

AGENCY FOR INTERNATIONAL DEVELOPMENT



**Congressional Presentation**  
**Fiscal Year 1988**  
**ANNEX III**

**Latin America and the Caribbean**

**LATIN AMERICA AND THE CARIBBEAN**

Responsible Officer

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**DWIGHT A. INK**

*Assistant Administrator*

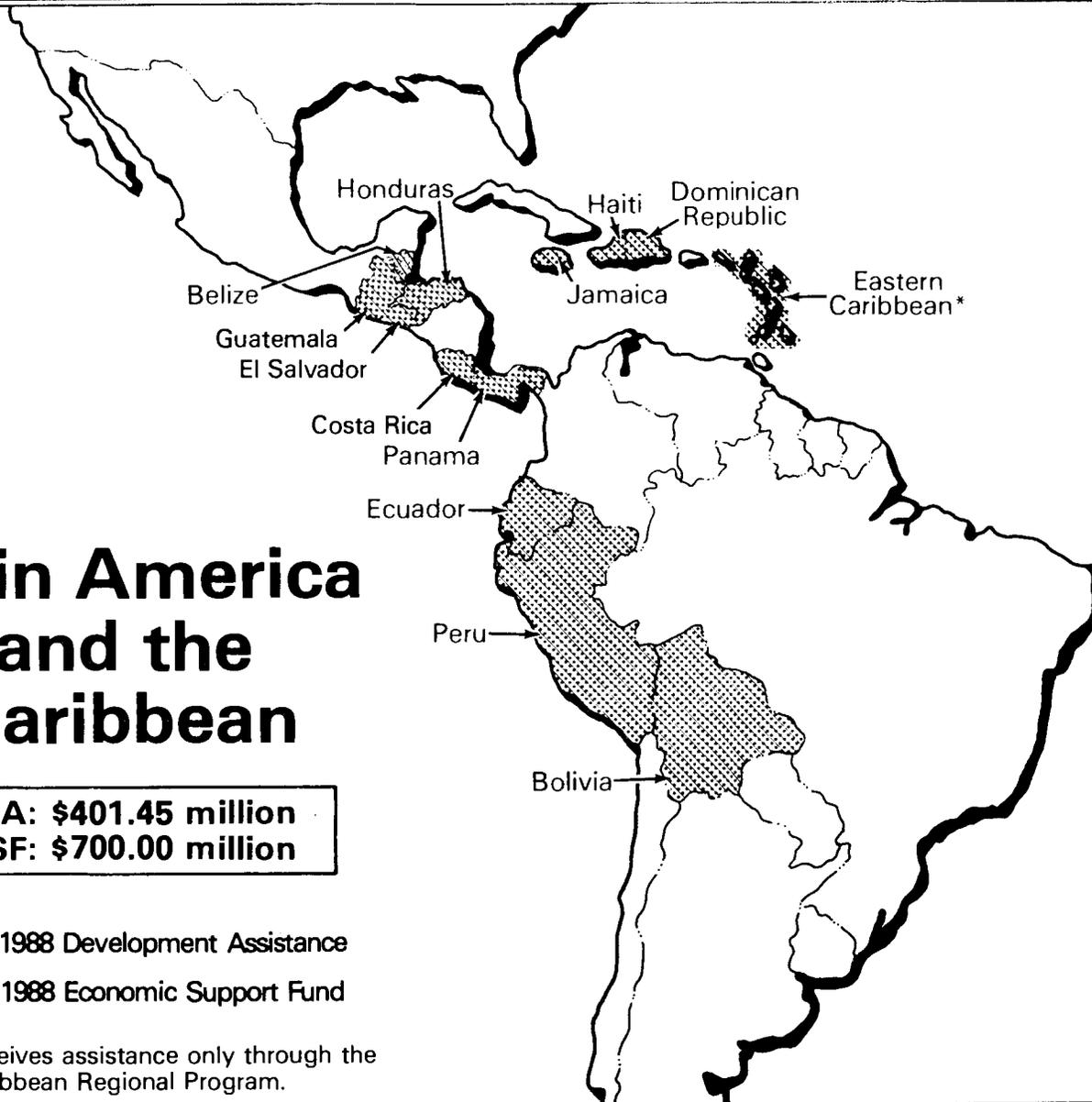
*Bureau for Latin America and the Caribbean*

# Latin America and the Caribbean

**DA: \$401.45 million**  
**ESF: \$700.00 million**

-  FY 1988 Development Assistance
-  FY 1988 Economic Support Fund

\*Receives assistance only through the Caribbean Regional Program.



### Annex III

Annex III presents to the Congress all Development Assistance (DA) and Economic Support Fund (ESF) programs for Latin America and the Caribbean (LAC) for which A.I.D. is requesting funds for FY 1988.

The Presentation begins with a region-wide summary table which provides a breakout by country and appropriation account of the funding requirements for the Latin American and Caribbean countries from FY 1985 to FY 1988. Programs are grouped by subregion (Central America, the Caribbean, and South America), and subtotals are shown for each subregion. There is also a table of economic and social data for countries that receive A.I.D. assistance.

The Overview of Latin America and Caribbean which follows provides a regional summary of the Agency's programs in Latin America and the Caribbean. This is followed by sections on Central America, the Caribbean, and South America which contain overviews and tables for each subregion, and country narratives describing the total A.I.D. program, including FY 1988. There is a separate section which describes the Latin America and Caribbean Regional program. Each narrative is followed by planned project summary sheets which present in detail the proposed new projects for FY 1988. Note that the regional projects presented in this annex are different from the centrally-funded programs described in Annex V.

Annex III concludes with tables on terminating programs.

## LATIN AMERICA AND THE CARIBBEAN

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## ACRONYMS

AIFLD	- American Institute for Free Labor Development
ARDN	- Agriculture, Rural Development and Nutrition
BLADEX	- Latin American Export Bank
CABEI	- Central American Bank for Economic Integration
CACM	- Central American Common Market
CACMF	- Central American Common Market Fund
CADO	- Central American Development Organization
CAI	- Central American Initiative
CAPS	- Central American Peace Scholarships program
CARDI	- Caribbean Agricultural Research and Development Institute
CARE	- Cooperative for American Relief Everywhere
CARICOM	- Caribbean Community and Common Market
CATIE	- Center for Research and Training in Tropical Agriculture
CBI	- Caribbean Basin Initiative
CCC	- Commodity Credit Corporation
CDB	- Caribbean Development Bank
CET	- Common External Tariff
CLASP	- Caribbean and Latin American Scholarship Program
CRS	- Catholic Relief Services
CURLA	- Honduran University Agricultural School
DA	- Development Assistance
EEC	- European Economic Community
EHR	- Education and Human Resources
ESF	- Economic Support Fund
GDP	- Gross Domestic Product
GNP	- Gross National Product
GOB	- Government of Belize - Government of Bolivia
GOCR	- Government of Costa Rica
GODR	- Government of Dominican Republic
GOE	- Government of Ecuador
GOES	- Government of El Salvador
GOG	- Government of Grenada - Government of Guatemala
GOH	- Government of Haiti - Government of Honduras
GOJ	- Government of Jamaica

GOP	- Government of Panama - Government of Peru
GOU	- Government of Uruguay
HG	- Housing Guaranty
IBRD	- International Bank for Reconstruction and Development (World Bank)
ICAITI	- Central American Industrial Research Institute
IDB	- Inter-American Development Bank
IICA	- Inter-American Institute for Cooperation on Agriculture
ILANUD	- Latin American Institute on the Prevention of Crime and Treatment of Offenders
IMF	- International Monetary Fund
INCAE	- Central American Business School
INCAP	- Nutrition Institute for Central American and Panama
LAAD	- Latin American Agribusiness Development Corporation
LAC	- Latin America and the Caribbean
LDC	- Less Developed Country
MOA	- Ministry of Agriculture
MOH	- Ministry of Health
NBCCA	- National Bipartisan Commission on Central America
NGO	- Nongovernmental Organization
OPG	- Operational Program Grant
ORT	- Oral Rehydration Therapy
PADF	- Pan American Development Foundation
PVO	- Private and Voluntary Organization
RENARE	- Panama Directorate of Renewable Resources
RTC	- Regional Training Center
SDA	- Selected Development Activities
TCIP	- Trade Credit Insurance Program
UNFPA	- United Nations Fund for Population Activities
USIA	- United States Information Agency
WID	- Women in Development



SUMMARY OF LAC PROGRAMS BY COUNTRY AND APPROPRIATION  
(IN THOUSANDS OF DOLLARS)

CP-88

C O U N T R Y	TOTAL	AGRICULTURE/ RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
<b>CENTRAL AMERICA</b>									
<b>BELIZE</b>									
1985	21,650	3,040	50	1,900	---	2,300	360	14,000	---
1986	8,764	2,150	50	2,250	---	650	1,750	1,914	---
1987	9,550	1,863	64	1,373	725	1,871	1,400	2,254	---
1988	9,300	3,200	50	1,000	300	550	2,200	2,000	---
<b>COSTA RICA</b>									
1985	180,547	2,950	1,125	50	---	3,796	12,605	160,000	21
1986	131,531	2,850	25	100	---	580	7,394	120,582	---
1987	140,490	6,577	230	410	---	1,932	3,575	127,716	---
1988	102,900	5,575	175	50	---	1,100	6,000	90,000	---
<b>EL SALVADOR</b>									
1985	372,755	31,998	6,225	14,875	---	9,125	25,532	235,000	---
1986	260,925	29,470	6,673	19,250	---	16,455	12,032	177,045	---
1987	463,646	33,371	1,286	12,166	3,932	13,452	11,250	236,747	151,442
1988	275,620	27,401	1,100	18,400	5,000	10,844	12,875	200,000	---
<b>GUATEMALA</b>									
1985	70,533	22,400	2,623	9,999	---	13,506	9,500	12,500	---
1986	84,746	19,165	2,867	5,098	1,600	6,704	1,447	47,850	15
1987	132,088	10,739	3,753	652	4,150	7,527	6,500	93,787	---
1988	113,300	12,650	4,400	2,000	2,000	6,000	6,250	10,000	---
<b>HONDURAS</b>									
1985	199,333	16,550	2,771	11,100	---	5,652	8,280	147,500	7,500
1986	105,556	26,678	5,236	5,847	---	4,529	2,013	61,248	---
1987	177,260	21,081	2,907	1,463	1,450	6,453	7,500	136,406	---
1988	140,362	18,712	4,000	2,250	2,000	7,150	6,250	100,000	---
<b>PANAMA</b>									
1985	68,822	10,065	290	---	---	2,395	6,072	50,000	---
1986	24,540	7,950	100	---	---	946	9,802	5,742	---
1987	19,334	9,477	319	438	---	4,625	4,475	---	---
1988	29,343	6,060	290	367	---	5,683	4,943	10,000	---
<b>ROCAP</b>									
1985	105,809	12,053	---	13,350	---	134	9,377	70,395	---
1986	25,039	15,215	---	2,425	---	2,400	3,799	1,200	---
1987	30,021	12,951	25	1,210	50	2,925	7,600	5,260	---
1988	29,361	14,700	---	100	---	3,911	5,650	5,000	---

C O U N T R Y	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
CENTRAL AMERICAN REGIONAL									
1985	54,648	---	---	---	---	27,550	---	27,098	---
1986	71,678	1,794	1,439	7,197	2,500	13,766	2,751	42,231	---
1987	25,115	1,377	1,330	1,595	693	11,252	1,038	7,330	---
1988	31,914	800	1,750	1,910	450	8,204	3,800	15,000	---
SUBTOTAL CENTRAL AMERICA									
1985	1,074,097	99,056	13,089	51,274	---	54,458	71,696	766,993	7,521
1986	712,779	105,272	16,390	42,167	4,100	46,030	40,993	457,812	15
1987	997,504	97,436	9,894	19,307	11,000	50,087	43,338	615,000	151,442
1988	732,100	91,098	11,765	26,077	9,750	43,442	47,968	502,000	---
CARIBBEAN									
DOMINICAN REPUBLIC									
1985	125,078	17,010	263	1,448	---	7,438	3,919	95,000	---
1986	56,501	9,097	2,449	1,249	---	6,531	7,175	40,000	---
1987	37,000	3,095	1,850	4,355	---	2,400	800	20,000	---
1988	55,000	8,000	1,550	1,450	500	2,250	6,250	35,000	---
GRENADA									
1985	11,128	---	---	---	---	---	---	11,128	---
1986	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---
1988	---	---	---	---	---	---	---	---	---
HAITI									
1985	30,721	11,989	3,002	5,170	3,000	1,000	1,487	5,000	73
1986	46,059	10,226	3,454	4,142	2,400	2,250	2,100	21,321	166
1987	66,165	15,300	3,541	6,000	3,000	4,300	4,859	29,165	---
1988	52,000	14,000	3,700	1,750	2,700	5,300	4,550	30,000	---
JAMAICA									
1985	114,560	15,555	2,138	244	---	7,048	9,565	81,000	10
1986	83,550	7,720	1,030	2,109	---	3,691	10,950	58,000	50
1987	39,500	4,380	1,500	250	---	3,800	4,570	25,000	---
1988	53,600	3,000	1,000	250	250	3,800	5,300	45,000	---
CARIBBEAN REGIONAL									
1985	46,507	7,944	2,130	3,450	---	4,999	7,984	20,000	---
1986	49,275	3,900	1,700	1,400	---	2,700	9,000	25,575	---
1987	42,100	10,045	700	1,200	---	6,698	4,257	19,200	---
1988	46,000	9,543	1,100	975	---	6,012	3,370	25,000	---
SUBTOTAL CARIBBEAN									
1985	327,994	52,498	7,533	10,312	3,000	20,485	21,955	212,128	83
1986	245,385	35,943	8,633	3,900	2,400	15,172	29,225	144,896	216
1987	185,265	37,820	7,591	11,805	3,000	17,198	14,486	93,365	---
1988	226,600	39,543	7,350	4,425	3,450	17,362	19,470	135,000	---

C O U N T R Y	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
-----									
SOUTH AMERICA									
BOLIVIA									
1985	18,084	6,340	10	714	---	1,300	1,720	---	7,500
1986	32,294	13,714	30	2,348	500	4,520	3,850	7,177	145
1987	35,100	12,151	60	600	3,000	1,070	3,219	15,000	---
1988	52,600	3,000	130	1,300	4,300	1,500	7,370	30,000	---
ECUADOR									
1985	32,465	3,610	1,034	9,754	---	4,060	4,593	4,414	---
1986	47,321	10,890	987	5,334	---	4,750	5,144	20,216	---
1987	23,841	7,400	1,206	1,041	1,000	2,918	2,770	12,500	---
1988	34,000	5,117	1,587	400	2,100	3,600	3,200	17,000	---
PARAGUAY									
1985	48	48	---	---	---	---	---	---	---
1986	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---
1988	---	---	---	---	---	---	---	---	---
PERU									
1985	39,156	13,002	4,100	2,373	---	2,554	1,959	---	13,971
1986	24,780	7,125	1,800	3,239	---	2,500	2,373	7,000	193
1987	19,500	4,350	2,000	1,300	3,500	1,150	1,700	5,000	---
1988	24,200	5,133	1,300	883	3,484	1,150	1,750	10,000	---
URUGUAY									
1985	---	---	---	---	---	---	---	---	---
1986	14,355	---	---	---	---	---	---	14,355	---
1987	12,152	---	---	---	---	---	---	12,152	---
1988	---	---	---	---	---	---	---	---	---
SUBTOTAL SOUTH AMERICA									
1985	82,753	28,500	5,144	13,038	---	7,914	3,272	4,414	21,471
1986	118,740	31,729	2,817	10,971	500	11,770	11,867	48,748	338
1987	75,593	24,401	3,265	2,941	7,500	5,132	7,695	44,652	---
1988	110,800	19,250	3,513	2,583	9,884	6,250	12,320	57,000	---
LAC REGIONAL									
1985	30,618	3,260	1,426	1,469	---	14,955	8,013	1,490	---
1986	47,419	5,122	2,401	2,594	500	20,118	5,592	8,043	2,749
1987	43,409	1,442	1,487	4,095	2,500	12,477	5,552	15,856	---
1988	31,950	2,300	2,154	1,790	4,000	10,050	5,156	6,000	---
GRAND TOTAL									
1985	1,521,462	183,314	27,192	76,093	3,000	107,822	109,941	985,025	29,075
1986	1,124,323	178,066	30,241	64,632	7,500	93,090	97,977	659,499	3,318 <sup>2/</sup>
1987	1,321,771	161,099	22,232	38,148	24,000	84,900	71,071	768,873 <sup>3/</sup>	151,442 <sup>2/</sup>
1988	1,101,450	152,691	24,732	34,875	27,084	77,104	84,914	700,000	---

- 1/ The FY 1987 total includes \$310,000,000 for the FY 1987 supplemental request. See separate supplemental annex for detail. The FY 1987 total excludes \$8,816,000 in local cost support under the Development Assistance accounts.
- 2/ International Disaster Assistance.
- 3/ The FY 1987 total for ESF includes \$5,080,000 in local cost support.
- 4/ The FY 1986 total includes reobligations of \$19,066,800 deobligated in FY 1985 and \$25,797,500 deobligated in FY 1986 for a total reobligation of \$44,864,300 in FY 1986.



REGION: LATIN AMERICA  
AID RECIPIENT COUNTRIES

SELECTED SOCIAL INDICATORS  
REGIONAL SUMMARY, FY88  
(DATA FOR MOST RECENT YEAR AND COMPARISON YEAR)

	POPULATION			HEALTH			EDUCATION			--POPULATION DENSITY--	
	TOTAL POPULATION (THOUSANDS)	ANNUAL GROWTH RATE	LIFE EXPECT- ANCY (YEARS)	PEOPLE PER DOCTOR	% POP. WITH ACCESS TO SAFE WATER	INFANT DEATHS PER 1000 BIRTHS	LITERACY RATE	MALE LABOR FORCE PARTICI- PATION	POP/AGRICUL- TURAL LAND	POP/TOTAL LAND	
BARBADOS	314 (86)	3.2% (86)	74 (86)	1,236 (79)	100% (75)	19 (86)	99% (70)	52% (80)	680 (83)	633 (84)	
	246 (76)	0.2% (76)	.	1,484 (76)	.	.	.	.	666 (76)	573 (76)	
BELIZE	165 (86)	1.6% (86)	68 (86)	3,667 (86)	68% (84)	38 (86)	91% (70)	45% (70)	158 (83)	7 (84)	
	138 (76)	1.8% (76)	65 (76)	3,268 (76)	.	48 (76)	.	.	158 (76)	6 (76)	
BOLIVIA	6,173 (86)	2.2% (86)	53 (86)	1,952 (80)	37% (80)	129 (86)	63% (76)	51% (80)	20 (83)	6 (84)	
	4,930 (76)	2.5% (76)	49 (76)	3,474 (76)	38% (76)	148 (76)	63% (76)	51% (76)	17 (76)	5 (76)	
COSTA RICA	2,735 (86)	2.9% (86)	75 (86)	1,438 (79)	84% (80)	17 (86)	88% (73)	52% (80)	88 (83)	50 (84)	
	2,051 (76)	2.9% (76)	70 (76)	1,554 (76)	77% (76)	38 (76)	.	.	91 (76)	40 (76)	
DOMINICAN REPUBLIC	6,789 (86)	2.5% (86)	61 (86)	1,386 (83)	59% (80)	72 (86)	72% (81)	45% (79)	168 (83)	126 (84)	
	5,218 (76)	2.9% (76)	57 (76)	4,211 (76)	.	93 (76)	.	.	188 (76)	104 (76)	
ECUADOR	9,680 (86)	2.9% (86)	64 (86)	927 (80)	52% (82)	68 (86)	86% (82)	47% (80)	125 (83)	32 (84)	
	7,243 (76)	2.9% (76)	61 (76)	.	46% (76)	86 (76)	.	.	124 (76)	24 (76)	
EL SALVADOR	5,137 (86)	2.3% (86)	58 (86)	3,217 (80)	51% (80)	91 (86)	62% (75)	48% (79)	392 (83)	257 (84)	
	4,242 (76)	2.8% (76)	57 (76)	3,822 (76)	.	95 (76)	.	.	333 (76)	203 (76)	
GRENADA	85 (86)	-0.6% (86)	72 (86)	4,341 (78)	83% (75)	49 (86)	98% (70)	41% (70)	615 (83)	313 (84)	
	96 (76)	-0.3% (76)	69 (76)	.	.	28 (76)	.	.	628 (76)	314 (76)	
GUATEMALA	8,414 (86)	2.5% (86)	60 (86)	1,833 (82)	52% (81)	68 (86)	46% (73)	54% (80)	239 (83)	72 (84)	
	6,271 (76)	2.8% (76)	55 (76)	.	40% (76)	83 (76)	.	.	245 (76)	59 (76)	
HAITI	6,078 (86)	1.8% (86)	55 (86)	8,202 (79)	12% (80)	97 (86)	21% (71)	58% (80)	376 (83)	193 (84)	
	5,120 (76)	1.7% (76)	51 (76)	11,163 (76)	14% (76)	117 (76)	.	.	333 (76)	168 (76)	
HONDURAS	4,666 (86)	3.4% (86)	63 (86)	3,123 (79)	44% (80)	72 (86)	57% (74)	49% (80)	79 (83)	38 (84)	
	3,282 (76)	3.4% (76)	56 (76)	.	46% (76)	98 (76)	.	.	63 (76)	29 (76)	
JAMAICA	2,427 (86)	1.2% (86)	75 (86)	2,832 (79)	92% (80)	19 (86)	73% (81)	42% (80)	484 (83)	200 (84)	
	2,133 (76)	1.3% (76)	70 (76)	.	.	31 (76)	.	.	432 (76)	189 (76)	
PANAMA	2,227 (86)	2.1% (86)	72 (86)	1,013 (81)	82% (80)	25 (86)	87% (80)	45% (80)	120 (83)	28 (84)	
	1,790 (76)	2.4% (76)	69 (76)	1,236 (76)	79% (76)	47 (76)	.	.	97 (76)	22 (76)	
PARAGUAY	4,120 (86)	3.2% (86)	69 (86)	1,309 (82)	21% (80)	51 (86)	80% (72)	55% (80)	18 (83)	8 (84)	
	2,953 (76)	3.2% (76)	67 (76)	2,133 (76)	.	58 (76)	.	.	16 (76)	7 (76)	
PERU	20,218 (86)	2.6% (86)	61 (86)	1,312 (83)	51% (80)	91 (86)	73% (72)	45% (81)	58 (83)	14 (84)	
	15,573 (76)	2.7% (76)	56 (76)	.	.	108 (76)	.	.	50 (76)	12 (76)	
SURINAME	382 (86)	1.6% (86)	67 (86)	1,716 (78)	89% (80)	43 (86)	65% (78)	46% (80)	462 (83)	2 (84)	
	353 (76)	-2.9% (76)	64 (76)	1,827 (76)	.	44 (76)	.	.	581 (76)	2 (76)	
URUGUAY	2,953 (86)	0.4% (86)	71 (86)	514 (82)	80% (80)	37 (86)	94% (75)	57% (75)	19 (80)	17 (84)	
	2,851 (76)	0.3% (76)	69 (76)	.	.	46 (76)	.	.	18 (76)	16 (76)	
CP SUMMARY	(MRY)										
	(1976)	82,562 *	2.4% #	62 #	2,124 #	51% #	76 #	68% #	49% #	241 e	117 e
		64,490 *	2.5% #	58 #	4,646 #	42% #	92 #	63% #	50% #	238 e	104 e

