as urban slum-dwellers, the poor are subject to health hazards from air and water pollution from nearby industries; as subsistence farmers, progressive mineral depletion and erosion of soils continually reduce their productivity. By protecting the poor from these environmental costs, the project will have a significantly positive impact on the quality of life and future productivity of the region's poor.

Current Year Program: The PP for a proposed $500,000 grant will be presented for AID/W review and authorization in the second quarter of FY 79. A team of up to five TA contractors, one to work in each member country, will be selected to begin to identify environmental issues and to develop contacts with appropriate institutions. An estimated $250,000 will be obligated in FY 79.

Budget Year Program: The $250,000 balance of the grant will be obligated to continue funding for the TA contract. Building on its prior year's work, the team will organize workshops and seminars for governmental and private-sector personnel throughout the region who are interested in and relevant to environmental protection policy. Project development work on the planned FY 81 loan will begin.

Major Outputs: The grant project will provide an inventory of principal agencies in the region which are involved in environmental issues, establish linkages among them, and sensitize major governmental and non-governmental actors to the importance of regional environmental planning. The grant will, then, be creating the necessary institutional basis for the follow-on loan program.

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TABLE IVB ACTIVITY BUDGET DATA

ACTIVITY TITLE	DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
Andean Regional Environmental Improve- Improvement	Andean Regional	Minimum	FY 1980
	INITIAL OBLIGATION: FY 1979	FINAL OBLIGATION: FY 1981	TOTAL COST: $13,300,000
PROJECT NUMBER: 595-0004 / APPROPRIATION: SDA	DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR

ESTIMATED U.S. DOLLAR COST ($ 000)

ACTIVITY INPUTS	PY: 1978 OBLIGATION	PY: 1978 EXPENDITURE	PY: 1978 PIPELINE	CY: 1979 FUNDING PERIOD (FR-TO)	CY: 1979 OBLIGATION	CY: 1979 EXPENDITURE	CY: 1979 PIPELINE	BY: 1980 FUNDING PERIOD (FR-TO)	BY: 1980 OBLIGATION	BY: 1980 EXPENDITURE	BY: 1980 PIPELINE
AID-FINANCED TOTAL-				3/79-8/80	250	150	100		250	250	100
					250	150	100		250	250	100
Grant: TA contract Loan: FY 81 - $12.5 million TA & training: planning Institution-building Credit fund											
HC AND OTHER DONOR TOTAL-											
CAF: administration credit Sub-borrowers: equity contribution Member countries											

LIFE OF PROJECT

PERSONNEL WORKYEARS (XX.X)

FUNDING	FISCAL YEAR 1978	1979	1980	1981	1982	BEYOND
PROGRAM ACCOUNT		1	1	2	2	2
TDY (NON-CDSS)						
OPERATING EXPENSES		.25	.50	.50	.25	.15

PERSONNEL INTENSITY

- [X] HIGH
- [ ] MEDIUM
- [ ] LOW

PARTICIPANTS PROGRAMMED

TYPE A=NONCONTRACT B=CONTRACT		FISCAL YEAR 19	19	19
TYPE A	LONG-TERM			
	SHORT-TERM			
TYPE B	LONG-TERM			
	SHORT-TERM			

FOOTNOTES

AID 1330-8 (3-78)

TABLE IV A - ACTIVITY NARRATIVE: ANDEAN REGIONAL ENERGY, SCIENCE AND TECHNOLOGY DEVELOPMENT

Purpose: The proposed program is designed to improve the capacity of the Andean Pact countries to select, generate, and adapt technology, with special emphasis on those that can improve the productivity and the quality of life of small farmers and the rural and urban poor. The purposes of the program will be as follows: (1) to assist the Andean Pact expand regional planning and coordinating mechanisms for energy, science, and technology development; (2) to improve the capacity of selected local universities and research institutes to develop technologies specifically adapted to the region's factor endowments and development problems; and (3) to promote utilization of locally developed technologies by both the public and private sectors.

Background: The Andean Region has historically been dependent on foreign scientific research and technological development, largely as a result of a long-standing policy of import-substitution industrialization. As a consequence, technology choices have not reflected the particular factor endowments of the region nor have they addressed critical problems of the urban and rural poor, including underemployment, malnutrition, and lack of access to low-cost energy sources. At the same time, the capacity of indigenous institutions to select, generate, and adapt technologies has been sorely neglected, which in turn reinforces the region's dependence on foreign technology.