\* = SUM, e = ARITHMETIC MEAN, # = WEIGHTED MEAN (BY POPULATION), . = MISSING DATA  
REFER TO "EXPLANATION OF ECONOMIC AND SOCIAL DATA" FOR INDICATOR AND SUMMARY DEFINITIONS

SELECTED SOCIAL INDICATORS  
REGIONAL SUMMARY, FY88  
(DATA FOR MOST RECENT YEAR AND COMPARISON YEAR)

REGION: LATIN AMERICA  
SELECTED NON-AID RECIPIENT COUNTRIES

	POPULATION			HEALTH			EDUCATION		--POPULATION DENSITY-- (PERSONS PER SQUARE KM)		
	TOTAL POPULATION (THOUSANDS)	ANNUAL GROWTH RATE	LIFE EXPECT- ANCY (YEARS)	PEOPLE PER DOCTOR	% POP. WITH ACCESS TO SAFE WATER	INFANT DEATHS PER 1000 BIRTHS	LITERACY RATE	MALE LABOR FORCE PARTICI- PATION	POP/AGRICUL- TURAL LAND	POP/TOTAL LAND	
ARGENTINA	30,751 (86)	1.3% (86)	70 (86)	535 (75)	57% (80)	34 (86)	92% (71)	55% (80)	17 (83) 15 (76)	11 (84) 10 (76)	
BRAZIL	143,537 (86)	2.5% (86)	66 (86)	1,195 (80)	71% (80)	63 (86)	76% (78)	53% (80)	54 (83)	16 (84)	
CHILE	111,393 (76)	2.4% (76)	61 (76)	1,500 (76)	77% (76)	82 (76)	76% (76)	54% (76)	50 (76)	13 (76)	
COLOMBIA	12,258 (86)	1.6% (86)	71 (86)	951 (80)	84% (80)	20 (86)	89% (70)	46% (70)	67 (83)	16 (84)	
	30,032 (86)	2.1% (86)	65 (86)	2,184 (76)	83% (76)				61 (76)	14 (76)	
GUYANA	24,625 (76)	2.1% (76)	61 (76)	1,921 (77)	92% (80)	58 (86)	85% (81)	46% (73)	77 (83)	25 (84)	
	766 (86)	0.1% (86)	66 (86)	9,271 (79)	63% (76)	72 (76)			68 (76)	21 (76)	
MEXICO	764 (76)	-0.6% (76)	61 (76)		72% (80)	45 (86)	92% (70)	41% (70)	45 (83)	4 (84)	
	80,171 (86)	2.1% (86)	70 (86)	1,137 (83)	58% (81)	60 (76)			53 (76)	4 (76)	
NICARAGUA	3,237 (86)	2.3% (86)	61 (86)	2,286 (80)	53% (80)	71 (86)	13% (79)	51% (80)	76 (83)	39 (84)	
	2,471 (76)	3.1% (76)	55 (76)		70% (76)	102 (76)			63 (76)	31 (76)	
VENEZUELA	17,810 (86)	2.7% (86)	69 (86)	925 (80)	81% (80)	40 (86)	77% (71)	46% (79)	48 (83)	24 (84)	
				956 (76)					39 (76)	18 (76)	
NCP SUMMARY	(MRY)	318,562 *	2.2% #	68 #	1,191 #	69% #	52 #	80% #	49% #	58 *	19 *
	(1976)	139,253 *	2.4% #	61 #	1,500 #	74% #	80 #	76% #	54% #	52 *	16 *
REGION SUMMARY	(MRY)	401,124 *	2.2% #	67 #	1,383 #	65% #	57 #	77% #	49% #	183 *	86 *
	(1976)	203,743 *	2.4% #	60 #	2,114 #	69% #	84 #	76% #	54% #	178 *	76 *

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SELECTED ECONOMIC INDICATORS, PART 1  
REGIONAL SUMMARY, FY88  
(DATA FOR MOST RECENT YEAR AND COMPARISON YEAR)

REGION: LATIN AMERICA  
AID RECIPIENT COUNTRIES

	GNP PER CAPITA, \$US	DEBT			FOREIGN ASSISTANCE				
		GOVERNMENT DEBT OUTSTANDING			TOTAL US OBLIGATIONS		NET ECON. DISBURSEMENTS-ODA AS A % OF GNP		
		AS % OF GNP	AS % OF EXPORTS	DEBT SERVICE RATIO	US AID \$ MILLION	US AID AS % GNP	TOTAL US	ALL SOURCES	
BARBADOS	4,050 (83) 1,927 (76)	29.5% (80) 30.9% (76)	111.5% (80) 156.2% (76)	3.3% (84) 1.8% (76)	0.1 (85)	0.0% (85)	0.1% (84)	0.7% (84)	
BELIZE	1,110 (84)	.	.	1.5% (84) 0.2% (76)	25.8 (85)	.	.	.	
BOLIVIA	540 (84) 922 (76)	.	.	22.9% (84) 17.1% (76)	54.0 (85)	2.0% (85)	1.3% (84)	6.4% (84)	
COSTA RICA	1,190 (84) 720 (76)	.	.	26.4% (84) 9.5% (76)	231.2 (85)	7.0% (85)	5.0% (84)	6.5% (84)	
DOMINICAN REPUBLIC	990 (84) 815 (76)	.	.	10.7% (84) 7.0% (76)	179.3 (85)	4.2% (85)	3.0% (84)	4.6% (84)	
ECUADOR	1,150 (84) 881 (76)	.	.	30.2% (84) 5.9% (76)	58.6 (85)	0.5% (85)	0.2% (84)	1.2% (84)	
EL SALVADOR	710 (84) 630 (76)	.	.	20.2% (84) 4.5% (76)	570.2 (85)	15.4% (85)	6.0% (84)	7.1% (84)	
GRENADA	860 (84)	.	.	4.2% (82) 5.4% (76)	11.4 (85)	.	.	.	
GUATEMALA	1,160 (84) 729 (76)	10.8% (79) 12.2% (76)	58.8% (79) 67.2% (76)	16.0% (84) 1.8% (76)	107.4 (85)	1.0% (85)	0.3% (84)	0.6% (84)	
HAITI	320 (84) 189 (76)	.	.	4.0% (84) 4.9% (76)	56.3 (85)	2.8% (85)	2.1% (84)	6.8% (84)	
HONDURAS	700 (84) 419 (76)	.	.	16.3% (84) 6.5% (76)	296.4 (85)	9.3% (85)	3.9% (84)	9.1% (84)	
JAMAICA	1,150 (84) 996 (76)	96.8% (81)	277.6% (81)	21.8% (84) 13.0% (76)	165.8 (85)	9.6% (85)	5.7% (84)	9.9% (84)	
PANAMA	1,980 (84) 1,087 (76)	57.6% (79) 37.5% (76)	513.2% (79) 299.4% (76)	31.6% (84) 12.0% (76)	85.1 (85)	1.9% (85)	1.1% (84)	1.6% (84)	
PARAGUAY	1,240 (84) 758 (76)	.	.	12.1% (84) 7.9% (76)	3.6 (85)	0.1% (85)	.	1.8% (84)	
PERU	1,000 (84) 768 (76)	.	.	15.8% (84) 26.5% (76)	87.8 (85)	0.6% (85)	0.7% (84)	2.0% (84)	
SURINAME	3,510 (84) 1,648 (76)	7.0% (76) 7.0% (76)	132.0% (84) 13.8% (76)	.	.	.	.	.	
URUGUAY	1,980 (84) 1,704 (76)	40.7% (84) 21.6% (76)	.	31.4% (84) 29.2% (76)	0.1 (85)	0.0% (85)	-0.1% (84)	0.1% (84)	
CP SUMMARY	(MRY) (1976)	1,021 # 785 #	33.5% & 22.2% &	195.6% & 129.5% &	16.6% & 11.7% &	1933.1 * *	2.7% & % &	1.6% & % &	2.9% & % &

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REGIONAL SUMMARY, FY88  
(DATA FOR MOST RECENT YEAR AND COMPARISON YEAR)

REGION: LATIN AMERICA  
SELECTED NON-AID RECIPIENT COUNTRIES

	GNP PER CAPITA, \$US	DEBT			FOREIGN ASSISTANCE				
		GOVERNMENT DEBT OUTSTANDING			TOTAL US OBLIGATIONS		NET ECON. DISBURSEMENTS-ODA AS A % OF GNP		
		AS % OF GNP	AS % OF EXPORTS	DEBT SERVICE RATIO	US AID \$ MILLION	US AID AS % GNP	TOTAL US	ALL SOURCES	
ARGENTINA	2,230 (84) 2,021 (76)			24.1% (83) 9.2% (76)			-0.0% (84)	0.1% (84)	
BRAZIL	1,720 (84) 1,326 (76)	13446.0% (81)	161110% (81)	28.3% (84) 19.6% (76)	0.8 (85)	0.0% (85)	0.0% (84)	0.1% (84)	
CHILE	1,700 (84) 1,154 (76)			27.0% (84) 30.5% (76)	1.3 (85)	0.0% (85)	-0.1% (84)	0.0% (84)	
COLOMBIA	1,390 (84) 792 (76)			24.2% (84) 10.3% (76)	12.1 (85)	0.0% (85)	-0.1% (84)	0.3% (84)	
GUYANA	590 (84)	151.0% (79) 112.6% (76)	253.5% (79) 170.2% (76)	12.6% (84) 11.1% (76)	0.1 (85)	0.0% (85)	0.2% (84)	5.3% (84)	
MEXICO	2,040 (84) 1,147 (76)	24.4% (79)	355.5% (79)	36.5% (84) 29.5% (76)	11.3 (85)	0.0% (85)	0.0% (84)	0.0% (84)	
NICARAGUA	860 (84)	103.5% (83)	872.1% (83)	18.3% (83) 12.3% (76)				4.0% (84)	
VENEZUELA	3,410 (84) 2,501 (76)	20.4% (83) 9.5% (76)	88.0% (83) 32.1% (76)	16.9% (84) 4.2% (76)	0.9 (85)	0.0% (85)			
NCP SUMMARY	(MRY) (1976)	1,901 # 1,229 #	2717.5% & 15.2% &	32370.5% & 241.0% &	24.2% & 14.8% &	26.5 * *	0.0% & % &	-0.0% & % &	0.7% & % &
REGION SUMMARY	(MRY) (1976)	1,720 # 1,087 #	1064.0% & 19.8% &	13744.6% & 174.5% &	19.7% & 13.0% &	1959.6 * *	1.7% & % &	1.0% & % &	2.1% & % &

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SELECTED ECONOMIC INDICATORS, PART 2  
REGIONAL SUMMARY, FY88  
(DATA FOR MOST RECENT YEAR AND COMPARISON YEAR)

REGION: LATIN AMERICA  
AID RECIPIENT COUNTRIES

	AVERAGE ANNUAL GROWTH GNP PER CAP % 1965-19( )	AVERAGE ANNUAL GROWTH IN GDP 1973-19( )	AVERAGE ANNUAL RATE OF INFLATION 1973-19( )	GOVERNMENT EXPENDI- TURES AS % GNP	TRADE BALANCE \$US MILLION	GOVT. DEBT FINANCING AS % GOVT EXPENSES	GOVERNMENT DEFENSE SPENDING AS % GDP	CURRENT ACCOUNT BALANCE \$US MILLION
BARBADOS	.	.	.	32.2% (83)	-259 (84)	3.9% (83)	0.9% (83)	19 (84)
BELIZE	2.5% (84)	.	7.6% (84)	32.9% (76)	-143 (76)	.	0.2% (76)	-64 (76)
BOLIVIA	0.2% (84)	0.8% (73)	54.5% (84)	13.7% (81)	312 (84)	32.7% (81)	1.3% (83)	-179 (84)
COSTA RICA	1.6% (84)	2.8% (73)	24.1% (84)	12.8% (76)	51 (76)	3.8% (76)	2.0% (76)	-53 (76)
DOMINICAN REPUBLIC	3.2% (84)	3.3% (73)	9.0% (84)	27.6% (83)	-73 (85)	8.4% (83)	0.7% (83)	-325 (85)
ECUADOR	3.8% (84)	4.8% (73)	17.8% (84)	21.7% (76)	-103 (76)	0.7% (76)	0.7% (76)	-201 (76)
EL SALVADOR	-0.6% (84)	-0.3% (73)	11.3% (84)	14.7% (83)	-381 (84)	17.8% (83)	1.2% (83)	-163 (84)
GRENADA	1.7% (84)	.	12.6% (84)	16.5% (76)	-47 (76)	1.7% (76)	1.6% (76)	-129 (76)
GUATEMALA	2.0% (84)	3.1% (73)	9.4% (84)	.	1,147 (85)	.	.	-85 (85)
HAITI	1.0% (84)	2.7% (73)	7.9% (84)	.	259 (76)	.	.	-7 (76)
HONDURAS	0.5% (84)	3.8% (73)	8.6% (84)	.	-189 (84)	.	.	-54 (84)
JAMAICA	-0.4% (84)	-1.4% (73)	16.6% (84)	.	64 (76)	.	.	24 (76)
PANAMA	2.6% (84)	5.0% (73)	6.7% (84)	.	-40 (85)	.	.	5 (85)
PARAGUAY	4.4% (84)	7.5% (73)	12.9% (84)	13.4% (83)	-12 (85)	26.7% (83)	1.2% (79)	-240 (85)
PERU	-0.1% (84)	1.5% (73)	56.7% (84)	12.1% (76)	-190 (76)	21.4% (76)	1.1% (76)	-77 (76)
SURINAME	4.2% (84)	.	9.6% (84)	18.7% (84)	-129 (84)	.	.	-110 (84)
URUGUAY	1.8% (84)	2.0% (73)	50.0% (84)	18.7% (76)	-64 (76)	.	.	-19 (76)
				18.0% (76)	-119 (85)	14.1% (76)	2.3% (79)	-263 (85)
				18.0% (76)	-21 (76)	14.1% (76)	1.8% (76)	-105 (76)
				48.1% (81)	-296 (84)	30.1% (81)	1.0% (77)	-312 (84)
				42.1% (76)	-135 (76)	35.7% (76)	1.0% (76)	-303 (76)
				40.7% (82)	-654 (85)	28.6% (82)	.	21 (85)
				33.8% (76)	-514 (76)	31.5% (76)	.	-176 (76)
				11.1% (82)	-198 (85)	-3.6% (82)	1.5% (82)	-201 (85)
				12.3% (76)	-34 (76)	8.5% (76)	1.5% (76)	-68 (76)
				.	1,095 (85)	.	.	48 (85)
				.	-739 (76)	.	.	-1,193 (76)
				44.1% (76)	47 (85)	33.6% (84)	2.3% (84)	-24 (85)
				44.1% (76)	45 (76)	5.1% (76)	.	63 (76)
				26.3% (84)	191 (84)	21.6% (84)	2.6% (84)	-124 (84)
				24.0% (76)	28 (76)	8.6% (76)	2.2% (76)	-74 (76)
CP SUMMARY	(MRY)							
	(1976)	1.8% e	2.7% e	19.7% e	30.6% &	18.9% &	1.5% &	-87 &
		% e	% e	% e	27.3% &	13.9% &	1.3% &	-141 &

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REGION: LATIN AMERICA  
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	AVERAGE ANNUAL GROWTH GNP PER CAP % 1965-19( )	AVERAGE ANNUAL GROWTH IN GDP 1973-19( )	AVERAGE ANNUAL RATE OF INFLATION 1973-19( )	GOVERNMENT EXPENDI- TURES AS % GNP	TRADE BALANCE \$US MILLION	GOVT. DEBT FINANCING AS % GOVT EXPENSES	GOVERNMENT DEFENSE SPENDING AS % GDP	CURRENT ACCOUNT BALANCE \$US MILLION	
ARGENTINA	0.3% (84)	0.4% (73)	180.8% (84)	31.4% (83) 19.7% (76)	3,941 (84) 1,156 (76)	45.0% (83) 36.7% (76)	2.0% (83) 2.0% (76)	-2,542 (84) 653 (76)	
BRAZIL	4.6% (84)	4.4% (73)	71.4% (84)	31.2% (83) 25.5% (83) 20.5% (76)	12,412 (85) -2,383 (76)	11.7% (83)	828.2% (83) 1169.2% (76)	-338 (85) -6,551 (76)	
CHILE	-0.1% (84)	2.7% (73)	75.4% (84)	33.2% (83) 31.6% (76)	789 (85) 643 (76)	9.3% (84) -4.5% (76)	3.8% (84) 3.9% (76)	-1,307 (85) 148 (76)	
COLOMBIA	3.0% (84)	3.7% (73)	23.8% (84)	14.6% (81) 11.1% (76)	-21 (85) 548 (76)	-5.9% (78) -9.2% (76)	.	-1,390 (85) 163 (76)	
GUYANA	0.5% (84)	.	7.8% (84)	116.5% (84) 66.2% (76)	5 (85) -51 (76)	40.9% (83) 44.0% (76)	4.3% (84) 7.6% (76)	-68 (85) -143 (76)	
MEXICO	2.9% (84)	5.1% (73)	31.5% (84)	28.5% (83) 17.4% (76)	12,753 (84) -2,296 (76)	29.7% (83) 27.5% (76)	0.5% (83) 0.6% (76)	3,905 (84) -3,410 (76)	
NICARAGUA	-1.5% (84)	-1.1% (73)	17.2% (84)	59.9% (83) 18.6% (76)	-350 (83) 57 (76)	43.1% (83) 21.9% (76)	3.2% (80) 2.1% (76)	-444 (83) -39 (76)	
VENEZUELA	0.9% (84)	1.9% (73)	11.7% (84)	27.2% (84) 32.9% (76)	6,790 (85) 1,917 (76)	-11.9% (84) 10.2% (76)	1.5% (84) 1.4% (76)	5,418 (84) 254 (76)	
NCP SUMMARY	(MRY) (1976)	1.3% %	2.4% %	52.4% %	3885.3% 3033.5% &	5,762 281 &	15.0% 15.6% &	115.3% 191.8% &	1,120 -1,157 &
REGION SUMMARY	(MRY) (1976)	1.6% %	2.6% %	30.6% %	1671.3% 1316.1% &	2,121 48 &	17.2% 14.7% &	50.7% 91.9% &	361 -534 &

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LATIN AMERICA AND THE CARIBBEAN

<b>PROGRAM SUMMARY (\$000)</b>			
<b>Category</b>	<b>FY 1986 (Actual)</b>	<b>FY 1987 (Estimated)</b>	<b>FY 1988 (Request)</b>
<b>Development Assistance</b>	461,506	401,456	401,450
<b>Loan</b>	87,391	49,458	46,733
<b>Grant</b>	374,115	351,998	354,717
<b>Economic Support Fund</b>	659,499	768,873 <u>3/</u>	700,000
<b>Loan</b>	27,255	1,915	18,807
<b>Grant</b>	632,274	766,958	681,193
<b>Other*</b>	3,318 <u>2/</u>	151,442 <u>2/</u>	
<b>TOTALS</b>	1,124,323 <u>4/</u>	1,321,771 <u>1/</u>	1,101,450
<b>P.L. 480</b>	249,295	263,734	222,625
<b>Title I</b>	197,400 <u>5/</u>	220,400 <u>5/</u>	182,000 <u>5/</u>
<b>Title II</b>	51,895 <u>6/</u>	43,334 <u>6/</u>	40,625 <u>6/</u>
<b>TOTALS</b>	1,373,618	1,585,505	1,324,075

Footnotes:

1/ The FY 1987 total includes \$310 million for the FY 1987 supplemental request. See separate supplemental annex for detail.

2/ International Disaster Assistance

3/ The above total for ESF includes \$5,080,000 in local cost support.

4/ The total includes reobligations of \$19,066,800 deobligated in FY 1985 and \$25,797,500 deobligated in FY 1986 for a total reobligation of \$44,864,300 in FY 1986.

5/ Includes Title III level of \$35 million in each fiscal year, 1986, 1987, 1988.

6/ Does not include World Food Program. See Main Volume P.L. 480 table for country breakout of World Food Program.