The Andean Pact countries have become increasingly concerned about their dependence on technologies developed abroad, and have identified this dependence as a critical bottleneck. First, it limits the range of available technology choices to those which are typically capital-intensive and rely heavily on costly fossil fuels. Second, it does not encourage development of technologies which can address the region's critical development and poverty problems in areas such as nutrition improvement, agricultural and rural development, health care, rural education, employment generation, and development of non-conventional sources of energy. It is increasingly clear that an indigenous capacity for energy, science, and technology development is essential to permit utilization of technologies which respond to local factor endowments and local needs.

In response to these concerns, in 1974 the Andean Pact established in its Decision 84 the basis for an Andean Regional policy on scientific and technological development. This policy statement recognized the need for the region to expand its ability to generate new technologies in response to local needs, and established the Andean Pact's Technology

Department with a mandate to plan, coordinate, and implement projects for the development of technologies suited to the needs in the region. These projects typically address a regional technological problem, mobilize public and/or private sector institutions throughout the region to work on the problem with the Andean Pact, and provide funding and overall coordination. To date, projects for developing new technologies for exploiting tropical forests and technologies for small copper mines have been initiated. A large effort to deal with the region's serious nutrition problem through the development of new low-cost food products and the development of the production and marketing technologies for these products is currently awaiting funding. Other projects in the areas of appropriate rural technologies and health care are in early planning stages.

Project Description: This proposed AID loan of up to $12 million would assist the Andean Pact implement a system for developing the region's technological capacity and directing these resources to address problems affecting small farmers and the rural and urban poor. The project would encourage regional planning and development of institutional capacity among suppliers of technology to respond to regional energy and technology needs, and would promote linkages between these institutions and the prospective end-users of technology. Major project components will be as follows:

(1) Regional Science and Technology Planning: Up to $1.5 million of the AID loan will be provided to assist the Andean Pact further develop its institutional capacity for doing regional energy, science, and technology development planning. Project funds will finance technical assistance and training to develop inventories of available technologies, assessments of technology needs and priorities, and linkages among local institutions to coordinate research and dissemination activities.

(2) University and Research Institution Upgrading: Up to $1.5 million of the AID loan will be provided to improve the capacity of selected universities and research instituions to provide services required by public and private sector entities throughout the region. Institutions targeted for technical assistance will be those that have a capacity or a desire to do research related to critical problems affecting the AID target group of small farmers and the rural and urban poor, such as development of efficient labor-intensive technologies, alternative non-conventional energy sources, low-cost high-protein foods, and rural health and education delivery systems.

(3) Testing and Application of Non-Conventional Energy Sources: An estimated $3 million of AID loan funds will be earmarked specifically for testing and adapting non-conventional energy sources for use by the region's poor. Renewable energy resources, such as biomass conversion,

solar heating, and wind, hydro-, and geothermal power will be among the alternatives developed for testing, costing-out, and market study. These commercialization activities will be carried out by both public and private sector institutions, and directed to energy solutions which are applicable throughout the region.

(4) Credit Fund for Technology Investments: This credit fund will provide financial incentives to encourage public and private sector entities to contract with Andean R & D facilities for specific technological development activities. Concessional credit would be provided to enterprises adopting new technologies designed to generate employment or unconventional energy sources, or developing new products that deal with a critical development problem. Subproject selection criteria will assure a direct or indirect impact on AID's target group. Up to $6 million in AID funds plus a matching counterpart contribution from Venezuela and other CAF members would provide initial capitalization of this credit fund.

Beneficiaries: Benefits under this project will be spread among public and private institutions involved in technology development as well as those which will utilize new technologies in development of new products and development programs. The ultimate beneficiaries will be the rural and urban poor who will be afforded new employment opportunities, improved tools and equipment to increase their productivity, access to alternative low-cost energy sources for household and productive use, improved high-protein low-cost food products, and better health and education services.

Budget Year Program: Loan funds totalling $12 million will be obligated in FY 1980. Contracts will be negotiated to initiate technical assistance activities for planning and institutional upgrading under the program and the credit fund will be established.

Major Outputs: During the five-year life of the project, a regional technology planning unit will be established and will develop policies and projects designed to encourage technological development in the region. Public and private sector institutions, including universities and research firms, will expand their capacity to offer services in research and disseminating technologies and non-conventional energy sources adapted to local conditions and development needs. Credit under the project will finance the adoption of unconventional technologies in employment-generation, increased rural productivity, alternative energy sources, and improved nutrition.

TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE	DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
	Andean Regional Energy, Science, and Technology Development	Andean Regional	Minimum	FY 80
		INITIAL OBLIGATION FY 1980	FINAL OBLIGATION FY 1980	TOTAL COST $12,000,000
	PROJECT NUMBER 595-0002 / APPROPRIATION SDA	DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR

ESTIMATED U.S. DOLLAR COST ($ 000)

ACTIVITY INPUTS	PY: 19 OBLIGATION	PY: 19 EXPENDITURE	PY: 19 PIPELINE	CY: 19 FUNDING PERIOD (FR-TO)	CY: 19 OBLIGATION	CY: 19 EXPENDITURE	CY: 19 PIPELINE	BY: 19 FUNDING PERIOD (FR-TO)	BY: 19 OBLIGATION	BY: 19 EXPENDITURE	BY: 19 PIPELINE
AID-FINANCED TOTAL-									12,000	1,000	11,000
Regional Planning									1,500	750	750
Institutional Upgrading									1,500	250	1,250
R & D Non-conventional Energy									3,000	-	3,000
Credit Fund									6,000	-	6,000
HC AND OTHER DONOR TOTAL-									LIFE OF PROJECT 19,000		
Andean Pact/CAF - administration									250		
Member Countries									300		
Private Sector - 20% equity in subprojects									-		

PERSONNEL WORKYEARS (XX.X)

FUNDING	FISCAL YEAR 19 78	19 79	19 80	19 81	19 82	BEYOND
PROGRAM ACCOUNT			2	2	2	2
TDY (NON-ADD)						
OPERATING EXPENSES			.5	.5	.5	.5

PERSONNEL INTENSITY

- [ ] HIGH
- [X] MEDIUM
- [ ] LOW

PARTICIPANTS PROGRAMMED

TYPE A=NONCONTRACT B=CONTRACT		FISCAL YEAR 19	19	19
TYPE A	LONG-TERM			
	SHORT-TERM			
TYPE B	LONG-TERM			
	SHORT-TERM			

FOOTNOTES

AID 1330-8 (3-78)

TABLE IV A - ACTIVITY NARRATIVE: ANDEAN REGIONAL COMMUNICATION SATELLITE SERVICES PROGRAM

Purpose: To create an indigenous capacity in the Andean countries to utilize communication satellite technologies for development objectives.

Background: The great distances and rugged terrain of the Andean region are formidable barriers to the delivery of information and services. While major cities are served by modern telecommunications services of various kinds, a majority of people in the region live in widely-dispersed and often remote communities which have minimal contact with the rest of the country in which they are located. The costs of extending telecommunication services to rural communities by means of conventional terrestrial technologies (mountaintop repeater stations or telephone lines) are often excessive due to the topographical barriers and large distances to be crossed.

Satellite communication appears to offer an economical way to integrate rural communities into national communication networks, providing quick and direct access to the resources offered by development-oriented programs and agencies. ASETA, a working group established by the Andean Pact nations to study possibilities for developing regional communication satellite capacity, has completed preliminary feasibility studies and is now examining alternative sources for procurement of satellite capacity.

Several countries in the region are already engaged in planning for the utilization of communication satellite capabilities in support of rural development activities. In Bolivia, both the national university system and the Ministry of Education are developing instructional broadcasting programs for rural areas with an eye toward eventual satellite distribution, and the MOE has requested AID assistance in developing an inexpensive satellite-linked data transmission network to integrate the administrative centers which are being developed by the Education Management Project. In Peru, the Ministry of Education and the national telecommunications corporation (ENTEL-Peru) have requested AID assistance in planning a flexible, low-cost two-way rural telecommunications network which would combine terrestrial and satellite systems to bring health, education, and agricultural services (both supervisory and informational services of various kinds) to rural communities. In Colombia, serious planning studies are already under way concerning utilization of a planned domestic satellite system for rural development purposes. While these national plans demonstrate a considerable degree of interest in acquiring these services, a more cost-effective way to undertake these plans would be on a regional basis. This project will both serve these interests while pre-empting duplication of major investments being planned by individual countries.

The countries of the region require a capability to provide a variety of supporting services for communication projects utilizing the satellite for rural telecommunications. Any future satellite system in the region, whether domestic, regional, or international (using

the INTELSAT system), will require indigenous capabilities to plan, manage, and evaluate new communication services.

Project Description: This project will assist in the development of an Andean Regional Satellite Communication Center, which will include the following activities in its program:

(1) Training

Long-term training at U.S. and third-country universities will be provided in communication systems planning, evaluation, and management. Specialized training in relevant skill areas such as production of educational broadcasting materials will also be offered.

(2) Technical Assistance

Expertise will be provided in areas such as: (1) design of rural development applications of satellite communications; (2) satellite ground station procurement, installation, operation, and maintenance; (3) regulatory mechanisms; and (4) instructional and public service broadcasting techniques.

(3) Documentation and Research

Results of rural development applications of satellite communications will be recorded, studied, and disseminated throughout the region. Small-scale demonstrations of potential rural development applications will be supported.

(4) Region-wide Development Communication Services

Areas of mutual interest among Andean nations will be explored and, where feasible, sharing of software will be facilitated. For example, a series of broadcasts promoting regional identity and integration might be prepared for distribution to participating Andean countries.

The total AID loan-financing for the five-year project will be an estimated $4.5 million for TA and training, equipment, and a portion of the demonstration costs. At least $3.5 million counterpart from participating Andean countries will finance construction, salaries, overhead, and demonstration and promotion costs.

Beneficiaries: The ultimate beneficiaries of the project will be the people living in rural communities who will gain access to development programs and agencies working in health, education, agriculture, etc. Since new satellite-linked village telecommunication services will in most cases include both broadcast services and two-way (radiotelephone) service, delivery of a wide variety of possible new services and opportunities for previously-isolated communities will become possible. The immediate beneficiaries will be the ministries and agencies whose ability to use satellite communication in support of their rural

development activities will be enhanced by access to the resources provided by the project.

Budget Year Program: The project will fund two staff years of technical assistance to provide advice and guidance in the staffing and establishment of the Center. In addition, a training program will be initiated to train twelve long term participants who will be involved in the operation of the Center or engaged in communcation satellite work within their own country. By the end of the Budget Year, the staff of the Center will be in place and equipment will be ordered. Installation of equipment and Center operations will not begin until the following year.

Major Outputs: (1) Twenty-four participants with post-graduate training in different aspects of development-related applications of communication satellite systems; (2) A functioning Andean Regional Satellite Communication Center, with ongoing training, technical assistance, documentation, and research activities; (3) A series of development-related applications of communication satellite technologies designed, with relevant small-scale trials and demonstrations carried out in Andean Pact countries using available NASA and INTELSAT satellite systems.

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TABLE IVB ACTIVITY BUDGET DATA

ACTIVITY TITLE	DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
Andean Regional Communications Satellite Services	Andean Regional	Minimum	FY 1980
	INITIAL OBLIGATION: FY 1980	FINAL OBLIGATION: FY 1980	TOTAL COST: $4,500,000
PROJECT NUMBER: 595-0005 / APPROPRIATION: SDA	DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR

ESTIMATED U.S. DOLLAR COST ($ 000)

ACTIVITY INPUTS	PY: 1978 OBLIGATION	PY: 1978 EXPENDITURE	PY: 1978 PIPELINE	CY: 1979 FUNDING PERIOD (FR-TO)	CY: 1979 OBLIGATION	CY: 1979 EXPENDITURE	CY: 1979 PIPELINE	BY: 1980 FUNDING PERIOD (FR-TO)	BY: 1980 OBLIGATION	BY: 1980 EXPENDITURE	BY: 1980 PIPELINE
AID-FINANCED TOTAL-									4,500	2,100	2,400
Long-term training									1,000	350	650
Technical assistance									1,000	500	500
Equipment & Facilities									1,250	1,000	250
Demonstrations									1,250	250	1,000
HC AND OTHER DONOR TOTAL-									LIFE OF PROJECT: 3,500		
Pact members - local costs:											
administration									1,200		
construction									800		
dissemination & demonstrations									1,500		

PERSONNEL WORKYEARS (XX.X)

FUNDING	FISCAL YEAR 1978	1979	1980	1981	1982	BEYOND
PROGRAM ACCOUNT			1	1	1	.5
TDY (NON-ADD OPERATING EXPENSES)		.25	.25	.25	.15	.15

PERSONNEL INTENSITY: ☐ HIGH ☐ MEDIUM ☒ LOW

PARTICIPANTS PROGRAMMED

TYPE A=NONCONTRACT B=CONTRACT		FISCAL YEAR 19	19	19
TYPE A	LONG-TERM			
	SHORT-TERM			
TYPE B	LONG-TERM			
	SHORT-TERM			

FOOTNOTES

AID 1330-8 (3-78)

TABLE IV A - ACTIVITY NARRATIVE: ANDEAN REGIONAL PROGRAM DEVELOPMENT AND SUPPORT

Purpose: To finance contractor and other costs of project design and development.