## LATIN AMERICA AND THE CARIBBEAN

### Regional Profile

The process of democratization in the Latin American and Caribbean (LAC) region was further strengthened in 1986 through elections in Costa Rica, the Dominican Republic, Barbados, and Trinidad and Tobago, with opposition political parties winning office in the last three countries. A longstanding dictatorship in Haiti was toppled, and elections are scheduled for that country during 1987. No democratically elected government was overthrown during 1986, as political opposition groups were increasingly inclined to settle disagreements through the electoral process.

Despite these very impressive gains, democratic institutions remain fragile in many LAC countries. A number of them must still cope with guerrilla violence, and popular expectations for improved living standards are being frustrated throughout the region by the slow pace of economic recovery. The implications of this situation for Central America are of particular concern. In the Andean region, powerful narcotics trafficking networks pose further serious threats to all the elected governments. In the Caribbean, Haiti's weakened economy has contributed to a sense of impatience with the process of movement toward democracy since the fall of the Duvalier dynasty a year ago.

Many LAC countries adopted policy reforms during 1986 to achieve economic stabilization and to lay the groundwork for sustained economic recovery over the long run, with a wider sharing of the benefits of growth. But these positive developments were offset by a generally unfavorable international economic environment, lower-than-expected external capital flows to the region, and heavy debt-servicing requirements even with lower interest rates. Growth in Central America was also held back by a political/security environment that despite improvements continued to worry potential investors. In some LAC countries, growth was inhibited by the slow pace at which policy reforms were adopted.

### Progress Toward Economic Recovery

Modest economic recovery in the LAC region as a whole got under way in 1984, when the regional gross domestic product (GDP) grew by 3.2%, or 0.9% per capita, reversing a 10% decline in per capita GDP over the three previous years. This recovery was facilitated by rapid economic growth (4.7%) in the industrial economies and by an 8.6% expansion in the volume of world trade. Commodity prices (excluding petroleum) recovered somewhat from their 1982 low, although they remained 13% below their 1980 level.

GDP growth in the LAC region fell slightly to 2.7% in 1985, but then rose to 3.4% in 1986 as strong performances by the large oil-importing countries more than offset the negative effects of sharp price declines on the oil exporters. For the A.I.D.-assisted LAC countries, the weighted average GDP growth rate fell from 2.0% in 1984 to 0.7% in 1985, then rose to 1.8% in 1986.

The state of the international economy is the major reason for the continued slow pace of the recovery in the LAC region. The GDP growth rate

in the industrial countries fell from 4.7% in 1984 to 3.0% in 1985 and an estimated 2.7% in 1986. The growth of world trade slowed from 8.6% in 1984 to a modest 3.1% in 1985 and an estimated 4.2% in 1986. Although the continued drop in petroleum prices benefited most LAC countries, non-oil commodity prices fell by 12% between 1984 and 1985, and by a further 4% in 1986, thus lowering the region's traditional export earnings. Rising protectionism in the industrial countries further restricted the LAC countries' export opportunities and inhibited new investments.

These adverse developments offset the encouraging gains made by many countries, especially in the Caribbean Basin, in nontraditional exports. These increased exports were due in large part to the policy reforms these countries have undertaken. Another positive development, the decline in world interest rates, was offset by levels of new external financial assistance from commercial banks and official sources that fell well short of the levels recommended by U.S. Treasury Secretary Baker at the joint annual meeting of the International Monetary Fund (IMF) and the World Bank in October 1985.

In Central America, political and security conditions, though improved, remain as another major obstacle to a faster economic recovery. These conditions have inhibited both the significant repatriation of capital sent abroad earlier and the strong upsurge in private investment which the National Bipartisan Commission on Central America (NBCCA) projected when it made its recommendations in January 1984.

Economic recovery in Central America also has been affected by the shortfall in A.I.D. resources compared to levels programmed under the Central America Initiative (CAI). This shortfall was approximately \$530 million through FY 1986, and an additional shortfall of \$380 million is expected in FY 1987 without the proposed supplemental assistance. All these factors -- to which must now be added the sharp drop in coffee prices in late 1986 -- threaten both the economic and political objectives of the CAI. At a minimum, they lengthen the time it will take for achieving them.

The slow pace of the Central American recovery in macroeconomic terms masks the significant positive developments that have occurred in the region, many of them supported to a large degree by A.I.D. programs. Policy reforms, project activities, and the opportunities offered by the Caribbean Basin Initiative (CBI) helped Central America's exports of manufactures to the United States to grow at an annual rate of 20% between 1983 and 1986. Over the same period, exports of nontraditional agricultural products to the United States grew by 18% annually. Although these increases are miniscule in terms of overall U.S. trade flows, they are signs of important progress in the Central American context.

In looking at other development indicators, we find that primary school enrollment ratios are increasing, infant mortality rates are declining, and the percentage of women using contraceptives is rising. Progress toward achieving the objectives of the CAI strategy is being made in most areas, and although it is slow in some cases we do not yet see a need for significant changes in the strategy. The unfavorable external events that have affected the macroeconomic variables in the short run should not deter us from staying the course over the longer run.

## Social and Political Concerns

The depth and duration of the regional economic crisis have caused serious social and political strains throughout the LAC region. Broad segments of society have opposed government plans to adopt stabilization programs, arguing that they have suffered enough austerity. In Mexico, where an initially successful recovery effort was undermined by falling prices for petroleum exports, the sharp drop in per capita GDP in 1986 exacerbated widespread domestic discontent with the country's political system and provided more stimulus to illegal migration to the United States.

Costa Rica, whose successful stabilization efforts beginning in 1982 resulted in a modest recovery in 1984-86, is growing increasingly impatient with the constraints placed on its economic recovery by its huge external debt. In September 1986 it suspended principal and interest payments on its debt to foreign commercial banks, the full servicing of which was clearly not going to be possible in 1987 despite lower interest rates. Peru continues to follow a unilaterally established policy of limiting its debt service payments to no more than 10% of its export earnings. Jamaica, where the decline in living standards began a dozen years ago, faces difficulty in adopting further economic policy reforms because of widespread discontent with the perceived failure of previous reforms to revive the economy. These structural reforms, though generally sound, were unfortunately offset by unfavorable international events, especially trends in the world markets for bauxite and alumina, and by insufficient progress in reducing the fiscal deficit.

Other countries, while aware of the risks, have nevertheless had the political courage to adopt comprehensive stabilization programs accompanied by structural reforms to stimulate new investment and growth. The most notable examples are Bolivia, Ecuador, Guatemala, and Haiti. While there has been widespread recognition within these countries that major policy reforms were required, these reforms -- whose implementation to date has been very encouraging -- will need to bear fruit relatively quickly if they are to be politically sustained. If not, the processes of democratization now under way will be seriously threatened. Successful implementation will depend on both a favorable international environment and significant public and private capital inflows.

## U.S. Interests

The United States has major economic interests in the LAC region, whose geographic proximity also makes it of key importance to our security. The LAC countries constitute a major market for our exports. In 1981, at the onset of the region's economic crisis, they bought \$42.2 billion of U.S. products, or 18% of our total exports. But as the crisis deepened and foreign exchange availabilities declined, LAC purchases of U.S. goods fell sharply to \$25.7 billion in 1983. This cost the United States about 400,000 jobs in export industries. Although U.S. exports to the region recovered to \$31.0 billion in 1985 and a similar level in 1986, this is still well below the 1981 peak, particularly after adjusting for inflation.

The United States also has significant investments in the LAC region, amounting in 1985 to \$29.5 billion, or 54% of all U.S. direct investment in developing countries. The economic crisis in the region has lowered returns on this investment. In addition, it has threatened the financial position of many U.S. banks with loans to LAC countries which have been unable to keep current on debt servicing. Other major impacts of the economic difficulties in the region have been an increase in illegal migration to the United States and a greater temptation for many persons to turn to narcotics production and trafficking.

Our primary strategic objective in the LAC region is to support the presence of stable, friendly, democratic governments which provide a climate of political and economic freedoms in which our major security interests, as well as theirs, can be protected. These interests include access to petroleum, to other industrial raw materials, and to the unimpeded use of the sea lanes adjacent to North America and the Panama Canal. The region is also important to our efforts to limit the spread of nuclear weapons, the flow of illegal drugs into the United States, and the operations of international terrorist groups, as well as to prevent the seizure of power by hostile forces. A.I.D. is actively involved in cooperating with the LAC countries in the narcotics control effort through such programs as drug awareness education and area development programs. In addition, P.L. 480 food assistance is being used to cushion the effects of LAC countries' narcotics control programs on lower-income groups.

The LAC region is a major focus of our worldwide concern for improving respect for human rights and strengthening democratic institutions. The United States has played an active role in supporting civilian, democratically elected governments, which are now found in most LAC countries. The prolonged economic crisis in the region is a serious threat to the expansion and consolidation of democratic processes. A.I.D.'s economic assistance program seeks to help preserve and strengthen democratic gains by stimulating a private-sector-led economic recovery whose benefits will extend to the entire population. This weakens the appeal of radical, undemocratic elements, including the guerrilla groups now seeking to destabilize the governments of a number of LAC countries.

#### A.I.D.'s Strategy and Goals

A.I.D.'s strategy for addressing the LAC region's development problems focuses on achievement of four broad goals: (1) short-term economic stabilization, (2) basic structural reforms which permit rapid and sustained economic growth, (3) a wider sharing of the benefits of growth, and (4) the strengthening of democratic institutions and respect for human rights. This growth-with-equity strategy is largely targeted on the needs of lower income groups. It emphasizes productive employment opportunities as well as greater access to health care, education, and social services. The strategy stresses the role of the private sector as the main engine of development, but it also seeks, through policy dialogue, to improve the role of the public sector by encouraging reforms which increase economic and political freedoms, as well as management improvements which reduce the costs of public services. A.I.D. stresses the importance of institution building and training in the development process, and strives to apply advances in science and technology to all its programs.

## Implementing the A.I.D. Strategy

1. Stabilization. Economic stabilization -- reducing fiscal and balance-of-payments deficits and bringing inflationary pressures under control -- may be temporarily painful, but it is necessary to avoid the even greater pain that policy inaction ultimately causes, and it is an essential requirement for private-investment-led growth. A.I.D. has encouraged and underwritten stabilization efforts through programs supported by Economic Support Fund (ESF) resources, which both cushion temporary declines in economic activity and facilitate the adoption of reforms needed to stimulate economic recovery.

A key objective of our stabilization assistance is that countries be able to manage their external sectors on a current basis by eliminating arrearages and the need for further debt reschedulings, and by restoring fiscal equilibrium. Countries making good progress toward stabilization during 1986 included Bolivia, the Dominican Republic, Guatemala, Haiti, and Uruguay. Ecuador continued to follow sound economic policies, but its efforts were undermined by a sharp drop in petroleum prices, which significantly reduced both foreign exchange earnings and fiscal revenues. Elsewhere the record was mixed; some countries made slow progress, while others allowed their fiscal and balance-of-payments deficits to become worse, thus making stabilization all the more difficult to achieve. Because of slow progress in implementing stabilization measures, as well as continued violence in some countries and an international economic environment that has remained generally unfavorable, completion of the stabilization process in a number of countries is going to take several more years than earlier anticipated. During this period significant balance-of-payments assistance will be needed to prevent a further general decline in living standards.

2. Long-Term Growth. Structural reforms are needed in most LAC countries to achieve rapid and sustained economic growth within an international environment that differs sharply from that of the 1960s and 1970s. Achievement of rapid and sustained growth will depend largely on the success of countries in reorienting their development strategies away from import substitution and toward exports to nonregional markets. A strategy with such an outward orientation will result not only in faster economic growth over the long run, but also in more job creation and a more equitable pattern of growth by encouraging labor-intensive patterns of development. Specific reforms needed vary from country to country, but include establishment of positive real interest rates to mobilize domestic savings, removal of agricultural price and marketing controls to stimulate agricultural production, and adoption of flexible exchange rate policies and tariff reductions. These measures lower protection of inefficient local production and shift resources to export products for which countries have a comparative advantage.

Progress toward export diversification has been good. The Caribbean Basin countries, for example, increased their exports of manufactured goods to the United States by 25% in 1984 and 21% in 1985. This growth rate slowed during 1986 to an estimated 16%, due in large part to the slowdown of the U.S. economy, but this is still a strong performance. Countries which have made good progress in implementing structural reforms -- including Belize,

Costa Rica, the Dominican Republic, and Jamaica -- have done particularly well in increasing their exports of manufactures to the United States over the last three years. Guatemala, where structural reforms have just begun, had a strong percentage gain in 1986.

While increased exports of manufactures and other nontraditional exports are essential for restoring rapid economic growth in the Caribbean Basin countries, it is important to bear in mind that these exports -- an estimated \$1.9 billion in 1986 -- will still account for only a very small share of U.S. markets for these products. The effects on U.S. producers will be relatively minor and more than offset by the greater opportunities for U.S. exports that healthy Caribbean Basin economies will offer.

The main elements of our strategy for achieving export-led growth and the associated increases in income and employment are: (1) policy reforms to stimulate a reallocation of resources to more productive activities; (2) commercialization of agriculture and provision of key production inputs to small farmers; (3) increased production and export credit for agriculture and industry; (4) technical assistance for small business; (5) promotion of private investment and strengthening of private sector organizations; (6) support for free zones, industrial parks, and other services for exporters; and (7) financing of rural infrastructure to stimulate small-farm output.

Over the long run, the growth of the LAC countries' agricultural sectors and related economic activities will depend to a considerable extent on conservation of biological diversity and other natural resource management programs. An LAC Regional project is helping to raise host countries' awareness of biological diversity concerns. Other biological diversity activities include a project to improve national parks management and establish wildlife preserves in Panama, and a project to inventory and evaluate natural resources in Ecuador. In addition, projects in Panama, Haiti, and Central America are addressing the need to protect and manage tropical forests.

3. Spreading the Benefits of Growth. An export-oriented growth strategy can promote more equitable development through job creation, encouragement of small businesses, and the generation of revenues needed to extend the coverage of health, education, and other social services. Coverage can also be extended through more efficient operation of public services and the use of cost-recovery measures, both of which are particularly important in countries where real budgetary resources have fallen because of the economic crisis. Nevertheless, targeted programs to improve the conditions of the poor will still be needed to ensure that the benefits of growth will be widespread. Opportunities for small farmers and other poor rural families can be increased through greater access to land, credit, and other productive resources; technical assistance; and the elimination of price controls and other disincentives to production. A.I.D. will continue to promote more equitable patterns of development by supporting programs that:

- provide access to primary education for at least 90% of all school-age children, male and female, in those A.I.D.-assisted countries where this has not been achieved (Haiti, Bolivia, El Salvador, and Guatemala);

- expand access to family planning information, particularly through private institutions, to help reduce the regional population growth rate from the 1982 level of 2.3% to 1.9% by 1988;
- improve health status in the region through oral rehydration therapy, immunization, improved nutrition, and other programs responsive to A.I.D.'s new Child Survival Strategy;
- improve the access of poor rural families to land through support for settlement programs, legal reforms to provide secure land titles, and financing for land purchases;
- increase the availability of credit and technical assistance to small business operators;
- provide better housing for low- and moderate-income families through technical assistance, ongoing Housing Guaranty loans and other activities; and
- assist displaced persons through provision of health services, educational opportunities, and productive employment.

4. Democratic Institutions and Human Rights. Economic growth will best benefit the citizens of the LAC region and support U.S. interests there if it occurs in an environment in which governments permit their people to participate freely in local and national political processes; to form labor unions, cooperatives, and other voluntary organizations; and to have recourse to a judicial system that will administer justice fairly and speedily. Although the U.S. Government cannot dictate to other governments how they should structure their political institutions and processes, we can provide our moral and financial support to those countries upholding democratic institutions and respecting human rights. A key element in U.S. economic assistance decisions in each LAC country is the degree of commitment of that country to free elections, independence of the judiciary, and respect for individual rights, and the degree of progress each country is making toward these goals.

Encouraged by progress in these areas, A.I.D. will continue to strengthen the administration of justice through technical assistance, training, and material support for court systems, criminal investigative agencies, public prosecutors and defenders, justice ministries, law schools, and bar associations. A.I.D. will also continue providing technical assistance to improve the administration of elections. In addition, A.I.D. activities with a large number of private and voluntary organizations (PVOs) will support the development of democratic institutions and processes by providing assistance to labor unions, voluntary cooperatives, women's organizations, and other participatory groups.

The process of democratization in the LAC region is being further supported by a major new training initiative, the Caribbean and Latin American Scholarship Program (CLASP), which will provide scholarships for study in the United States and in the region itself for 11,470 individuals. CLASP consists of three major components. By far the largest is the Central American Peace Scholarships project (CAPS), under which an estimated 8,500

Peace Scholars will be trained between FY 1985 and FY 1989 in response to a recommendation of the National Bipartisan Commission on Central America (NBCCA). An additional 3,000 participants will be funded under United States Information Agency (USIA) programs, bringing the total to approximately 11,500. Training focuses on priority economic, social, and political development needs and targets disadvantaged groups who previously have lacked access to such training. Implementation of the CAPS project has moved forward very well: 1,661 students began training during FY 1985, and 1,836 during FY 1986. The total of 3,497 through FY 1986 substantially exceeds the target of 2,855 established for this period.

The second component of CLASP is the Presidential Training Initiative for the Island Caribbean, which began in late FY 1986 and will provide training to an estimated 1,500 students. The third component, the Andean Peace Scholarship Program, will support training for 2,400 students beginning in FY 1987.

#### FY 1987 Supplemental Request

To implement more fully our strategy in the LAC region, A.I.D. is requesting FY 1987 supplemental appropriations of \$310 million. Of this amount, \$100 million in Disaster Assistance for El Salvador and \$200 million in ESF resources for four Central American countries will enable us to approach the annual level of assistance targeted for the region under the Central America Initiative. The remaining \$10 million is for ESF resources to support development activities related to narcotics control in the region, particularly in countries such as Bolivia which is making remarkable progress in narcotics control.

#### FY 1988 Highlights

A program level of \$1.324 billion in Economic Support Funds, Development Assistance, and P.L. 480 resources is proposed for FY 1988 in support of our strategy for achieving economic, social, and political progress in the LAC region. Of this total, \$826.6 million (62%) is for programs in Central America, \$307.7 million (23%) for the Caribbean, \$157.9 million (12%) for South America, and \$32.0 million (2%) for LAC Regional programs. The distribution of these resources among functional categories of assistance, and examples of new initiatives for FY 1988, are presented below.

To support our goals of economic stabilization and structural transformation to stimulate faster economic growth, ESF resources of \$700.0 million are proposed, primarily as balance-of-payments assistance to help LAC countries maintain the import levels they need to accelerate their economic recovery. These resources encourage governments to undertake necessary but politically difficult policy reforms and provide them the means to mitigate some of the adverse short-term effects of these policy changes. With prices for the region's primary exports still generally low, and other public and private capital flows still at disappointingly low levels, ESF assistance at the levels we are proposing is essential for achieving minimum acceptable progress toward the target rates of economic growth that now seem unlikely to be achieved until the 1990s. ESF assistance is being requested for all countries and regional programs.

Local currency associated with ESF programs plays a vital role in our balanced strategy. It will continue to support the productive credit requirements of private enterprises, finance key public services and infrastructure projects, help governments spread the benefits of economic growth, and support efforts of PVOs and other groups to meet basic needs.

In the Development Assistance (DA) category, for which a total of \$401.5 million is proposed, agriculture, rural development, and nutrition programs account for \$152.7 million, or 38% of the total. Our strategy in this sector is based on the twin goals of increasing production and generating the income needed by poor rural families to meet their basic requirements for food and other needs. New activities in FY 1988 include projects for area development in Costa Rica, rural electrification in Guatemala, soil conservation in Haiti, agricultural productivity improvement in Honduras, and agricultural marketing and agribusiness development in Peru.

The population planning portfolio (\$24.8 million, or 6% of the DA program) emphasizes the use of private sector mechanisms. A new program for improved family health will be initiated in Haiti, and the new health sector project in Honduras will include a population component.

A.I.D.'s health programs (\$62.0 million, or 15% of the DA program, including \$27.1 million for child survival programs), emphasize improved efficiency of delivery systems for public health services and the development of private-sector delivery mechanisms. New activities include a child immunization project in Bolivia, a potable water and environmental sanitation project in El Salvador, and a targeted community health outreach project in Haiti.

Our activities in education and human resource development (\$77.1 million, or 19% of the DA program) include support for training under the CAPS program for Central America, the Presidential Training Initiative for the Island Caribbean, and an Andean Peace Scholarship Program scheduled to begin in FY 1987. Primary education has priority in countries where literacy rates are still low. The FY 1988 program includes a new private sector skills training project in Guatemala and a policy implementation project in Panama.

The selected development activities portfolio (\$84.9 million, or 21% of the DA program) is particularly important in the LAC region. It emphasizes a variety of private-sector initiatives and supports other important development activities. Tight funding restrictions for this account are not commensurate with its strategic importance in supporting programs in private sector development, assistance to small and medium-size enterprises, privatization, improvements in public administration, and efficient use and development of energy resources. New projects will support privatization of state enterprises in the Dominican Republic, development planning and implementation in Ecuador, assistance to small businesses in El Salvador, and investment promotion in Jamaica.

Additional U.S. resources which provide critical support for our objectives in the LAC region will be made available under the P.L. 480 program, which will provide much-needed foreign exchange to help the balance of payments. Local currency generations from the sale of P.L. 480-financed foodstuffs

are integrated with our overall DA activities and are used as tools in our policy dialogue on macroeconomic and sector policies. Donated food addresses important nutritional needs by targeting the poorest and most vulnerable segments of the population. The FY 1988 request for P.L. 480 resources is \$222.6 million, of which \$182.0 million is for Title I/III and \$40.6 million is for Title II.

### Management Improvements

1. Management by Objectives (MBO). A year ago an MBO system was established in the LAC Bureau to implement the A.I.D. Administrator's recommendations for management improvements. The key tool for implementing the MBO system is the annual Action Plan prepared by each A.I.D. Mission, which translates country strategy into operational policies and programs. Ongoing improvements in this year's Action Plans include more uniformity in structure and content; clearer definitions of goals and objectives; and greater emphasis on measuring progress toward projected achievements.