Background: As for all AID programs, special funding must be earmarked to pay for the services of outside contractors to assist in identifying and analyzing new projects. Since this program will be a new initiative, initially managed by AID/W, relatively more funds will be required for these purposes. This contract assistance will supplement the services of LAC Bureau staff and AID Mission personnel.

Project Description: This project will provide grant-funding from FY 1978 through FY 1983 to finance program development and support activities in Food and Nutrition and Special Development Activities. It will be used principally to fund technical services to formulate design concepts and to undertake analyses for new projects in these sectors. Miscellaneous studies will also be financed to provide an expanded data base on related development problems.

Technical services to be funded under this project will be provided via IQC, RSSA & PASA arrangements with other US government institutions, personal services and institutional contracts, and as required, long-term (over 30 days) TDY's from AID/W. Project funds will also finance technical exchanges with personnel from agencies in other countries with experience relevant to the proposed Andean program, such as that of Brazil in science and technology development or the Caribbean and Central American regions in small farmer-related agro-industry.

Current Year Program: Preparation of the Project Paper for the Rural Agro-Industry project will begin early in FY 79, using contract assistance for the credit demand studies, institutional analysis, and establishing selection criteria and other sub-lending procedures. Contract assistance will also be required for the technical analysis of the Remote-Sensing Center as part of that FY 79 Project Paper. Work will also begin on the two FY 80 projects, requiring expertise in hardware, software, training, and facilities design for the Communications Satellite Services project, and in various fields of engineering and industrial and energy planning for the Energy, Science, and Technology project. An environmental specialist will also be required to prepare the FY 79 - 80 grant project in environmental improvement.

Budget Year Program: Studies will be initiated in such areas as agricultural research and planning needs with FN funds. Work on the two FY 80 projects will be completed. Increased contract assistance will be needed to design the FY 81 Environmental Improvement project, particularly to analyze credit demand and to develop an institutional framework and an implementation plan.

TABLE IVB ACTIVITY BUDGET DATA

ACTIVITY TITLE	DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
Andean Regional Program Development and Support	Andean Regional	Minimum	FY 1980
	INITIAL OBLIGATION: FY 1978	FINAL OBLIGATION: FY 1983	TOTAL COST: $180,000
PROJECT NUMBER: 595-0000.01 / APPROPRIATION: FN	DATE PP/REVISION: N/A	DATE LAST PAR: N/A	DATE NEXT PAR: N/A

ESTIMATED U.S. DOLLAR COST ($ 000)

ACTIVITY INPUTS	PY: 19 78 OBLIGATION	PY: 19 78 EXPENDITURE	PY: 19 78 PIPELINE	CY: 19 79 FUNDING PERIOD (FR-TO)	CY: 19 79 OBLIGATION	CY: 19 79 EXPENDITURE	CY: 19 79 PIPELINE	BY: 19 80 FUNDING PERIOD (FR-TO)	BY: 19 80 OBLIGATION	BY: 19 80 EXPENDITURE	BY: 19 80 PIPELINE
AID-FINANCED TOTAL-	15	15	0		75	75	0		15	10	5
Contract technical assistance*											
Regional Agro-Industry	15	15	0		60	60	0				
Remote-Sensing					15	15	0				
Misc. Studies									15	10	5
(*Est. $5,000/wk-month)											
HC AND OTHER DONOR TOTAL-									LIFE OF PROJECT		
Support costs											
Personnel											

PERSONNEL WORKYEARS (XX.X)	FISCAL YEAR 19	19	19	19	19	BEYOND
FUNDING						
PROGRAM ACCOUNT						
TDY (NON-ADD)						
OPERATING EXPENSES						

PERSONNEL INTENSITY: ☐ HIGH ☐ MEDIUM ☐ LOW

PARTICIPANTS PROGRAMMED	TYPE A=NONCONTRACT B=CONTRACT	FISCAL YEAR 19	19	19
TYPE A	LONG-TERM			
	SHORT-TERM			
TYPE P	LONG-TERM			
	SHORT-TERM			

FOOTNOTES

AID 1330-8 (3-78)