2. Delegation of Authority to the Field. Greater project approval authority has been given to field missions in order to improve program implementation and encourage initiative and accountability on the part of field managers. Within the approved country strategy and program, approval authority was delegated to the field in FY 1986 for 32 of 39 new projects (82%). For the 38 project starts planned for FY 1987 (excluding balance-of-payments assistance), authority has already been delegated to the field for 25 (66%), and decisions are pending on five others.

3. Portfolio Management. A.I.D.'s performance in implementing ongoing projects in the LAC region improved markedly in FY 1986. Project expenditures were sharply higher, rising by 40% over FY 1985 (\$637 million vs. \$453 million). The project portfolio liquidation rate increased from 37.3% in FY 1985 to 45.8% in FY 1986, the highest rate A.I.D. has achieved in the region during the past 13 years. Total project and program assistance expenditures exceeded obligations, and the end-of-year pipeline declined.

4. Management Information System (MIS). A major effort is under way to provide a systematic flow of information from field missions to top management in A.I.D./Washington, although progress has been slower than expected. An improved, streamlined system of information flows is being developed now that field Missions have been given more operational responsibility, have less contact with Washington on project preparation and approval, and are devoting more time to program and project monitoring and accountability. This will establish a consolidated MIS which provides A.I.D.'s Washington offices data that satisfy management needs.

5. Reducing Project Costs. A.I.D. has taken a series of steps to control the costs of LAC training programs. A new system, the Work Breakdown Structure (WBS), is being implemented which facilitates procurement actions by enabling proposal evaluation committees to distinguish between program and administrative costs and to better compare costs and the level of training services proposed by offerors. The computerized WBS reporting format shows contract expenditures on an exception basis (i.e., it highlights elements which exceed projected costs) and simplifies the

project managers' task of assuring that implementation is on schedule and within the contract budget. In addition to the WBS the Bureau has prepared a directory that lists universities, private firms, and other training sources willing to negotiate program costs with A.I.D.; promoted cost-sharing arrangements with U.S. universities; and assisted in promoting training legislation in the United States aimed at cost containment.

Cost containment measures are also being introduced for health programs, although these efforts are not as far along as those for training cost containment. Guidelines are being established for identifying more clearly and completely the various costs associated with technical assistance contracts, so that proposals can be evaluated more easily for cost effectiveness. In addition, guidelines are being prepared for managing pharmaceutical procurement, so that managers become more familiar with alternative procurement mechanisms and quality control issues, thus making it easier to assure that unit costs are minimized.

### Special Concerns

1. Women in Development (WID). A critical element of A.I.D.'s programming is to assure more complete integration of women into development activities and to respond to WID concerns in all projects rather than through token projects. Program success depends to a high degree on the ability to make effective use of women's potential economic contributions to the development process. To facilitate the implementation of the WID strategy, A.I.D. has developed a highly-regarded manual, Gender Issues in Latin America and the Caribbean, to provide A.I.D. staff and other development professionals tools for gathering information on gender roles and using it to design and implement more efficient and effective programs.

2. Evaluation. A.I.D. field missions in the LAC region prepared 68 evaluations during FY 1986, an increase from the 55 prepared the previous year. In addition, five regional evaluations were designed and implemented, compared with seven in FY 1985. Missions have planned 87 project evaluations for FY 1987 and 73 for FY 1988. Five regional evaluations are planned for each of these fiscal years.

In addition to the scheduled project evaluations to be carried out to the extent staff resources permit, A.I.D. has planned a series of "program" evaluations, which take a cross-cutting, broader-than-project perspective of an issue. For example, in Peru A.I.D. has scheduled evaluations of its electrification investments, credit programs, and recurrent cost and maintenance problems. In El Salvador the focus will be on program impact in the areas of small-scale enterprise, potable water, tax administration, private sector training, local government, and housing.

Guidance has been provided to LAC field Missions on the importance of program sustainability and the requirement to use lessons learned in program planning and project design. During FY 1987 a contractor will be reviewing every completed evaluation to extract lessons learned, examine data obtained, and make available to all LAC Missions the results of the analysis. In addition, an evaluation workshop is planned for FY 1987.

3. Private and Voluntary Organizations (PVOs). PVOs play important roles in implementing A.I.D.'s development assistance programs throughout the LAC region by mobilizing private resources and strengthening community participation in the development process. More than \$75 million of DA and ESF resources were devoted to PVO activities in FY 1986. Similar levels are planned for FY 1987 and FY 1988.

In FY 1987 and FY 1988, A.I.D. is placing special emphasis on working with PVOs in child survival activities throughout the hemisphere. Also, A.I.D. continues to give priority to PVO activities in small-scale enterprises, vocational training, innovative credit programs, agricultural production, and extension of health and education services in both urban and rural locations. Other important areas are training, human rights, and food aid.



## CENTRAL AMERICA

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	254,952	231,062	230,100
Loan	77,937	45,368	38,583
Grant	177,015	185,704	191,517
Economic Support Fund	457,812	615,000 <u>3/</u>	502,000
Loan	25,425	1,915	11,907
Grant	432,387	613,085	490,093
Other*	15 <u>2/</u>	151,442 <u>2/</u>	
<b>TOTALS</b>	712,779 <u>4/</u>	997,504 <u>1/</u>	732,100
P.L. 480	104,171	99,481	94,464
Title I	89,500	89,000	80,000
Title II	14,671	10,481	14,464
<b>TOTALS</b>	816,950	1,096,985	826,564

## Footnotes:

1/ The FY 1987 total includes \$300 million for the FY 1987 supplemental request. See separate supplemental annex for detail.

2/ International Disaster Assistance

3/ The above total for ESF includes \$2,555,000 in local cost support.

4/ The total includes reobligations of \$1,985,000 deobligated in FY 1985 and \$5,413,000 deobligated in FY 1986 for a total reobligation of \$7,398,000 in FY 1986.

## CENTRAL AMERICA

### The Central American Initiative

In August 1984, Congress approved initial financing for a five-year, \$8.4 billion program of assistance to Central America <sup>1/</sup> to address the region's fundamental economic, social, and political problems. The Central America Democracy, Peace and Development Initiative Initiative (CAI) is a wide-ranging program, encompassing more than 40 recommendations of the National Bipartisan Commission on Central America (NBCCA). It establishes an ambitious set of specific goals to be achieved by 1989, and outlines a comprehensive strategy for achieving economic recovery and a basis for self-sustaining growth by that time. Implementation of the program began in September 1984.

### The Overall Strategy

A.I.D.'s strategy for Central America emphasizes progress in four areas: near-term economic stabilization; structural economic transformation aimed at self-sustaining growth over the medium term; enhanced distribution of the benefits of growth; and institutionalization of democratic processes.

We are now two full years and \$2.4 billion into the program. The hard data indicate significant progress almost across the board, but it is also evident that the economic recovery and reorientation is not happening as rapidly as we had hoped. The fundamental problems lie not with the strategy itself but primarily with an economic and political environment that has been less propitious than we had anticipated, and to a lesser degree to the slow pace at which some policy reforms are being implemented. These factors are discussed below.

### Economic Stabilization

When the CAI began we projected economic stabilization would largely be accomplished by the end of 1986 -- that appropriate exchange rates would be in place, external arrears would be eliminated and government spending would be under control.

Although stabilization was not fully achieved in 1986, the countries of the region have made significant progress with our help, and that of the International Monetary Fund and the World Bank, in putting their macroeconomic policies in order.

<sup>1/</sup> Includes Belize and Panama as well as Costa Rica, El Salvador, Guatemala, Honduras, and a regional program. Financing for the program includes \$6 billion in appropriated funds; \$400 million from the FY 1984 supplemental; and \$2 billion in credit guarantees and certain programs of the Department of State, the United States Information Service and the Peace Corps.

Large-scale U.S. balance-of-payments assistance -- Economic Support Funds (ESF) and P.L. 480 -- has arrested and reversed the decline in gross domestic product (GDP). Regional GDP, which had declined in 1983, rose by 1.7% in 1984, 0.9% in 1985 and an estimated 1.4% for 1986. While this turnaround is encouraging, economic growth still lags behind the region's annual population growth rate of about 2.7%.

Growth rates in 1986 were in the 2.5% to 3.0% range for Panama, Costa Rica and Honduras. Guatemala, which accounts for about 40% of total production in the region, is believed to have experienced no change in its level of output. The growth rate in El Salvador was an estimated 0.5%, as the economy was hit by poor weather and a major earthquake. Depressed prices for most of the region's traditional export commodities, the slow growth of the world economy, and disappointing levels of public and private external financing, in part the result of the continuing conflict, have kept the pace of the recovery relatively modest. In Panama and Costa Rica, extremely high external debt burdens quickly eat up increased export earnings and offset the impact of official aid provided by the United States and others.

The slow progress on several fronts is the result of both internal and external factors.

An adverse political/military climate still exists. The NBCCA projected that the major problems -- insurgency in El Salvador and the destabilizing presence of the Sandinista regime in Nicaragua -- would largely be resolved within 18 months of the report (i.e., by some time in 1985). This has proven to be an overly optimistic projection.

Anticipated capital inflows have not materialized. The inflows of capital projected by the NBCCA (about \$5 billion annually during the 1985-89 period) have not materialized. As noted last year, the repatriation of capital previously sent abroad, and the anticipated increase in private investment and World Bank and other donor aid have not reached projected levels. Finally, U.S. aid flows to the region have been significantly lower than the \$1.2 billion annual level suggested by the CAI report. The aggregate shortfall through FY 1986 was about \$530 million. The requested FY 1987 supplemental would significantly reduce the additional \$380 million shortfall now projected for this fiscal year.

External economic trends have been worse than anticipated. Between 1981 and 1985, lower commodity prices cost the Central American countries \$2.3 billion, or \$460 million a year. We had anticipated that prices of the major exports would recover, but they have been even less favorable than our modest expectations. Prices of cotton and beef were significantly below their 1980 levels, while cuts in the U.S. sugar quota have seriously affected dollar earnings from this traditional export crop. Only coffee prices were briefly higher in 1985-1986, and these have since returned to the depressed levels of 1982-1984.

Governments have been slow to make economic policy changes. All Central American governments, to one degree or another, have been slow to take some of the steps needed to meet their economic problems. In most cases, the reluctance of elected officials has been due mainly to their perception of

the potential political costs of reforms, particularly in the face of what they see as a deteriorating external environment. Unfortunately, postponement of needed actions only exacerbates the underlying structural problems by inhibiting growth, making the eventual adjustments even more unpopular, and resulting in ever higher economic assistance requirements.

### Structural Transformation

The Central America Initiative proposed a strategy for generating rapid economic growth by the end of the decade, based on increased private investment, reduced government intervention, and emphasis on rapid growth of nontraditional exports. Key to the successful implementation of this strategy are improvement in the political-military climate together with government policies that stimulate private sector investment and competitiveness.

Exchange rate management: This is the first important factor in providing the basis for long-term growth, for the exchange rate is the basic price that determines the competitiveness of production for export. Progress in this area has been mixed. The exchange rate has not been an issue in Belize and Panama. Costa Rica adopted an appropriate exchange rate policy several years ago, combining a major devaluation with a crawling peg to maintain its currency's real value in the face of internal inflation. Guatemala adjusted its rate to a realistic level in early 1986, although it has not fully unified international transactions at the new rate. El Salvador also undertook a major adjustment in 1986, but has failed to follow it up with mini-devaluations to compensate for serious internal inflation. In Honduras, the exchange rate remains a serious policy concern as Honduran exports continue to suffer in competitive world markets.

Export promotion policies: The proper policy framework is essential. Policy changes needed include reducing tariffs on imports, establishing mechanisms for directly promoting exports, and eliminating other sources of anti-export bias. Each country has taken significant steps in this area, Costa Rica having the most extensive and earliest success. Significant progress in 1986 was made in the other countries in legislating greater support for nontraditional exports, and export promotion efforts under private sector management are taking place in each of the six countries. Excessive tariff protection, however, continues to be a problem throughout the region.

Investment: The most promising trend in private investment occurred in Costa Rica, where the private investment/GDP ratio fell from 17% in 1980 to 11% in 1982, but by 1984 had recovered to its 1980 level. This turnaround can be attributed in large part to the significant economic policy reforms undertaken by the Costa Rican government. In Panama, on the other hand, private investment fell significantly, from an average of 20% of GDP during 1980-1982 to an average of 12% during 1983-1986, a reflection of the completion of the transisthmian oil pipeline as well as Panama's difficulties in implementing economic policies. Modest upturns did occur, however, in 1985 and 1986 from the 1984 low.

Sharp declines in private investment also occurred in Belize, Guatemala, and Honduras; but by 1985 all except Belize were experiencing some

recovery. In El Salvador the big drop in private investment had already occurred by 1980. The ratio remained around 6% to 7% during 1980-1983, then rose to 8.4% in 1985 and 9.2% in 1986. Though these figures are still far below those of the 1970s, the recovery of private investment is encouraging, and a tribute to perseverance of the Salvadoran people in the face of great adversity.

Nontraditional Exports: Nontraditional agricultural and industrial exports, though central to long-run prospects for sustained growth, are not expected to play a significant economic role in the near term. Sustained effort over a decade or more will be needed if they are to play an important role in generating export earnings. We are beginning to see significant movement, however. Regionally, nontraditional exports grew at an annual rate of 19.8% between 1983 and 1986, slightly faster than anticipated in the design of the CAI. Costa Rica appears to be on a rapid growth path, with exports to the United States rising from \$72 million in 1982, when policy reform began, to an estimated \$211 million in 1986. This represents an annual growth rate of about 30%. Panama, Guatemala, Honduras, and Belize also show favorable trends in nontraditional exports to the United States, although from much smaller bases than in the case of Costa Rica. In El Salvador, a significant decline occurred in 1985 and 1986, suggesting that the policy framework and civil strife still combine to discourage export expansion.

#### Spreading the Benefits of Economic Growth

The CAI emphasizes rapid economic growth as the most important vehicle for achieving more equitable standards of living for the people of Central America. Both social and economic opportunity for all groups in society are likely to result from growth of employment opportunities, the replacement of government controls and subsidies, and the elimination of policies and programs which favor the few at the expense of the many.

The NBCCA recognized, however, that economic growth alone will be insufficient to assure access to economic opportunity to poorer groups. Disparities in income and opportunity in these countries -- notably, El Salvador, Guatemala and Honduras -- are so wide that direct action will be required for a number of years to come. Access to employment will bring only limited benefits where workers lack basic education; and greater availability of agricultural credit means nothing to small farmers who do not qualify for it because they do not own their land or at least have secure and equitable tenure arrangements. Even in areas where economic effects are less direct and longer-term, such as health, education and family planning, improvements in access are essential to achievement of broader societal goals.

A.I.D. is funding numerous projects aimed at ensuring that the benefits of the growth process are broadly distributed within the Central American societies and result in a genuine transformation of the region. These projects are increasing primary school enrollments, reducing infant mortality, increasing access to modern family planning, and improving access to agricultural technology and secure land tenure.

Education: The NBCCA education objectives included scholarship training in the United States and the region for 10,000 students, raising the primary school enrollment rate from 85% to 95%, improving teacher skills, providing adequate texts and didactic materials and upgrading physical facilities. Significant progress is being made against all of these objectives.

--Both Guatemala and Honduras have made significant improvements since 1980: gross enrollment rates increased in Guatemala by 5 percentage points (from 71% to 76%) and in Honduras by 9 percentage points.

--Between 1984 and 1986 over 12,000 primary school teachers, directors and supervisors were trained in Honduras and another 4,200 were trained in Guatemala.

--In Guatemala A.I.D. and the World Bank funded 1 million textbooks; in Costa Rica the World Bank funded 1.5 million and A.I.D. 2 million.

--Honduras launched a long-range effort to reduce primary school dropouts, and planned vocational-technical training programs.

--Nearly 2,600 classrooms have been built and renovated in Honduras under the Rural Primary Education project, and plans for 1987-1990 call for building and renovating an additional 1,050 classrooms under the Primary Education Efficiency project. Large-scale projects are also under way in Costa Rica, Guatemala, and El Salvador, where 340 classrooms were constructed under a project recently completed.

--Major progress has been made in management training in both Costa Rica and Honduras. Between 1984 and 1986, 4,000 Costa Rican businessmen and women participated in 118 management skills upgrading courses given through the Training for Private Sector Development project, and 2,200 mid- and upper-level managers of private sector firms in Honduras participated in 187 management skills upgrading courses.

--In adult and higher education, progress in Honduras includes initiation of a special weekly newspaper oriented toward Honduras' farm population. In Guatemala a higher education project oriented toward the country's Indian population was initiated.

Health and Nutrition: A.I.D.'s major objective for the health and nutrition sector in Central America is to help reduce the infant mortality rate (IMR) from an estimated 65 per thousand live births in 1984 to 55 per thousand live births by 1989. A.I.D.'s focus has been to develop a sustained capacity in each country to effectively provide to their vulnerable populations oral rehydration therapy (ORT), immunizations and other important child survival interventions in nutrition and birth spacing. There is strong evidence that A.I.D.'s interventions over the past four years and the framework put in place over the last decade are beginning to make a difference.

Control Of Diarrheal Disease: INCAP, The Nutrition Institute for Central America, is providing regional support to ORT programs in Guatemala, Honduras, and El Salvador which are saving thousands of children every

year. In Honduras alone the number of deaths attributable to diarrhea declined by 50% in the 1981-1985 period.

Immunization: In Guatemala each rural household is visited three times a year to ensure that at-risk children receive the needed vaccinations. In Honduras over 70% of all children under five have been vaccinated and 90% of the known tuberculosis patients have been aided.

Nutrition: Nutrition-related activities are focused on developing growth monitoring programs which complement ORT and immunization activities. One of the largest A.I.D. nutrition-related programs is the P.L. 480 Title II program, which in FY 1987 is scheduled to provide approximately \$10 million in food assistance for maternal and child health, food for work, school feeding, emergency feeding, and aid to displaced persons. A.I.D. is working with INCAP to improve the planning and implementation of food programs throughout the region.

Malaria: Malaria is one of the most serious tropical diseases in the region in terms of number of cases reported, potential for epidemics, and negative health effects on the population. Malaria cases in the region may now exceed one million. The highest-risk groups in affected areas are usually mothers, children, and rural farm workers. A.I.D. programs are battling increases in malaria in Guatemala and Honduras. The incidence of the disease in El Salvador has been dropping since 1980, in part due to A.I.D. technical assistance and supplies for malaria control.

Access to Family Planning Services: All Central American governments have recognized that population and development policies are mutually reinforcing. A.I.D.'s main role has been technology transfer, with 80% of A.I.D. assistance going to non-governmental organizations supporting Central American efforts to implement their own population programs. Contraceptive commercial sales programs are under way in Costa Rica, El Salvador, Guatemala, Honduras, and Panama. These programs are increasing accessibility and affordability of contraceptives, providing greater choice to the consumer, allowing for partial cost recovery for the program, and reducing the burden on governments by using the commercial sector.

### Democratization

The U.S. objective in this area is the establishment and strengthening of broad-based participatory democracies throughout the region, including free elections and respect for human rights. Popularly elected civilian governments are in place in Guatemala, El Salvador, and Honduras -- countries long ruled by military regimes. Though facing multiple economic and social problems and under pressure from the political left and the right, these societies are moving steadily forward to strengthen the institutional and attitudinal underpinnings of their nascent democracies. The longstanding democracies of Belize and Costa Rica remain firm, their governments continuing to function effectively. Only in Panama has democracy been set back by the continued strong-handed intervention of the military.

U.S. aid to democratization is growing in size and sophistication as we and the Central Americans confront the fact that democracy is not just a

particular set of conditions and events, but an evolutionary process involving a range of civic institutions, cultural attitudes and socio-political resources. A.I.D. programs are focused on the election process itself, on strengthening the professional capabilities of legislators, expanding citizen participation, and promoting the freedom and competency of the press. A.I.D. is also working to upgrade the competency and independence of the judiciary and investigative organs of government so that they may more effectively serve the populace and protect human rights.

The report of the NBCCA also called for the establishment of a Central American Development Organization (CADO). Composed of representatives of

be needed. The Administration's proposals in this regard will be detailed in the report due to Congress on March 1, 1987. 1/

-- The NBCCA assumed a substantial reduction in violence by the end of 1985. Military conflict still continues, albeit at reduced levels, in El Salvador. The armed resistance of the democratic forces in Nicaragua is expected to expand and may contribute to economic uncertainty in adjacent countries. This will continue to affect the climate for investment and dampen government efforts at economic reform. Unfortunately, it also hampers efforts to attract aid from other donors.

-- World economic recovery has not been as complete as projected. Earlier assumptions on world prices for the region's traditional exports have not been realized. Coffee prices recovered briefly in 1985-1986 but have fallen in recent months, and there may be no early upturn. Sugar quotas have been reduced. The decline in oil prices has had a positive effect, but prices have begun to rise again. Overall growth rates, while positive, are not sufficient to offset population increases.

-- Some of the other pieces are not there. It was assumed that the CAI would be aided by the progress of the Caribbean Basin Initiative, particularly those provisions of the CBI designed to spur foreign investment in the area. Shortfalls in the levels of private capital moving into the region have placed greater strain on official aid flows. The situation has been further complicated in Costa Rica and Panama, where extraordinary debt service burdens have not been sufficiently offset by new private bank financing. Finally, official U.S. aid flows have fallen short of planned levels; A.I.D. appropriations through 1986 in ESF and DA were \$530 million below those originally projected for the period.

4. More time will be needed. Continued substantial assistance will be needed into the 1990s before self-sustaining growth rates of 5% to 6% a year can be achieved. Export earnings from traditional crops will remain the key to growth for most of the next decade or so until the new nontraditional crops and products can pick up the slack. Substantial foreign investment must await a resolution of the conflict in El Salvador and reduction of tensions created by Nicaragua. The security factor also affects the willingness of the governments of the area to take the often unpopular economic and social reforms essential to long-term growth. Obviously, shortfalls in the levels of U.S. aid below those recommended in the NBCCA also serve as a brake.

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1/ The report is being prepared as instructed by Congress in Section 205(c), (1) of the FY 1987 Military Construction Appropriation Bill as incorporated in the FY 1987 Continuing Resolution (PL 99-591).

### FY 1988 Program

A.I.D. is requesting \$826.6 million in economic assistance for Central America in FY 1988, including \$230.1 million in DA, \$502 million in ESF and \$94.5 million in P.L. 480 resources. The ESF program concentrates primarily on economic stabilization and encouraging growth-promoting policy reforms, while the DA program addresses a number of priority development and equity concerns, as described in the country narratives that follow.



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (505) BELIZE

\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS,MID 1986) 165  
 PER CAPITA GNP..... (DOLLARS,1984) 1,110  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 2.5%  
 ANNUAL RATE OF INFLATION (1973-84) 7.6%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION.. ( ) . %  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
 (1986) TOTAL 68.2 MALE 65.8 FEMALE 70.9  
 (1970) TOTAL 63.0 MALE 60.8 FEMALE 64.9  
 ADULT LITERACY RATE (1970) TOTAL 91% MALE 91% FEMALE 91%

\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
 ( ) . %  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 25%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 158  
 MAJOR CROP(S) ARABLE LAND YEAR  
 SUBSISTENCE: RICE ,ROOTS AND TUBERS ,CORN 28% (1985)  
 CASH: SUGARCANE ,CITRUS FRUIT ,RICE 60% (1985)

MAJOR AGRICULTURAL EXPORTS:(1985) RAW SUGAR ,CITRUS ,FISH PRODUCTS  
 MAJOR AGRICULTURAL IMPORTS:(1984) DAIRY PRODUCTS ,MEAT PRODUCTS ,WHEAT  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1984) 32%

\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
 (1982) 46 (83) 46 (84) 49  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
 (1982) 62 (85) 59 (84) 61  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
 (1982) -16 (83) -14 (84) -12  
 DEFENSE EXPENDITURES,  
 AS % OF TOTAL EXPENDITURES.. ( ) . % ( ) . % ( ) . %  
 AS % OF GNP..... ( ) . % ( ) . % ( ) . %  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
 (\$MILLIONS, U.S.) (1983) 9 (84) 6 (85) 15  
 EQUIVALENT TO 0.4 MONTHS OF IMPORTS (1984)

\*FOREIGN TRADE\*

MAJOR EXPORTS(1985)SUGAR ,GARMENTS ,CITRUS  
 EXPORTS TO U.S.  
 (\$ MILLIONS, US, FOB) (1983) 28 (1982) 42 (1985) 38  
 AS % OF TOTAL EXPORTS (1983) 44% (1984) 58% (1985) 60%  
 MAJOR IMPORTS(1985)FOOD ,FUEL ,MFRD. GOODS  
 IMPORTS FROM U.S.  
 (\$ MILLIONS, US, CIF) (1983) 46 (1984) 57 (1985) 63  
 AS % OF TOTAL IMPORTS (1983) 39% (1984) 43% (1985) 48%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1983) -40(84) -39(85) -41  
 TRADING PARTNERS: UNITED STATES ,UNITED KINGDOM ,MEXICO  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 38.2%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
 (\$ MILLIONS, U.S.)..... (1984) 2  
 AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 1.5%

\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 2.4% (1978) 1.7% (1986) 1.6%  
 POPULATION IN URBAN AREAS.....(1970) 51% (1986) 52%  
 TOTAL FERTILITY RATE.....(1970) 7 (1986) 5  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1985) 42.9%  
 POPULATION (1986) IN AGE GROUP:  
 (0-14YRS) 47.3% (15-64YRS) 48.7% (65+ YRS) 4.0%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 38  
 PEOPLE PER PHYSICIAN..... (1986) 3,667  
 MAJOR CAUSES OF  
 DISEASE (1982) MALARIA ,GASTOINT. INFEC.,RESPIRATORY INF.  
 DEATH.. (1982) ACCIDENT & TRAUMA,CIRCULATORY COND,CEREBROVASCULAR  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 116%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1984) 68%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1982) TOTAL 126 MALE 128 FEMALE 124  
 SECONDARY..... (1982) TOTAL 27.2 MALE . FEMALE .  
 POST SECONDARY.. ( ) TOTAL . MALE . FEMALE .  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) . %

BELIZE

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	6,850	7,296	7,300
Loan	0	0	750
Grant	6,850	7,296	6,550
Economic Support Fund	1,914	2,254 <u>1/</u>	2,000
Loan	1,500	1,915	1,350
Grant	414	339	650
Other*			
TOTALS	8,764	9,550	9,300
P.L. 480	0	0	0
Title I			
Title II			
TOTALS	8,764	9,550	9,300

Footnotes:  
1/ The above total for ESF includes \$85,000 in local cost support.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	5	6.75	6.75
Foreign National	2	4	4
TOTALS	7	10.75	10.75

<sup>a</sup>Total full time equivalent workyears of employment. Include HIC, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	15	95	110	42	118	160	45	134	179
Regional <sup>e</sup>	56	19	75	70	10	80	90	10	100
Third Country Participants									
Bilateral <sup>d</sup>									
Regional <sup>e</sup>									
TOTALS	71	114	185	112	128	240	135	144	279

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.  
<sup>b</sup>Academic: degree seeking.  
<sup>c</sup>Technical: non-degree seeking.  
<sup>d</sup>Participants funded under bilateral programs.  
<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## BELIZE

### Introduction

Belize is a small but importantly located democratic country in Central America which gained its independence from the British in 1981. It has the lowest population density in Central America, partly owing to the vast tract of swampy and barren land near the coast and the limestone mountains covered with tropical forest in the interior which discourage intensive settlement. The size of its population (165,000), combined with its natural resource base, provides the country an excellent chance of attaining middle-income status within a decade or two. However, fiscal instability arising from chronic trade and budgetary deficits, a narrow productive base due to an underdeveloped agricultural sector, and a lack of productive infrastructure to develop domestic industry and attract foreign investment are formidable constraints to long-term growth.

Belize's economy is very open, and its small size makes it vulnerable to external market forces beyond its control. The country is largely dependent on a few primary commodity exports such as sugar and citrus. Conversely, Belize relies heavily on imports to satisfy a sizeable part of domestic consumption and practically all capital requirements. Due to declining terms of trade, in 1985 the country had one of the highest trade deficit to gross national product (GNP) ratios (22%) in the region.

Like other Central American countries, Belize's economic growth has slowed since the late 1970s. As a result, its GNP per capita of \$1,110 in 1984 has remained basically unchanged since 1980. While the country's literacy level is high (91%), Belize's human resources are not sufficiently developed to assure sustained growth. Large-scale emigration of adult Belizeans, especially to the United States, further reduces the pool of skilled manpower. Environmental sanitation is a countrywide problem, and nearly half of the rural population and one-third of the urban population lack access to potable water. This contributes to the high incidence of malaria and other water-borne parasitic and infectious diseases, especially in rural areas.

The Government of Belize (GOB) is taking steps to deal with the country's development problems. The GOB has successfully implemented an International Monetary Fund (IMF) standby program from December 1984 to May 1986 and, with U.S. Economic Support Fund (ESF) assistance, achieved improvements in the external and fiscal accounts. Given Belize's economic vulnerability, the long-term objective of the GOB's Five Year (1985-1989) Macro-economic Plan is to expand and diversify the country's exports through greater emphasis on the development of non-traditional export crops, light industry and tourism. The GOB has embarked on a number of important productive physical and social infrastructure investments with assistance from international donors, including A.I.D. Policy reforms involving improvements in the operations of two major parastatals, liberalization of trade regulations and domestic price controls and improved public sector investment programming are being implemented to improve the economic structure and to foster

private sector development. These efforts represent the initial phases of a long and complex process necessary to strengthen the economy and lay the groundwork for achieving long-term growth and development.

With its limited resources, Belize relies on bilateral and multilateral economic assistance to finance its development program. The country has increasingly looked to the United States for economic and political support. The United States is Belize's leading trading partner and major donor of official development assistance. The government supports U.S. policies in Central America and the Caribbean.

#### A.I.D.'s Development Strategy and Accomplishments to Date

To maintain friendly relations with Belize and to assure a democratic, independent, economically viable country, our strategy is to assist the Government of Belize in addressing the constraints to growth with a program that focuses on economic stability, agricultural diversification, export promotion, infrastructure development, and selected human resources development. This strategy is based upon the recommendations of the National Bipartisan Commission on Central America. A.I.D.'s economic assistance targets fiscal stabilization and productive infrastructure improvements over the near term. Economic growth and diversification will enhance the equitable distribution of economic resources over the longer term and help nurture a democratic, independent, economically stable Belize.

A.I.D.'s strategy recognizes that the private sector is the main engine of growth in Belize. Activities of major projects are private sector-oriented, and the policy dialogue efforts under the ESF are aimed towards creating an economic environment conducive to private sector development. Support for institutional development and the transfer of appropriate technology are being achieved through efforts to assist the government and the Belizean private sector in diversifying and expanding the productive base of the economy.

#### 1. Stabilization

A.I.D.'s ESF program has focused on assisting the GOB to achieve economic stability and implement structural adjustment. An ESF loan of \$14.5 million for balance-of-payments support, provided in FY 1985 and FY 1986 through the Counterpart Fund II project (505-0012), complemented the IMF's \$7 million standby credit in providing adequate support to help the GOB liquidate its external debt arrears in 1985 and build up its international reserves. By adopting austere budgetary measures and improving the operations of parastatals, the GOB was able to reduce the overall budget deficit from more than 7% in Belize FY 83/84 to only 3.7% in Belize FY 85/86 and to generate net public savings from its current operations in Belize FY 85/86. GOB local currencies were utilized to support foreign-assisted capital investments of the public sector and selected development activities of the private sector. An additional \$1.414 million in ESF grants provided in FY 1985 and FY 1986 supports technical assistance to enable the GOB to improve the operations of two parastatals, implement trade and domestic price policy reforms, and improve its planning and programming of public investment. A.I.D.'s focus on achieving economic stabilization and structural adjustments will continue in FY 1987 with the provision of \$2 million in ESF

for a Counterpart Fund III loan project (505-0013) which will be designed to assist the GOB to maintain financial stability through greater expenditure restraint and to implement policy reforms designed to foster private sector growth and economic diversification. Policy reforms will consist of restructuring the government's development incentive system and tariff structure, both very crucial to greater private sector growth and a more efficient economy. Local currencies associated with the ESF loan will be used for financing private sector credit requirements for productive investments, encouraging the sale or lease of selected public corporations engaged in commercial activities, and supporting private and voluntary organization (PVO) programs.

## 2. Long-Term Growth

Agriculture, Rural Development and Nutrition. A.I.D.'s thrust in the agriculture sector is to assist the GOB and Belizean private sector to reduce the country's dependence on sugar as the major foreign exchange earner by diversifying its agricultural base and increasing production and exports. An ongoing \$6.8 million Commercialization of Alternative Crops project (505-0008) is the principal activity supporting the GOB's efforts to expand the country's productive base by developing viable alternative crops for export and import substitution. Initially, technical assistance in agricultural diversification is being provided to farmer organizations in the northern districts of Belize. As a result, eleven new crops, mainly winter vegetables and fruits, are expected to have marketing trials in FY 1987. In addition, feed grain and oil crops will be developed to meet domestic demand for animal feed and edible oil.

An ongoing \$3.3 million Livestock Development project (505-0006) is intended to expand production of the local agricultural sector for both domestic consumption and exports. Through technology improvements and policy changes leading to the privatization of the National Abattoir, this project has improved small- and medium-sized livestock production and upgraded meat processing in Belize, making it possible for several private companies to resume exporting meat to neighboring countries. A \$6.2 million Rural Access Roads and Bridges project (505-0007) is assisting Belize to increase its agricultural production through the rehabilitation and maintenance of important all-weather and rural access roads and bridges. This project has increased the Ministry of Work's capability to rebuild, maintain and protect its rural access roads infrastructure. Improved access to markets, inputs, new technology and social services have enhanced the income and living conditions of small farm families in the rural areas. To reinforce current diversification efforts, A.I.D. will initiate a \$2.5 million Toledo Agricultural Marketing project (505-0016) in FY 1987 which will assist "slash and burn" farmers in the impoverished Toledo district. The major project strategy is to develop non-traditional export-oriented crops with established marketing channels (focusing on cocoa), thereby broadening Toledo's small farmers' cash crop base and reducing dependency on rice production.

Selected Development Activities. The objectives of programs in this account are strengthening of the Belize private sector and increasing exports. In FY 1986, the Export and Investment Promotion project (505-0027) was initiated as a follow-on to an earlier \$200,000 Export Promotion OPG

(505-0025) with the Belize Chamber of Commerce and Industry that successfully established the Belize Export and Investment Promotion Unit. The Investment Promotion project is developing the Unit's capacity to carry out a full range of tourism, export and investment promotion activities to expand the export-oriented production base in Belize. The Unit will serve as a "one-stop shop" for prospective investors, encourage joint ventures between foreign and local investors, and promote Belizean products abroad. The \$142,000 National Development Foundation OPG (505-0011) with the Pan American Development Foundation has been very successful. Three hundred loans totalling \$450,000 have been provided to small businesses, while 600 jobs have been either created or protected.

In FY 1987, A.I.D. will initiate a \$4 million Export Investment Credit project (505-0019) to support agricultural and industrial exports and tourism by modernizing the Belizean financial system to channel a larger flow of financial resources to long-term investment in these new productive sectors. This project will support a new financial institution by providing technical assistance for identification, evaluation, implementation and supervision of project proposals, and credit funds for private sector on-lending and for leveraging equity financing.

Housing Guaranty Program. A.I.D. is implementing a \$2 million Housing Guaranty program in Belize to support the GOB's efforts to address the problem of inadequate housing. The program is assisting the GOB to strengthen the institutional capacity of the Belizean Development Finance Corporation and the credit union system to expand shelter construction and improvements.

### 3. Spreading the Benefits of Growth

Health. A.I.D.'s health portfolio in Belize is focused on improving health care and services to promote the social well-being and increase the productivity of Belizeans. An ongoing \$7 million Increased Productivity through Better Health project (505-0018) is assisting the GOB to control the growing incidence of malaria and dengue fever and to expand coverage of potable water supply and sanitation programs in rural communities in three districts. The project provides technical assistance, support for applied research in malaria control, and training and commodities to the Ministry of Health. A component to be added in FY 1987 will include child survival activities such as immunization and oral rehydration therapy. A complementary \$700,000 Village and Health Sanitation operational program grant (OPG) project (505-0024), with the Cooperative for American Relief Everywhere (CARE), provides rural water and sanitation improvements in two other districts in Belize. A notable achievement of both projects is the establishment of water and sanitation coordinating committees at both the village and national levels among international donors and the GOB. In 1986 malaria cases in Belize decreased by 33%, from 18 per 1,000 to 12 per 1,000.

Other A.I.D. efforts to improve health conditions in Belize, especially among the rural poor, include training professionals in the key areas of maternal health and child survival, oral rehydration therapy, primary health care delivery, and in encouraging breast-feeding and family planning. These projects are effectively administered by private and voluntary organizations.

Education and Human Resource Development. A major objective of A.I.D.'s program is to increase the availability of skilled manpower in Belize in order to strengthen the private sector and improve public administration. In FY 1986, A.I.D. began implementing a \$5 million Training for Employment and Productivity project (505-0020) to provide the training required to promote private enterprise development, especially of export and tourism-oriented enterprises in Belize. The project supports the expansion of the Belize Institute of Management, a private training institute, and improvement in the GOB's vocational institutions. It will provide management, technical and skills training to employees of private firms and government agencies and other individuals involved in tourism and export-oriented activities.

A.I.D. also supports the GOB's and private organizations' efforts to address the illicit drug problem in Belize. A \$350,000 Drug Awareness OPG (505-0033), being implemented by the Parents' Resource Institute for Drug Education (PRIDE), is promoting greater drug awareness among the youth of Belize, primarily by providing technical information and material support to Belizean church and civic organizations actively engaged in drug education programs.

#### 4. Democratic Institutions and Human Rights

Belize is unique within Central America. The political process is stable, democratic institutions are well-entrenched, and income distribution is generally equitable. Belize participates in regional projects to improve its legal system.

Section 709 of the International Security and Development Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following supplemental information on assistance to Belize in FY 1986 is provided as partial fulfillment of that requirement:

A. Training. In FY 1986, A.I.D. provided academic and technical training to 185 participants in the following fields of study: agriculture (38); education (51); health (27); business (26); sciences (16); computer science (11); labor (4); engineering (5); public administration (3); and other (4).

B. The types of goods associated during FY 1986 with ESF cash transfers by A.I.D. to Belize are as follows:

<u>Type of Goods</u>	<u>Value</u>
U.S. Machinery and Transport Equipment	\$4.4 million
U.S. Steel and Other Manufactured Goods	\$1.0 million
U.S. Fertilizers/Chemical Products	<u>\$1.1 million</u>
TOTAL	\$6.5 million

C. Local Currency associated with A.I.D. assistance to Belize was allocated by A.I.D. and the GOB for the following uses in FY 1986. (There was \$1.85 million in local currency available for allocation at the beginning of FY 1986 and an equivalent of \$6.5 million was added during FY 1986.)

Public Works	\$2.8 million
Agricultural Activities	\$2.1 million
Health, Education and Housing	\$1.9 million
Training	\$0.4 million
Private Sector Development Activities	\$0.4 million
Trust Fund	<u>\$0.7 million</u>
TOTAL	\$8.3 million

D. Reprogramming of funds for Belize during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation document:

(\$000)	Total	ARDN	PP	HE	CS	EHRD	SDA	ESF
- Estimated FY 1986 Obligations	8,464	1,850	50	2,250	-	650	1,750	1,914
- Actual FY 1986 Obligations	8,764	2,150	50	2,250	-	650	1,750	1,914

E. Funds and Programs provided to Belize in FY 1986 through non-governmental as contrasted to governmental channels:

	<u>Non-Governmental</u>	<u>Government of Belize</u>
DA	\$4.222 million (62%)	\$2.628 million ( 38%)
ESF	<u>-0-</u>	<u>\$1.914 million (100%)</u>
TOTAL	\$4.222 million (48%)	\$4.542 million ( 52%)

#### FY 1988

A.I.D. proposes \$2 million in ESF and \$7.3 million in Development Assistance for Belize in FY 1988. The \$2 million in ESF will be balance-of-payments support to help sustain the economic stabilization thus far achieved, and to continue policy dialogue with the GOB for structural adjustment essential for improving economic efficiency and stimulating private sector-led growth and development.

Agriculture. A.I.D. requests \$3.2 million to incrementally fund the Commercialization of Alternative Crops (505-0008, \$800,000), Toledo Agricultural Marketing (505-0016, \$500,000), Rural Access Roads and Bridges (505-0007, \$1.2 million) and Livestock Development (505-0006, \$500,000) projects. These funds will enable continuation of efforts to increase agricultural production and exports. This request also includes \$100,000

for the Central American Peace Scholarships (505-1000), and Program Development and Support (505-0000, \$100,000) for project development, evaluations and studies.

Population, Health, Child Survival, Education and Human Resources. Some \$1.9 million is requested to incrementally fund the Increased Productivity Through Better Health project (505-0018, HE \$800,000 and CS \$300,000), Training for Employment and Productivity (505-0020, EHRD \$300,000), and the Central American Peace Scholarships (505-1000, HE \$150,000, EHRD \$200,000) projects, and to provide Program Development and Support (505-0000, \$150,000) for project development, evaluations, population policy studies and related support.

Selected Development Activities. A.I.D. requests \$2.2 million to incrementally fund the National Development Foundation of Belize (505-0011, \$70,000), Export and Investment Credit (505-0019, \$750,000) and Export and Investment Promotion (505-0027, \$1 million) projects. This assistance will enable private sector organizations such as the Belize Chamber of Commerce and Industry and the National Development Foundation of Belize to continue efforts in export promotion and provide credit to the productive sectors. This request also includes Program Development and Support (505-0000, \$360,000) for project development, evaluations, and special studies to strengthen the private sector, and Special Development Activities (505-0010, \$20,000) to promote development initiatives at the community level.

A.I.D. Representative: Neboysha R. Brashich

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

505 BELIZE

CP 88

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
505-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	83	C	---	440	352	50	120	40	58	100	100
505-0006 LIVESTOCK PRODUCTION (PC)	G	83	91	4,350 1,350	1,350	257	---	584	---	439	500	500
505-0006 LIVESTOCK PRODUCTION (PC)	L	83	91	1,900 1,900	1,900	713	---	756	---	431	---	---
505-0007 RURAL ACCESS ROADS AND BRIDGES (PC)	G	83	91	11,150 6,150	6,150	4,644	---	394	---	612	1,200	800
505-0008 COMMERCIALIZATION OF ALTERNATIVE CROPS	G	85	89	5,800 6,300	2,225	---	1,500	437	675	1,700	800	400
505-0016 TOLEDO AGRICULTURAL MARKETING	G	87	89	2,500 ---	---	---	---	---	900	500	500	500
505-0023 ACCELERATED COCOA PRODUCTION (PC) OPG	G	84	85	615 615	615	134	---	148	---	333	---	---
505-0030 BEST - CASA PROGRAM (OPG)	G	86	87	385 385	---	---	200	115	185	150	---	120
505-0036 MACAL COOPERATIVE DAIRY DEVELOPMENT	G	86	86	300 300	---	---	300	---	---	200	---	100
505-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G	87	89	260 ---	---	---	---	---	63	40	100	75
TOTAL FOR ACCOUNT				28,260 17,500	12,680	6,100	2,150	3,054	1,863	4,463	3,200	2,595
GRANTS				26,360 15,600	10,780	5,387	2,150	2,298	1,863	4,032	3,200	2,595
LOANS				1,900 1,900	1,900	713	---	756	---	431	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

505 BELIZE

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
POPULATION PLANNING												
505-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	83	C	---	2	2	20	5	20	24	20	10
505-0031 FAMILY LIFE EDUCATION - OPG	G	86	88	128 78	48	---	30	20	20	30	30	30
505-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G	87	89	24 ---	---	---	---	---	24	12	---	12
TOTAL FOR ACCOUNT				152 78	50	2	50	25	64	66	50	52
GRANTS				152 78	50	2	50	25	64	66	50	52
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
505-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	83	C	---	90	45	38	60	50	50	50	50
505-0017 CHILD SURVIVAL TECH SUPPORT OPG	G	86	86	500 500	---	---	500	89	---	275	---	136
505-0018 INCREASED PRODUCTIVITY THROUGH BETTER HE	G	85	89	7,000 7,000	1,500	---	1,250	1,642	1,275	2,000	800	1,000
505-0024 VILLAGE HEALTH SANITATION OPG	G	84	86	700 700	500	128	200	1	---	500	---	71
505-0009 BREAST IS BEST LEAGUE - OPG	G	85	86	62 62	50	21	12	4	---	10	---	27
505-0032 MATERNAL AND CHILD HEALTH OPG	G	86	86	250 250	---	---	250	101	---	100	---	49

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

505 BELIZE

CP 88

PROJECT NO. AND TITLE	• L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87-		-PROPOSED FY88-	
									OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
505-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G	87	89	350 ---	---	---	---	---	48	24	150	124
TOTAL FOR ACCOUNT				3,862 8,512	2,140	194	2,250	1,897	1,373	2,959	1,000	1,457
GRANTS				8,862 8,512	2,140	194	2,250	1,897	1,373	2,959	1,000	1,457
LOANS				---	---	---	---	---	---	---	---	---
CHILD SURVIVAL FUND												
505-0018 INCREASED PRODUCTIVITY THROUGH BETTER HE	G	87	89	1,500 ---	---	---	---	---	725	300	300	300
TOTAL FOR ACCOUNT				1,500 ---	---	---	---	---	725	300	300	300
GRANTS				1,500 ---	---	---	---	---	725	300	300	300
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
505-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	83	C	---	50	49	50	36	60	75	50	50
505-0020 TRAINING FOR EMPLOYMENT	G	85	89	5,000 5,000	2,000	---	500	185	1,000	1,315	300	1,305
505-0033 DRUG AWARENESS OPG	G	85	87	750 350	250	---	100	209	400	141	---	400
505-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G	87	89	800 ---	---	---	---	---	411	200	200	---

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

505 BELIZE

CP 88

PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	FY85- EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	FY87- EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	FY88- EXPEN- DITURES
TOTAL FOR ACCOUNT				6,550 5,350	2,300	49	650	430	1,871	1,731	550	1,755
GRANTS				6,550 5,350	2,300	49	650	430	1,871	1,731	550	1,755
LOANS				---	---	---	---	---	---	---	---	---
SELECTED DEVELOPMENT ACTIVITIES												
505-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	83	C	---	498	432	200	162	145	200	360	310
505-0010 SPECIAL DEVELOPMENT ACTIVITIES FUND	G	84	C	---	100	49	20	6	55	70	20	50
505-0011 NATIONAL DEVELOPMENT FOUNDATION OPG	G	83	88	342 242	142	117	30	25	100	100	70	70
505-0019 EXPORT INVESTMENT CREDIT	G	87	89	1,100 ---	---	---	---	---	1,100	200	---	300
505-0019 EXPORT INVESTMENT CREDIT	L	87	89	3,000 ---	---	---	---	---	---	---	750	200
505-0026 PILOT GUIDANCE, COUNSELING, & PLCMT - OP	G	84	84	80 80	80	17	---	22	---	41	---	---
505-0027 EXPORT & INVESTMENT PROMOTION	G	86	88	2,500 2,500	---	---	1,500	---	---	705	1,000	575
TOTAL FOR ACCOUNT				7,022 2,822	820	615	1,750	215	1,400	1,316	2,200	1,505
GRANTS				4,022 2,822	820	615	1,750	215	1,400	1,316	1,450	1,305
LOANS				3,000 ---	---	---	---	---	---	---	750	200

ECONOMIC SUPPORT FUND

\*Refers to the planned project summary sheet

CLevel of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

505 BELIZE

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHO	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
505-0005 CREDIT REDISCOUNT FUND	L	83	83	5,000 5,000	5,000	---	---	5,000	---	4,023	---	---
505-0012 COUNTERPART FUND II	G	85	86	1,414 1,414	1,000	138	414	158	---	618	---	500
505-0012 COUNTERPART FUND II	L	85	86	14,500 14,500	13,000	6,500	1,500	6,500	---	1,500	---	---
505-0013 COUNTERPRT FUND III	G	87	89	1,000 ---	---	---	---	---	---	---	---	500 500
505-0013 COUNTERPRT FUND III	L	87	89	7,000 ---	---	---	---	---	1,915	1,915	1,350	1,350
505-0999 LOCAL COST SUPPORT	G	87	87	85 ---	---	---	---	---	85	85	---	---
505-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G	87	89	566 ---	---	---	---	---	254	---	150	200
TOTAL FOR ACCOUNT				29,565 20,914	19,000	6,638	1,914	11,658	2,254	8,141	2,000	2,550
GRANTS				3,065 1,414	1,000	138	414	158	339	703	650	1,200
LOANS				26,500 19,500	18,000	6,500	1,500	11,500	1,915	7,438	1,350	1,350
COUNTRY TOTAL				TOTAL	81,911 55,176	36,990	13,598	8,764	17,279	9,550	18,976	9,300 10,214
GRANTS				50,511 33,776	17,090	6,385	7,264	5,023	7,635	11,107	7,200	8,664
LOANS				31,400 21,400	19,900	7,213	1,500	12,256	1,915	7,869	2,100	1,550

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

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FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (515) COSTA RICA

-----  
\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS,MID 1986) 2,735  
 PER CAPITA GNP..... (DOLLARS,1984) 1,190  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 1.6%  
 ANNUAL RATE OF INFLATION (1973-84) 24.1%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..(1971) 3.3%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
 (1986) TOTAL 74.9 MALE 72.2 FEMALE 77.9  
 (1970) TOTAL 66.1 MALE 64.1 FEMALE 67.5  
 ADULT LITERACY RATE (1973) TOTAL 88% MALE 89% FEMALE 88%

-----  
\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
 (1976-1985) -0.0%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 21%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 88  
 MAJOR CROP(S) ARABLE LAND YEAR  
 SUBSISTENCE: RICE ,BEANS-DRY ,CORN 38% (1985)  
 CASH: COFFEE ,BANANAS ,BEEF AND VEAL 55% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) COFFEE ,BANANAS ,BEEF AND VEAL  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,OILSEEDS ,CORN  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1980) 27%

-----  
\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
 (1981) 469 (82) 455 (83) 684  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
 (1981) 544 (82) 478 (83) 747  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
 (1981) -75 (82) -23 (83) -63  
 DEFENSE EXPENDITURES,  
 AS % OF TOTAL EXPENDITURES.. (1981) 2.7% (82) 3.0% (83) 3.0%  
 AS % OF GNP..... (1981) 0.6% (82) 0.6% (83) 0.8%  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
 (\$MILLIONS, U.S.) (1983) 346 (84) 405 (85) 506  
 EQUIVALENT TO 4.2 MONTHS OF IMPORTS (1985)

-----  
\*FOREIGN TRADE\*

MAJOR EXPORTS(1984)COFFEE ,BANANAS ,BEEF  
 EXPORTS TO U.S.  
 (\$ MILLIONS, US, FOB) (1983) 274 (1984) 372 (1985) 442  
 AS % OF TOTAL EXPORTS (1983) 37% (1984) 39% (1985) 49%  
 MAJOR IMPORTS(1984)MFRD. GOODS ,MACHINERY ,TRANSPORT. EQP.  
 IMPORTS FROM U.S.  
 (\$ MILLIONS, US, CIF) (1983) 374 (1984) 396 (1985) 420  
 AS % OF TOTAL IMPORTS (1983) 48% (1984) 42% (1985) 43%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1983) -46(84) 1(85) -73  
 TRADING PARTNERS: UNITED STATES ,GERMANY, FEDER ,GUATEMALA  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 104%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
 (\$ MILLIONS, U.S.)..... (1984) 322  
 AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 26.4%

-----  
\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 2.8% (1978) 3.9% (1986) 2.9%  
 POPULATION IN URBAN AREAS.....(1970) 40% (1986) 46%  
 TOTAL FERTILITY RATE.....(1970) 5 (1986) 3  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1984) 65.0%  
 POPULATION (1986) IN AGE GROUP:  
 (0-14YRS) 36.3% (15-64YRS) 59.7% (65+ YRS) 3.9%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 17  
 PEOPLE PER PHYSICIAN..... (1979) 1,438  
 MAJOR CAUSES OF  
 DISEASE (1978) INFLUENZA-GRIPPE,CHICKENPOX ,MEASLES-ROUGEOLE  
 DEATH.. (1980) MYOCARDIAL INFAR,CEREBROVASCULAR ,COND. PERINATAL  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 118%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 84%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1982) TOTAL 104 MALE 105 FEMALE 103  
 SECONDARY..... (1982) TOTAL 39.8 MALE 46.6 FEMALE 34.1  
 POST SECONDARY.. (1980) TOTAL 20.2 MALE 10.3 FEMALE 8.0  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 32.0%

## COSTA RICA

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	10,949	12,774	12,900
Loan	6,250	4,963	6,850
Grant	4,699	7,811	6,050
Economic Support Fund	120,582	127,716 <sup>1/2/</sup>	90,000
Loan	0	0	0
Grant	120,582	127,716	90,000
Other*			
<b>TOTALS</b>	<b>131,531</b>	<b>140,490</b>	<b>102,900</b>
P.L. 480	16,200	16,000	15,000
Title I	16,200	16,000	15,000
Title II	-	-	-
<b>TOTALS</b>	<b>147,731</b>	<b>156,490</b>	<b>117,900</b>

## Footnotes:

- <sup>1/</sup> The FY 1987 total includes \$40 million ESF for the FY 1987 supplemental request. See separate supplemental annex for detail.
- <sup>2/</sup> The above total for ESF includes \$155,000 in local cost support.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	27.50	23.75	23.75
Foreign National	20	20	20
<b>TOTALS</b>	<b>47.50</b>	<b>43.75</b>	<b>43.75</b>

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IC personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	72	389	461	108	441	549	132	360	492
Regional <sup>e</sup>	107	16	123	163	38	201	231	38	269
Third Country Participants									
Bilateral <sup>d</sup>									
Regional <sup>e</sup>		21	21	0	10	10	0	10	10
<b>TOTALS</b>	<b>179</b>	<b>426</b>	<b>605</b>	<b>271</b>	<b>489</b>	<b>760</b>	<b>363</b>	<b>408</b>	<b>771</b>

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.

<sup>b</sup>Academic: degree seeking.

<sup>c</sup>Technical: non-degree seeking.

<sup>d</sup>Participants funded under bilateral programs.

<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## COSTA RICA

### Introduction

In the late 1970s, the terms of trade started to turn against Costa Rica. Coffee prices fell sharply and petroleum prices doubled. Costa Rica, which in the mid-1970s had appeared to be a model developing country, attempted to maintain its growth-with-equity performance through heavy internal and external borrowing. A policy of strong monetary expansion maintained existing levels of public and private consumption but caused inflation, exchange rate depreciation, and reduction of net foreign exchange reserves to negative levels. In July 1981, the Government of Costa Rica (GOCR) suspended principal and interest payments on an external debt whose servicing requirements it could no longer meet. That year the fiscal deficit reached 14% of gross domestic product (GDP). Cut off from external financing, Costa Rica faced a rapidly deteriorating economy. GDP fell by 9.4% between 1980 and 1982. Open unemployment reached 9.5% in 1982 and inflation exploded to over 100%.

Since 1982, the GOCR has made steady progress in stabilizing the economy. The GOCR's economic recovery effort has been supported by an International Monetary Fund (IMF) stand-by agreement, A.I.D. balance-of-payments financing and an \$80 million World Bank Structural Adjustment Loan. Significant levels of private bank refinancing also took place under debt rescheduling agreements reached between the GOCR and its U.S. and other foreign creditors.

A.I.D., in conjunction with the other donors, has supported major macroeconomic reforms essential to achieving sustainable long-term growth. Among these are major reductions in the number of agencies and programs which receive subsidized credit, a unified exchange rate, the maintenance of positive real interest rates on both time deposits and credit extended, and passage of a monetary reform law which improves the competitive ability of private banks in a state-bank-dominated system.

Although Costa Rica's economic performance since 1982 has improved, the stabilization effort is not yet complete. While Costa Rica has returned to positive economic growth rates, the estimated per capita GDP in 1986 is only about the same as the 1975 level. Further, with current account balance-of-payments deficits in 1986-1987 approximating \$200 million and scheduled public sector debt servicing after renegotiation still about \$150 million per annum, the annual financial requirement from external sources is in excess of \$300 million.

With its strong tradition of democracy and social justice, Costa Rica is important to the U.S. goal of establishing free, stable, democratic nations throughout Latin America. The country's dedication to democracy has not faltered in the face of reduced living standards and the growing threat of neighboring Nicaragua. But Costa Rica will continue to require significant levels of economic assistance over the next few years to avoid further

significant declines in living standards. The social and political risks of such a decline are contrary to U.S. interests in the region. The major objectives of U.S. economic assistance are to help Costa Rica continue the process of economic stabilization, to restore sustained economic growth without an unmanageable increase in external debt, and to preserve Costa Rica as a model of democratic, broad-based development in the region.

#### A.I.D. Development Strategy and Accomplishments to Date

A.I.D.'s strategy is based on the four principal goals laid out by the National Bipartisan Commission on Central America (NBCCA): economic stabilization, laying the basis for long-term growth, spreading the benefits of growth, and strengthening democracy. Central to this strategy is maximizing the involvement of the private sector in the development process, especially to take the lead in fostering export-led growth, and achieving structural change through policy dialogue. While considerable progress has been made in the area of economic stabilization, much work remains to be done to achieve sustained export-led growth.

#### A. Economic Stabilization

A.I.D. is supporting the GOCR's economic recovery program by providing balance-of-payments assistance essential to permit the importation of (1) raw materials and intermediate goods needed to keep producers functioning, and (2) essential foodstuffs not produced in sufficient quantities domestically. A.I.D.'s sizeable balance-of-payments assistance, which includes ESF, P.L. 480, and the Trade Credit Insurance Program resources, has allowed A.I.D. to enter a policy dialogue with both government and private sector leaders on reforms aimed at eliminating structural and policy problems which contributed to the 1981-82 crisis. Policy reform achievements include a sharp reduction in subsidized credit, to only 15% of all available credit by December 31, 1984; a unified exchange rate; a reduction in the deficit of the nonfinancial public sector from 14% of GDP in 1981 to 2% in 1984 and 1985; and maintenance of positive interest rates.

Another success has been passage of the new Monetary Law, which facilitates private banks' access to local-currency and foreign-exchange credit lines. A.I.D. is also supporting a GOCR effort, now under way, to divest itself of parastatal enterprises which, in the past, have accounted for 30% of the public sector deficit. Local currencies made available under ESF and P.L. 480 programs serve as a principal source of funding for a wide range of development activities.

As part of the FY 1987 supplemental request for Central America, \$40 million is being requested to augment balance-of-payments assistance to Costa Rica. Justification for this request is being provided separately.

#### B. Laying the Basis for Sustained Long-term Growth

In order for the Costa Rican economy to achieve sustained long-term growth, the shift from an import-substitution orientation to one of export-led growth must be accelerated. Within this context, A.I.D. is helping to address constraints to private sector investment by carrying out a dialogue on policy and structural changes, supporting projects which strengthen the

private sector directly and indirectly, and identifying export opportunities provided by the Caribbean Basin Initiative. A.I.D. programs emphasize credit and services to promote private investment in production for export to markets outside the Central American Common Market. A.I.D.-supported credit programs have responded to the nationalized banking system's inability to provide timely and appropriate types of credit required by productive enterprises.

One A.I.D. Development Assistance-funded project has helped establish the Private Investment Corporation, which provides medium- and long-term financing, equity investment, and other merchant banking services not traditionally available to private enterprises in Costa Rica. The Private Sector Export Credit project (515-0204) supports medium- and long-term financing for new export projects. A recent evaluation indicates that the once financially troubled implementing institution, COFISA (the Costa Rican Industrial Financing Corporation), is financially strong and has made significant progress towards becoming a major lender of export credit.

A.I.D. has also recently initiated a new Agricultural and Industrial Reactivation project (515-0223) which will provide medium- and long-term credit to existing industrial and agroindustrial companies for plant modernization and improvement. In addition, local currencies associated with the ESF program have financed a special credit line through the Central Bank, 80% of which has been channelled through and helped strengthen private banks.

The A.I.D. program also stresses investment and export promotion. The local-currency-financed Investment and Export Promotion program, being implemented by the Costa Rica Coalition for Development Initiatives (CINDE), is focused on attracting foreign investment and is yielding dramatic results. During the past year, 23 companies made new investments totalling \$13.5 million and generating over 4,000 new jobs. A.I.D. programs also include activities aimed at increasing production of agricultural exports. An ongoing program complementing a Central American regional effort is fighting coffee rust through technical assistance provided under an operational program grant (OPG) with Agricultural Cooperative Development International (ACDI) (515-0227) and through a local currency-financed credit program being implemented by the Federation of Coffee Growers Cooperatives (FEDECOOP). A.I.D. has also recently begun an agribusiness program which will support diversification of Costa Rican agriculture into intensively produced crops with potential for high economic return.

### C. Spreading the Benefits of Growth

A.I.D. is attempting to help spread the benefits of growth by supporting Costa Rica's longstanding commitment to equity. Our focus is on (1) assisting the GOCR to improve the quality and efficiency of service delivery and (2) increasing the involvement of the private sector in areas where it can provide services more efficiently. The private sector also has by far the major role to play in generating employment. The Private Investment Corporation and Private Sector Export Credit projects are contributing to increased employment by enhancing job-producing investments and credit for investment.

A.I.D.-supported housing programs generated some 7,600 work-months of employment in the first half of 1986. A.I.D. is assisting the Costa Rican shelter sector through Housing Guaranties, ESF and P.L. 480 local currency programs, and a dollar-funded low-cost shelter project. As of the end of FY 1986, almost 12,300 units were either sold, in the process of being sold, or under construction under these programs. In addition, a \$5 million ESF local currency program introduced two concepts in public housing activity: a modified turnkey approach to contract with the private sector for delivery of units, and reduction in the traditional unit size from a finished house to a smaller "starter" housing solution to which additions are made as family needs change. A.I.D. has also been supporting the creation of a Mortgage Bank in which the private sector will have the major management role.

Health and education indicators for Costa Rica are among the best in Latin America and are comparable to those of more industrialized nations. A.I.D. is therefore limiting itself to smaller, targeted activities where resources can have a high impact. For example, under an ESF local currency-financed program, approximately one million textbooks have been printed and distributed to all regions of the country. A.I.D. has also begun a refurbishment program for one-room schools which includes development and production of special materials, training of teachers in their use, and instruction on the use of locally available materials as teaching tools.

#### D. Strengthening Democracy

The United States views Costa Rica as both a valuable ally and a critical regional resource for promoting democratic development in Central America. A.I.D. strengthens institutions which have served and continue to serve as models of success for other Central American countries. Among these are the University of Costa Rica Law School, the Inter-American Institute of Human Rights Center for Electoral Advice and Promotion, and the United Nations-affiliated Latin American Institute for the Prevention of Crime and Treatment of Offenders (ILANUD).

Under the Central American Peace Scholarship project (515-1000), A.I.D. finances U.S. training for Costa Rican high school and university students, as well as leaders in a broad range of areas including municipal government and the arts. A.I.D. is also promoting democratic institutions through private and voluntary organizations. An OPG with the American Institute for Free Labor Development is developing an institutional capacity within the National Confederation of Workers to administer and operate an agrarian services department responsible to its federation and farm union constituency.

A.I.D.'s Selected Development Activities program supports community and organizational self-help efforts, which often involve the construction of a school building or other facility which can be used as a community meeting center. ESF-associated local currency has been used to expand the coverage of this program.

Section 709

Section 709 of the International Security and Development Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following supplemental information on assistance to Costa Rica in FY 1986 is provided as partial fulfillment of that requirement:

A. Training: A.I.D. provided training in FY 1986 to a total of 605 participants from Costa Rica in the fields of agriculture (340), industry (105), labor (41), health and family planning (12), education (131), public administration (243), housing and community development (2), and other (40).

B. The types of goods associated in FY 1986 with ESF cash transfers by A.I.D. to Costa Rica are estimated as follows:

<u>Types of Goods</u>	<u>Value</u>
U.S. Raw Materials	
Agriculture	\$ 20.0 million
Manufacturing & Mining	78.0 million
Construction	4.0 million
U.S. Capital Goods	
Agriculture	6.0 million
Manufacturing & Mining	25.0 million
Construction	4.0 million
Transport	3.0 million
Total	<u>\$140.0 million</u>

C. Local Currency: Local currency associated with A.I.D. assistance to Costa Rica was allocated by A.I.D. and the Government of Costa Rica for the following uses in FY 1986:

Increased Private Sector Involvement	\$20.0 million
Host Government Economic Policy	20.0 million
Support for Export Promotion Efforts	3.0 million
Housing and Infrastructure	16.9 million
Accelerated Agricultural Development	13.8 million
Training and Education	16.0 million
Other Activities	7.9 million
Operating Expenses	3.0 million
Total	<u>\$100.6 million</u>

D. Reprogramming of funds for Costa Rica during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation document:

(\$000)	TOTAL	ARDN	PN	HE	EHR	SDA	ESF
-Estimated FY 1986 Obligations	131,482	2,850	25	50	580	7,395	120,582

-Actual  
 FY 1986  
 Obligations 131,407 2,806 25 98 578 7,318 120,582

E. Funds and programs provided to Costa Rica in FY 1986 through non-governmental as contrasted to governmental channels were as follows

	<u>Non-Governmental</u> (\$ Millions)		<u>Government of Costa Rica</u> (\$ Millions)	
DA	\$5.7	(52%)	\$ 5.1	(48%)
ESF	-		\$120.5	(100%)
P.L. 480 Title I	-		\$ 16.2	(100%)
TOTAL	\$5.7	(4%)	\$141.8	(96%)*

\* The primary beneficiary of ESF resources channeled through the Central Bank is the private sector, which uses the dollars provided by the ESF to purchase U.S. raw materials and goods needed by Costa Rican industry and other businesses. P.L. 480 Title I wheat is processed and sold by private millers and bakers. A majority of the local currency being generated by the ESF and P.L. 480 program is being applied to private sector programs as indicated above.

FY 1988 Program

A.I.D. requests \$90 million in ESF, \$12.9 million in DA, and \$15 million in P.L. 480 Title I.

A. Economic Stabilization (\$85.5 million ESF, \$15 million Title I)

The proposed Economic Stabilization and Recovery VII project (515-0236) will continue balance-of-payments support in order to permit the continued financing of imports of U.S. raw materials and intermediate goods needed to keep businesses functioning in the near term. Local currency from the project will be used for a range of development activities supporting this as well as the other three basic goals of the program strategy. Activities include divestiture of parastatal enterprises; expanded housing; road maintenance and repair; export promotion programs; and health, education, and training activities.

The P.L. 480 Title I program will continue to provide balance-of-payments assistance through import of essential food commodities, and the local currencies generated under the program will support rural development activities.

B. Economic Growth

Agriculture, Rural Development and Nutrition (\$5.575 million): A.I.D. requests \$500,000 for operational program grant (OPG) projects under this appropriation category, \$415,000 for Program Development and Support directed mainly at the commercial aspects of the agricultural sector and \$2,825,000 for initial-year funding for the new Northern Zone Consolidation project (515-0235), a follow-on to the Northern Zone Infrastructure Development project (515-0191).

Selected Development Activities (\$6.0 million): A.I.D. proposes to allocate \$3.3 million for the Agricultural and Industrial Reactivation project (515-0223) which began in FY 1986, \$1.3 million for the OPG with Participating Agencies Collaborating Together (PACT), and \$300,000 for Program Development and Support.

C. Broadening the Benefits of Growth

Population, Health, Education and Human Resources (\$325,000): A.I.D. proposes \$150,000 for Program Development and Support for technical assistance, training, and other services in support of dollar and local currency-financed programs.

D. Strengthening Democracy

ESF and Education and Human Resources: A.I.D. proposes \$5.5 million for the Central America Peace Scholarship project (515-1000).

Mission Director: Daniel A. Chaij

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

515 COSTA RICA

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PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
515-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	82	C	---	6,554	6,190	500	219	400	580	415	840
515-0145 NATURAL RESOURCES CONSERVATION	L	79	80	8,000 8,000	3,000	5,352	---	780	---	1,868	---	---
515-0148 AGRARIAN SETTLEMENT AND PRODUCTIVITY	L	80	81	9,500 9,500	9,500	5,460	---	2,262	---	1,778	---	---
515-0191 NORTHERN ZONE INFRASTRUCTURE DEVELOPMENT	G	83	83	500 500	500	235	---	76	---	189	---	---
515-0191 NORTHERN ZONE INFRASTRUCTURE DEVELOPMENT	L	83	83	14,200 14,200	14,200	1,068	---	7,351	---	5,781	---	---
515-0204 PRIVATE INVESTMENT CORPORATION	L	84	85	5,000 5,000	4,000	---	1,000	3,804	---	1,196	---	---
515-0223 INDUSTRIAL REACTIVATION	L	86	90	5,588 ---	---	---	---	---	4,338	1,500	1,250	2,000
515-0226 AGRIC. SERVICES AND UNION DEV. (PVO-U-R)	G	85	86	1,000 1,000	250	181	750	289	---	530	---	---
515-0227 AGRIC. DEV. COOP INTERNAT'L (PVO-U-R)	G	85	86	800 800	200	15	600	167	---	320	---	298
515-0235 NORTHERN ZONES CONSOLIDATION	*G	88	89	500 ---	---	---	---	---	---	---	425	100
515-0235 NORTHERN ZONES CONSOLIDATION	*L	88	89	12,000 ---	---	---	---	---	---	---	2,400	600
515-0237 NON-TRADITIONAL EXPORTS-TECH SUPPORT	G	87	90	2,000 ---	---	---	---	---	1,415	300	585	800

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG-	EXPEN-	OBLIG-	EXPEN-	OBLIG-	EXPEN-	OBLIG-	EXPEN-
					ATIONS	ITURES	ATIONS	ITURES	ATIONS	ITURES	ATIONS	ITURES
515-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	424 ---	---	---	---	---	424	150	---	200
515-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	73	C	---	---	---	---	---	---	---	500	300
TOTAL FOR ACCOUNT				59,512 39,000	43,204	18,501	2,850	14,948	6,577	14,192	5,575	5,138
GRANTS				5,224 2,300	7,504	6,621	1,850	751	2,239	2,069	1,925	2,538
LOANS				54,288 36,700	35,700	11,880	1,000	14,197	4,338	12,123	3,650	2,600
POPULATION PLANNING												
515-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	52	C	---	171	154	25	13	47	76	50	45
515-0168 FAMILY PLANNING SELF-RELIANCE	G	83	88	2,623 2,500	2,498	649	---	755	---	700	125	394
515-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	183 ---	---	---	---	---	183	113	---	70
TOTAL FOR ACCOUNT				2,806 2,500	2,669	803	25	768	230	889	175	509
GRANTS				2,806 2,500	2,669	803	25	768	230	889	175	509
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
515-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	52	C	---	179	131	50	62	56	74	50	62
515-0203 HEALTH SERVICES SUPPORT	G	83	86	300 300	250	98	50	32	---	80	---	90

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	*	L	FY OF	FY OF	LOP	-THROUGH FY85-	-ACTUAL FY86-	-ESTIMATED FY87-	-PROPOSED FY88-				
			INITIAL	FINAL	PLANNED	OBLIG- EXPEN-	OBLIG- EXPEN-	OBLIG- EXPEN-	OBLIG- EXPEN-				
			OBLIG	OBLIG	AUTHD	ATIONS DITURES	ATIONS DITURES	ATIONS DITURES	ATIONS DITURES				
515-0203 HEALTH SERVICES SUPPORT	L	83	84	10,000	10,000	193	---	2,482	---	6,000	---	1,325	
515-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	354	---	---	---	---	354	200	---	100	
TOTAL FOR ACCOUNT				10,654 10,300	10,429	422	100	2,576	410	6,354	50	1,577	
GRANTS				654 300	429	229	100	94	410	354	50	252	
LOANS				10,000 10,000	10,000	193	---	2,482	---	6,000	---	1,325	
EDUCATION AND HUMAN RESOURCES													
515-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	82	C	---	---	538	517	80	23	300	78	100	90
515-0138 SCIENCE AND TECHNOLOGY	L	79	79	2,000	2,000	1,656	---	82	---	252	---	---	
515-0190 POLICY PLANNING AND ADMIN IMPROVE.	G	83	88	1,000	1,000	353	---	505	---	142	---	---	
515-0212 TRG FOR PRIVATE SECTOR DEVELOPMENT	G	84	87	5,000	4,000	95	500	203	500	885	---	2,500	
515-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	2,182	---	---	---	---	1,182	500	1,000	800	
TOTAL FOR ACCOUNT				10,182 8,000	7,538	2,621	580	813	1,982	1,857	1,100	3,390	
GRANTS				8,182 6,000	5,538	965	580	731	1,932	1,605	1,100	3,390	
LOANS				2,000 2,000	2,000	1,656	---	82	---	252	---	---	

SELECTED DEVELOPMENT ACTIVITIES

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
515-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	52	0	---	2,125	1,629	744	460	500	1,100	300	400
515-0138 SCIENCE AND TECHNOLOGY	L	79	79	2,500 2,500	2,500	2,317	---	19	---	164	---	---
515-0145 NATURAL RESOURCES CONSERVATION	L	79	80	1,800 1,800	1,800	---	---	---	---	750	---	1,050
515-0187 PRIVATE SECTOR EXPORT CREDIT	L	82	83	8,000 8,000	8,000	1,747	---	5,174	---	1,079	---	---
515-0188 PRIVATE SECTOR LOW-COST SHELTER	G	83	83	300 300	300	122	---	21	---	123	---	34
515-0190 POLICY PLANNING AND ADMIN IMPROVE.	G	83	88	7,900 7,900	5,500	1,368	---	1,055	1,300	2,600	1,100	2,377
515-0204 PRIVATE INVESTMENT CORPORATION	G	84	86	1,000 1,000	1,000	68	---	56	---	496	---	380
515-0204 PRIVATE INVESTMENT CORPORATION	L	84	86	15,000 15,000	14,750	---	250	---	---	6,000	---	9,000
515-0223 INDUSTRIAL REACTIVATION	G	86	89	350 350	---	---	100	---	150	100	100	200
515-0223 INDUSTRIAL REACTIVATION	L	86	90	39,062 19,650	---	---	5,000	---	625	3,000	3,200	5,000
515-0232 PRIVATE AGENCIES COLLABORATING TOGETHER	G	86	89	4,900 4,900	---	---	1,300	40	1,000	1,800	1,300	1,500
TOTAL FOR ACCOUNT				80,812 61,400	35,975	7,751	7,394	6,825	3,575	17,212	6,000	19,941
GRANTS				14,450 14,450	8,925	3,687	2,144	1,632	2,950	6,219	2,800	4,891
LOANS				66,362 46,950	27,050	4,064	5,250	5,193	625	10,993	3,200	15,050

ECONOMIC SUPPORT FUND

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

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PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES	
515-0172 IDOP BANKING SERVICES AND CREDIT	G	83	83	500 500	500	359	---	92	---	49	---	---	
515-0194 ECONOMIC STABILIZATION AND RECOVERY IV	G	85	85	160,000 160,000	160,000	147,200	---	12,800	---	---	---	---	
515-0247 S&T INFO NETWORK	G	87	87	250 ---	---	---	---	---	250	100	---	150	
515-0222 ECONOMIC STABILIZATION AND RECOVERY V	G	86	86	120,582 120,582	---	---	120,582	80,582	---	40,000	---	---	
515-0231 ECON STABILIZ AND RECOVERY VI	G	87	87	124,750 ---	---	---	---	---	124,750	124,750	---	---	
515-0236 ECONOMIC STABILIZ & RECOVERY VII	*G	88	88	85,500 ---	---	---	---	---	---	---	85,500	85,500	
515-0999 LOCAL COST SUPPORT	G	87	87	155 155	---	---	---	---	155	155	---	155	
515-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	18,561 ---	---	---	---	---	2,561	2,000	4,500	4,000	
TOTAL FOR ACCOUNT				510,298 281,237	160,500	147,559	120,582	93,474	127,716	167,054	90,000	89,805	
GRANTS				510,298 281,237	160,500	147,559	120,582	93,474	127,716	167,054	90,000	89,805	
LOANS				---	---	---	---	---	---	---	---	---	
COUNTRY TOTAL				TOTAL	674,264 492,437	260,315	177,657	131,531	119,404	140,490	207,558	102,900	120,360
GRANTS				541,614 306,787	185,565	159,864	125,281	97,450	135,527	178,190	96,050	101,385	
LOANS				132,650 95,650	74,750	17,793	6,250	21,954	4,963	29,368	6,850	18,975	

\* Refers to the planned project summary sheet

C Level of effort activity

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PROGRAM: Costa Rica

PLANNED PROGRAM SUMMARY SHEET

<b>Title</b> Northern Zone Consolidation		<b>Funding Source</b> DA	<b>AG, RD &amp; N</b> 2,400 (L) 425 (G)	<b>Health</b>	<b>PROPOSED OBLIGATION</b> (In thousands of dollars)			
<b>Number</b> 515-0235		<input checked="" type="checkbox"/> <b>NEW</b>	<b>Population</b>	<b>ED. &amp; HR</b>	<b>Sel. Act.</b>	<b>Initial Obligation</b> FY 88	<b>Estimated Final Obligation</b> FY 89	<b>Estimated Completion Date of Project</b> FY 92
<input checked="" type="checkbox"/> <b>GRANT</b> <input checked="" type="checkbox"/> <b>LOAN</b> <input type="checkbox"/> <b>CONTINUING</b>						2,400 (L) 425 (G)	Life of Project Funding 12,000 (L); 500 (G)	

**Purpose:** To assist the Government of Costa Rica (GOCR) in attaining the socio-economic consolidation of specific areas in Costa Rica's Northern Zone.

**Project Description:** The Northern Zone of Costa Rica is an area which is not socially and economically integrated with the rest of the country. It includes extensive areas of underutilized lands with considerable agricultural potential. In response to this situation, A.I.D. has been financing the Northern Zone Infrastructure Development Project (515-0191) in three specific parts of Costa Rica's Northern Zone covering an area of 260,000 hectares. Begun in 1983, the project is achieving good results, particularly in rural road construction and community infrastructure development.

This follow-on project will continue to increase agricultural production and rural development in the Northern Zone by providing funding for: infrastructure activities including feeder road/bridge construction and potable water systems; credit for non-traditional agricultural export products; land titling; a community development credit fund; and technical assistance and training activities. The project will be organized along the lines established under the ongoing Northern Zone Infrastructure Development project, but implementation decision making will be decentralized to encourage more active participation of public and private sector groups within the Zone.

**Relationship of Project to A.I.D. Country Strategy:** This project supports the Mission's strategy for long-term growth through an expanded production base, expanded production credit, and increased employment opportunities. It also responds to National Bipartisan Commission on Central America recommendations to increase agricultural production and increase infrastructure.

**Host Country and Other Donors:** This project is closely related to ongoing and planned host country and other donor efforts in the Northern Zone. The Inter-American Development Bank (IDB), for instance, is supporting road construction leading to the project area. Also, the IDB's Increased Agricultural Productivity project will provide agricultural technical assistance. The International Fund for Agricultural Development will provide small farm credit assistance for traditional crops. Moreover, the GOCR is providing local currency counterpart from the P.L. 480 program for ongoing IDB and A.I.D. projects.

**Beneficiaries:** Over 40,000 inhabitants of the Northern Zone will benefit directly from project outputs. Indirect beneficiaries include people providing goods and services to the project area whose businesses will benefit from economic activity in the area.

<b>Major Outputs:</b>	<u>All Years</u>
Rural roads constructed (Kms)	120
Community infrastructure projects completed (schools, potable water systems, etc.)	70
Loans for agribusiness exports approved	3,200
Land titles granted	1,100
<b>A.I.D. Financed Inputs</b>	<u>(\$000)</u>
Construction work and maintenance	7,800
Credit	3,200
Technical assistance/Training	800
Contingency	700
<b>Total</b>	<u>12,500</u>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies	
	Obligations	Expenditures	Unliquidated		
Through September 30, 1986				Ministry of National Planning and Economic Policy	
Estimated Fiscal Year 1987					
Estimated Through September 30, 1987					
		<b>Future Year Obligations</b>	<b>Estimated Total Cost</b>		
Proposed Fiscal Year 1988	2,400(L) 425(G)	9,600(L) 75(G)	12,000(L) 500(G)		

PROGRAM: Costa Rica

PLANNED PROGRAM SUMMARY SHEET

<b>Title</b> Private Voluntary Organizations- Operational Program Grants		<b>Funding Source</b> DA	<b>AG, RD &amp; N</b> 500	<b>Health</b>	<b>PROPOSED OBLIGATION</b> <i>(In thousands of dollars)</i>		
					FY 88	500	<b>Life of Project Funding</b> Continuing
<b>Number</b> 519-9999	<input type="checkbox"/> NEW	<b>Population</b>	<b>ED. &amp; HR</b>	<b>Sel. Act.</b>	<b>Initial Obligation</b>	<b>Estimated Final Obligation</b>	<b>Estimated Completion Date of Project</b>
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> CONTINUING					FY Continuing	FY Continuing	FY Continuing

Purpose: To promote private voluntary agency participation in development activities which address the problems and needs of the poor in Costa Rica.

Project Description: Private Voluntary Organizations (PVOs) working in Costa Rica range from unstructured associations that support charity activities to broad-based organizations which carry out development programs involving credit, training, technical assistance, rural development and the organization of worker-production units. The financial crisis in Costa Rica has severely limited the ability of the PVOs to raise funds from traditional local sources. In response to this situation, A.I.D. is supporting: (1) a local PVO Support Organization (ACORDE) via technical assistance and local currency financing from the Economic Stabilization and Recovery programs and; (2) a multi-year Operating Program Grant (OPG) with the Private Agencies Collaborating Together (PACT) to channel funding to U.S. PVOs.

The PVO program builds on the achievements of PVOs in Costa Rica in developing effective social service and economic infrastructure. A.I.D. supports successful PVOs, particularly those assessing organizational/institutional problems or developing new or revised operational approaches. A.I.D. works with PVOs which are familiar with the country's unemployment problem as well as with the credit, productivity and marketing difficulties faced by the private sector. Projects help the poor to increase their productivity and income through credit, greater access to productive resources, technical assistance and training.

In FY 1988, A.I.D. will provide the final funding increment for the PACT OPG, and will begin a new OPG in the area of rural development.

Relationship of Project to A.I.D. Country Strategy: The A.I.D. strategy framework is built around the NBCCA recommendations pertaining to economic stabilization, laying the basis for long-term growth, spreading the benefits of growth, and the development of democratic initiatives. The PVO program contributes to the latter three by: (1) increasing production among the poor by providing access to resources; (2) mobilizing private sector resources for development; and (3) supporting development of democratic organizations.

Host Country and Other Donors: The government frequently exempts PVOs from the payment of taxes and permits duty-free importation of project commodities. The PVOs themselves raise funds locally and from foundations and international companies. To receive sub-grants from PACT, U.S. PVOs must support their individual projects with a minimum 25% contribution from non-U.S. Government sources.

Beneficiaries: The ultimate beneficiaries of the OPGs are Costa Rica's unemployed or underemployed rural and urban poor. These include members of farmer groups, urban and rural women's organizations, cooperatives, and groups starting small enterprises.

<u>Major Outputs:</u>	<u>All Years</u>
Subprojects	x
PVO Workshops	x
Trainees	x

<u>A.I.D. Financed Inputs:</u>	<u>(\$000)</u>
Technical Assistance	400
Training	100
Total	500 FY 88 only

<b>U. S. FINANCING (In thousands of dollars)</b>				<b>Principal Contractors or Agencies</b>
	<b>Obligations</b>	<b>Expenditures</b>	<b>Unliquidated</b>	
Through September 30, 1986				Private Voluntary Organizations
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		<b>Future Year Obligations</b>	<b>Estimated Total Cost</b>	
Proposed Fiscal Year 1988	500	Continuing	Continuing	

PLANNED PROGRAM SUMMARY SHEET

Title Economic Stabilization and Recovery VII		Funding Source ESF	AG, RD & N	Health	PROPOSED OBLIGATION <i>(In thousands of dollars)</i>		
Number 515-0236		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	FY 88	85,500
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING						Life of Project Funding 85,500	
						Initial Obligation FY 88	Estimated Final Obligation FY 88
							Estimated Completion Date of Project FY 89

Purpose: To assist the Government of Costa Rica (GOCR) to reduce its balance of payments deficit, improve external debt management, stabilize the economy, and reactivate production.

Project Description: In response to the economic crisis of the early 1980s, the GOCR implemented programs to stabilize the economy and set the basis for long-term export oriented growth. These programs were supported by large amounts of external financial assistance from the International Monetary Fund (IMF), the World Bank and external creditors. A.I.D. has played a major support role through the Economic Stabilization and Recovery program.

As a result of these programs and external assistance, the GOCR has largely stabilized the economy and reversed the negative growth trend of the early 1980's. Gross Domestic Product grew 3.5% in 1983-85 after dropping sharply in 1981-82; inflation declined from over 100% in 1982 to 11.2% in 1985; and unemployment decreased from 9.4% in 1982 to 6.6% in 1985. Despite these encouraging trends the economy remains weak and vigorous export-led growth is only beginning.

The essential task confronting the recovery program is that of expanding exports into new markets while maintaining the existing level of real incomes and economic stability. Given the high level of Costa Rica's external debt, several more years of external assistance will be required. This program will allow the GOCR to make dollar resources available to the private sector to finance the importation from the U.S. of essential raw materials, intermediate goods, spare parts and other inputs to maintain agricultural and industrial production and investment. Local currencies made available by the project will be channeled, within the money supply parameters, to: (a) help meet capital requirements of private sector entities engaged in employment-generating activities, especially those

which are export-oriented; and (b) finance a variety of development-related initiatives.

Relationship of Project to A.I.D. Country Strategy: The project resources and the policy leverage that they provide will contribute to A.I.D.'s top program priorities: consolidating stabilization of the economy; and establishing the basis for growth. ESR assistance will be conditioned on economic policy reforms to stimulate private sector export growth and minimize government intervention in production.

Host Country and Other Donors: Other donor assistance to Costa Rica during 1983-1985 included two IMF Stand-by programs, a World Bank Structural Adjustment Loan and two sets of commercial bank and Paris Club reschedulings of external debt. The GOCR is currently negotiating for continued financial support from these entities.

Beneficiaries: The project will generate increased production and contribute to overall economic recovery. From that can come greater employment, higher real wages, and continued growth with equity which has been the hallmark of growth in Costa Rica.

<u>Outputs:</u>	<u>All Years</u>
Economic stabilization and growth policies; targets for balance of payments, fiscal deficits, external debt arrearages and money supply.	X
Local currency development projects: loans for export production; agricultural school; housing bank; and road maintenance.	X
<u>AID-Financed Inputs:</u>	(\$000)
Balance of payments support	<u>85,500</u>
Total	85,500

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				Central Bank of Costa Rica
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	85,500	-	85,500	



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (519) EL SALVADOR

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\*BASIC DATA\*  
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TOTAL POPULATION.. (THOUSANDS,MID 1986) 5,137  
 PER CAPITA GNP..... (DOLLARS,1984) 710  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) -0.6%  
 ANNUAL RATE OF INFLATION (1973-84) 11.3%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..(1977) 5.8%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 58.0 MALE 55.6 FEMALE 60.4  
     (1970) TOTAL 54.3 MALE 52.1 FEMALE 56.4  
 ADULT LITERACY RATE (1975) TOTAL 62% MALE 66% FEMALE 59%

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\*AGRICULTURE\*  
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ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) -1.8%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 21%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 392  
 MAJOR CROP(S) ARABLE LAND YEAR  
     SUBSISTENCE: CORN ,BEANS-DRY ,RICE 50% (1985)  
     CASH: COFFEE ,COTTON ,RAW SUGAR 50% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) COFFEE ,COTTON ,RAW SUGAR  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,OILSEEDS ,ANIMAL PRODS.  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1979) 44%

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\*CENTRAL GOVERNMENT FINANCES\*  
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TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     ( . ) ( . ) ( . )  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     ( . ) ( . ) ( . )  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     ( . ) ( . ) ( . )  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. ( . ) . % ( . ) . % ( . ) . %  
     AS % OF GNP..... ( . ) . % ( . ) . % ( . ) . %  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1983) 180 (84) 186 (85) 199  
     EQUIVALENT TO 1.7 MONTHS OF IMPORTS (1984)

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\*FOREIGN TRADE\*  
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MAJOR EXPORTS(1984)COFFEE ,COTTON ,SUGAR  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983) 286 (1984) 270 (1985) 376  
     AS % OF TOTAL EXPORTS (1982) 43% (1983) 44% (1984) 39%  
 MAJOR IMPORTS(1984)MACHINERY ,INTERM. GOODS ,PETROLEUM  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 290 (1984) 325 (1985) 490  
     AS % OF TOTAL IMPORTS (1982) 34% (1983) 40% (1984) 37%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1982) -122(83) -95(84) -189  
 TRADING PARTNERS: UNITED STATES ,GUATEMALA ,GERMANY, FEDER  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 31.1%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 194  
     AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 20.2%

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\*SOCIAL DATA\*  
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POPULATION GROWTH RATE...(1970) 3.8% (1978) 2.7% (1986) 2.3%  
 POPULATION IN URBAN AREAS.....(1970) 39% (1986) 44%  
 TOTAL FERTILITY RATE.....(1970) 6 (1986) 5  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1985) 48.0%  
 POPULATION (1986) IN AGE GROUP:  
     (0-14YRS) 45.3% (15-64YRS) 52.1% (65+ YRS) 2.6%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 91  
 PEOPLE PER PHYSICIAN..... (1980) 3,217  
 MAJOR CAUSES OF  
 DISEASE (1979) INFLUENZA-GRIPPE,MALARIA ,MEASLES-ROUGEDLE  
 DEATH.. (1981) COND. PERINATAL ,INTESTINAL INFEC,BRONCHITIS & OTH  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 92%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 51%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
     PRIMARY..... (1982) TOTAL 93.8 MALE 84.0 FEMALE 85.3  
     SECONDARY..... (1982) TOTAL 10.5 MALE 11.2 FEMALE 10.5  
     POST SECONDARY.. (1980) TOTAL 3.0 MALE 4.1 FEMALE 1.9  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 20.5%

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	83,880	75,457	75,620
Loan	8,000	8,500	0
Grant	75,880	66,957	75,620
Economic Support Fund	177,045	236,747 <u>1/3/</u>	200,000
Loan	0	0	5,000
Grant	177,045	236,747	195,000
Other*	0	151,442 <u>2/</u>	0
TOTALS	260,925	463,646	275,620
P.L. 480	49,870	44,666	40,904
Title I	44,000	42,000	35,000
Title II	5,870	2,666	5,904
TOTALS	310,795	508,312	316,524

## Footnotes:

- 1/ The FY 1987 total includes \$55 million ESF for the FY 1987 supplemental request. See separate supplemental annex for detail.
- 2/ International Disaster Assistance, including \$100 million FY 1987 supplemental request.
- 3/ The above total for ESF includes \$1,185,000 in local cost support.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	37	35.25	35.25
Foreign National	43	43	43.0
TOTALS	80	78.25	78.25

<sup>a</sup>Total full time equivalent workyears of employment. Include HIC, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	8	96	104	284	689	968	368	499	867
Regional <sup>e</sup>	524	217	741	86	28	114	67		67
Third Country Participants									
Bilateral <sup>d</sup>		69	69		76	76		18	18
Regional <sup>e</sup>									
TOTALS	532	382	914	370	793	1158	435	517	952

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.

<sup>b</sup>Academic: degree seeking.

<sup>c</sup>Technical: non-degree seeking.

<sup>d</sup>Participants funded under bilateral programs.

<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## EL SALVADOR

### Introduction

In 1987 El Salvador enters the ninth year of a guerrilla insurgency as it continues struggling to recover from the worldwide economic recession of the early 1980s. Those two events significantly reduced the country's foreign exchange earnings and contributed to lowering substantially the living standard of the majority. Between 1979 and 1982, the country experienced a 21% reduction in real gross domestic product (GDP), the living standards of low-income groups fell precipitously, exports declined 38%, unemployment and underemployment rose substantially, massive capital flight occurred, and private investment fell by 41%.

Historically, El Salvador has exhibited a highly skewed distribution of wealth and political power. Non-democratic political institutions tended to confirm social and economic inequalities, and the majority of the country's people were denied the chance to fully participate in the political system and the economy.

El Salvador is, however, making progress in establishing a lasting democratic system and in defending itself against leftist guerrillas. Politically, the assumption of office by a popularly elected president in 1984 and elections of a National Assembly and municipal authorities in 1985 completed the transition from a military to a civilian government. Despite the war, the constitutionally elected president has been able to reinforce this transition by exercising firm control over the civilian government, sustaining the momentum of democratic progress, obtaining support abroad, mounting a concerted war offensive, and arresting economic decline. Militarily, a larger, better led and equipped army has seized the initiative, forcing the guerrillas to shift from large-scale attacks to small-scale acts of sabotage in many areas of the country. Though diminishing, the security problem is still widespread and handicaps economic growth.

Adding to El Salvador's problems is the October 10, 1986 earthquake, which left nearly 1,000 dead, approximately 10,000 injured and upwards of 240,000 without shelter. The earthquake caused massive damage to infrastructure, public utilities and productive assets, primarily in downtown San Salvador. The damage estimate is \$822 million and includes housing for upwards of 40,000 families, 40 public buildings, hospitals, schools, streets, bridges, utilities and light industry. Of importance also is the added destabilization effect of the earthquake on the economy and thus its possible negative effect on the ongoing democratic process. Despite the war and the economic problems, President Duarte was able to organize an earthquake relief effort with the cooperation of the private sector which may help strengthen the democratic process, and to move forward on the planning and implementation of follow-on reconstruction efforts. Substantial assistance will be necessary from the United States and other donors to carry out the long-term earthquake reconstruction program.

With political and military progress being made, economic and social progress is critical to the survival of the new democracy. The high unemployment and underemployment rate, the high incidence of inflation, and the losses incurred in the earthquake make economic reactivation and resumption of broad-based growth urgent necessities. To help reactivate the economy, the Government of El Salvador (GOES) must quickly implement an earthquake reconstruction program. It must stimulate the private sector to restore production of traditional exports (especially coffee) to pre-1978 levels and develop new exports. It must also consolidate the agrarian reform and improve agricultural sector productivity. The need to follow through on the Comprehensive Economic Program (CEP) adopted by the GOES early in 1986, and to provide incentives to the private sector are critical. In the face of social unrest and the added burden of the earthquake, it is uncertain how quickly comprehensive macroeconomic policy changes can be adopted to correct budget deficits, promote exports and enhance the role of the private sector.

At the same time, the GOES must address basic human needs. El Salvador, one of the poorest countries in Latin America, has a high population density and natural population growth rate (2.8%), a high illiteracy rate, and poor health and housing conditions. The GOES has resorted to price controls and subsidies on basic food and consumable items to alleviate the burden of inflation on the poor, a course of action which cannot be sustained without negatively affecting economic stabilization.

Finally, the underpinnings of democracy must be strengthened. Continued progress in human rights must be maintained, the judicial system reformed, and local government and the legislative branch strengthened.

The principal U.S. interest in El Salvador is the attainment of peace and political stability. This will require continued military progress, strengthening of the democratic process, equitable economic growth, and implementation of an effective earthquake reconstruction program. Because of its proximity to the United States, El Salvador's problems are of great concern. Outmigration affects the United States directly. Even more important, the progress and outcome of the struggle in El Salvador has had, and will continue to have, repercussions on the evolution of democracy in the region.

#### A.I.D. Development Strategy and Accomplishments to Date

A.I.D.'s role is to help strengthen the economy and promote El Salvador's democratic development. The goals of U.S. economic assistance are to: (1) stabilize the economy and a deteriorated social and political situation (including earthquake reconstruction starting in FY 1987); (2) facilitate structural adjustments to achieve sustained economic recovery and growth; (3) broaden the benefits of growth for the majority; and (4) strengthen those institutions which underpin the democratic process. These goals are consistent with the recommendations of the National Bipartisan Commission on Central America (NBCCA).

With continued balance-of-payments assistance, dialogue on macroeconomic adjustments needed to further economic stabilization, and an earthquake reconstruction program, the FY 1987 and FY 1988 programs reflect an

increased focus on long-term recovery and growth. In FY 1987 the Displaced Persons program (519-0281), for example, will be reoriented from strictly relief assistance toward integrating the displaced into the productive economy and society. The Public Services Restoration project (519-0279), which contributes to economic stabilization by providing rapid repair of vital public services damaged by the guerrillas, will gradually shift in FY 1988 to longer-term infrastructure rehabilitation. To broaden the base for economic recovery and long-term growth, new initiatives in small business and agricultural diversification will begin. A new Local Government Strengthening project (519-0242), to begin in FY 1987, will provide support to enhance the capacity of municipal governments to plan, finance and carry out public services and small development projects while promoting increased community participation in the decision-making process.

A special FY 1987 supplemental request is being made for \$100 million in additional earthquake disaster assistance and \$55 million in ESF (\$40 million for balance-of-payments assistance, \$15 million for projects). The justification for this request is being provided separately.

### 1. Economic Stabilization

A.I.D.'s first goal is to help El Salvador maintain a modicum of social and economic stability within the context of the armed conflict and the recent earthquake. Some progress toward stabilization has been made. The steep decline in real GDP was arrested in 1983. Growth of aggregate real GDP was 2.3% in 1984, 2.1% in 1985 and was estimated before the earthquake at 1.3% in 1986. This implies, however, a continuing albeit modest decline in per capita income, given the natural population growth rate, estimated to be 2.8%. An optimistic goal for 1987 is a per capita growth rate of 1.0% -- i.e. aggregate GDP growth of about 3.8%. In 1987, the GOES will still be battling to contain balance-of-payments deficits and inflation. Economic stabilization objectives are addressed by A.I.D. through four programs: (1) balance-of-payments assistance to finance essential imports; (2) restoration of public services, now including an earthquake reconstruction program; (3) economic reintegration of displaced persons; and (4) restoration of functional local governments in former conflict zones.

Balance of Payments. El Salvador's economy depends on imports. Because of the growing scarcity of foreign exchange, imports declined to less than 25% of GDP in 1985, as compared with 44% in 1974-1978. A.I.D.'s ESF Balance of Payments program (519-0328) helps to correct this problem by making foreign exchange available for import of critical raw materials and capital goods. P.L. 480 Title I also contributes by facilitating the import of critical commodities. Through policy dialogue, A.I.D. attempts to shape GOES policy changes to achieve stabilization and lay the groundwork for sustained growth.

A.I.D.'s long-term objective is to eliminate the need for compensatory balance-of-payments financing. The short-term objectives are to: achieve per capita GDP growth; help the GOES bring fiscal and balance-of-payments deficits into line with available financial resources; and strengthen GOES procedures for making sound macroeconomic policies.

In 1986, A.I.D.'s balance-of-payments assistance supported the GOES' Comprehensive Economic Program (CEP). This program included a new unified exchange rate system, reduction of the fiscal deficit, monetary and credit measures designed to control the buildup of liquidity in the economy, and an incomes policy intended to distribute the burden of adjustment. Nevertheless, overall economic performance in 1986 has fallen short of expectations due to bad weather, heavy guerrilla attacks on the power grid which reduced production, poor foreign exchange management, excessive liquidity in the economy, and the destabilizing effect of the earthquake. Consequently, the annual inflation rate has increased to 30%-35% and growth has been slow. In FY 1987 A.I.D.'s Balance-of-Payments program (519-0328) seeks to support adjustments to the CEP, including movement toward a more flexible exchange rate regime, trade liberalization, and public utility rate increases. To adequately support this program, an additional \$40 million in FY 1987 supplemental funds are being requested.

Restoration of Public Services. A.I.D.'s objective is to assist the GOES to address reconstruction needs caused by years of guerrilla warfare and by the recent earthquake. A.I.D. attempts to counteract the destabilizing effects of guerrilla sabotage by providing quick, interim restoration of public services. A.I.D. helps to maintain vital public services and minimize outages by assisting GOES agencies technically and financially to react quickly when damage occurs. A.I.D. is also helping the GOES with earthquake recovery and reconstruction aid, using \$50 million in special FY 1986 Disaster Assistance funds appropriated by the Congress. To reinforce these programs, an additional \$115 million is being requested for project assistance as part of a separate supplemental request -- \$100 million for earthquake reconstruction, \$6 million for PVO earthquake projects, and \$9 million for public service restoration.

During FY 1986 the Public Services Restoration project (519-0279) provided vital assistance to the GOES' national electric authority, Ministry of Public Works, water authority and national telephone company. A.I.D.-financed helicopter services, repair parts and tools helped minimize power outages despite increased guerrilla sabotage. Three provisional bridge structures were built on national highways, including the largest Bailey bridge in the world (one mile). Heavy equipment purchases greatly augmented rapid repair capability.

Displaced Persons. A.I.D.'s long-term objective is to help El Salvador reintegrate its displaced population into the economy. The number of persons displaced by the conflict rose from 25,000 in 1980 to more than 400,000 in 1985 (11% of the population). The GOES lacks the resources to meet the basic needs of these people. Through the Health and Jobs for Displaced Families project (519-0281) and P.L. 480 Title II, A.I.D. is providing assistance for: 16,000-18,000 temporary jobs per month on a rotating basis for some 85,000 family members; daily food rations to 300,000 persons; reduction of malnutrition in displaced children; and support services such as loans, shelter, construction materials, basic tools and equipment.

A FY 1986 assessment of the displaced persons program identified an increasing movement by those displaced back to their places of origin. This assessment, which included options for encouraging this "returnee"

movement as well as for reintegrating displaced persons in their current or nearby locations, is serving as the basis for a phasing-out strategy of A.I.D.'s support to the displaced.

National Plan. In 1983, it became clear that military efforts alone were not sufficient to win the war. A National Plan was developed to restore and strengthen civil authority in guerrilla-affected areas. It called for intense military action to eliminate the guerrillas, followed by a coordinated effort by GOES ministries to help local authorities restore essential services, promote development in newly secured areas, and form civil defense committees. A.I.D.'s current objective is to help the GOES re-establish and strengthen local government authority and encourage the transfer of leadership to civilian authorities in former conflict zones. Using P.L. 480 and ESF-associated local currency, A.I.D. is assisting GOES efforts to re-establish civil government, implement projects, and train local authorities to provide needed services.

Progress until early 1986 was mixed. However, the Plan's coordinating entity, the National Commission on Restoration of Areas (CONARA) was strengthened during 1986, and since then the program has steadily advanced. In recent months, the direct infusion of funds to local municipalities for emergency and restoration projects has stimulated an upsurge in activity. Through August 1986, over 350 small projects had been completed or were being implemented and another 250 were being designed.

## 2. Economic Recovery and Growth

A.I.D.'s second goal is to accelerate economic growth and diversify production to achieve broad-based improvement in the economy. A.I.D. pursues this goal through projects and policy dialogue associated with the Balance-of-Payments and P.L. 480 Title I programs, including the programming of related local currency generations. Some progress has been made. In the industrial sector, growth for 1985 was 1.5% and is estimated to have been somewhat higher in 1986. Although gross agricultural output decreased somewhat in 1985, it also is believed to have grown in 1986. The turnaround is partly attributable to improved private sector expectations as reflected in higher levels of financial savings and investment, increased consumer demand, progress with agrarian reform, and the infusion of U.S. assistance.

In 1986, A.I.D.'s policy dialogue contributed to passage of a new Export Promotion Law, the establishment of an Export and Investment Promotion Committee, creation of a new insurance program to encourage domestic investment, and the strengthening of banking operations in support of nontraditional exports. While these are positive steps, the GOES needs to further improve investor confidence by increasing emphasis on growth and diversification, and by supporting measures to encourage the private sector, particularly in expanding exports. In FY 1987, A.I.D.'s Balance-of-Payments program will support GOES efforts to enact needed economic policy and stabilization measures. In addition, A.I.D. will continue to provide dollar funding and local currency support for three programs: (1) industrial recovery; (2) agricultural recovery and diversification; and (3) private sector support, including small business strengthening.

Industrial Recovery. Industrial sector growth averaged 5.9% annually from 1974 to 1978, mainly as a result of exports within the Central America Common Market (CACM) and to other countries. Production and exports have since declined significantly. Manufacturing for export is critical to achieving increases in growth and employment. Notwithstanding the sector's potential, constraints affecting recovery and growth include cumbersome foreign exchange procedures, damaged infrastructure, and risk of guerrilla attack.

A.I.D.'s long-term economic objectives are to stimulate employment, as well as to increase foreign exchange earnings, domestic and foreign investment, and per capita income. A.I.D.'s short-term focus is on re-export or "drawback" industries, and on providing incentives to increase private sector participation in the economy.

Under the Industrial Stabilization and Recovery project (519-0287), between June 1985 and June 1986, \$4.1 million in foreign exchange was generated and 2,400 new jobs were created in export-oriented industry. Complementing this activity, the GOES prepared and passed a new Export Promotion Law in March 1986 designed to broaden private sector participation in extra-regional markets and to permit private sector management of free trade zones.

Agricultural Recovery. In addition to continuing support for agrarian reform, A.I.D. is refocusing its agricultural strategy to promote domestic and foreign investment, identify foreign markets, increase technology transfer, and provide credit lines for investment in nontraditional export crops and agribusiness development.

A.I.D.'s long-term objectives are to assist El Salvador achieve a 4% sustainable growth rate in the real value of agricultural output and to raise the production of nontraditional export crops by 6% per year.

During 1986, A.I.D. policy dialogue with the GOES focused on ways to liberalize coffee export marketing. President Duarte formed two commissions to study alternatives to the GOES' coffee export marketing system through the state marketing board (INCAFE). The Water Management project (519-0303) is focused on high-value irrigated crops and production of certain nontraditional exports, such as melons and sesame. Several new shrimp production projects were also started.

Private Sector Support. Because of the war and resultant economic risks, private-sector investment growth has been modest since 1982. Increased investment is needed, requiring adequate credit and financial support mechanisms. Credit to the private sector became increasingly problematic, declining from 83% of total available credit in the years before 1979 to 32% in the 1980-1985 period. Contributing factors include reduced credit demand caused by GOES emergency public spending, scarcity of credit for long-term investment in nontraditional exports, and the complexity of the credit system.

A.I.D.'s long-term objective is to help El Salvador strengthen its private sector, with emphasis on investment in nontraditional exports outside the CACM. Improvements to the investment climate require the development of a

responsive credit delivery system, easier access to foreign exchange, and stronger private sector associations. In the short term, A.I.D. will assist El Salvador to provide credit resources, develop credit facilities for adequate nontraditional export activities, and streamline the credit system.

Accomplishments in 1986 include providing \$56 million in export-oriented ESF-associated local currency credit lines for the private sector, plus an additional \$28 million equivalent related to 1986 Balance-of-Payments (519-0328) assistance. Working with the Central Bank, A.I.D. sponsored the creation of a "one-step" Export Documentation Center to expedite private sector export transactions. An innovative local-currency war risk insurance program was enacted in September 1986 to insure domestic investment against damage caused by terrorism. A \$15 million offshore development investment fund was also established to provide credits for domestic and foreign investors in export industries.

Small Business. A.I.D. recognizes the importance of small business in reducing unemployment and contributing to improved productivity and income. El Salvador's small business sector is highly developed, and can contribute significantly to overall economic revitalization if the policy framework and incentives are in place.

A.I.D.'s programs in this area seek to promote a positive policy and legal framework for small-scale enterprise growth, integrate small-scale entrepreneurs into the local economy, and provide the needed credit to start or expand business activities. A.I.D. promotes small-scale enterprises and small and micro-businesses through FUSADES -- a private, non-profit, non-partisan development foundation -- and other indigenous institutions.

In FY 1986, over 26,000 entrepreneurs received business services and training, and over \$4.0 million in credit was provided through some 15 local institutions. A small-business sector assessment was carried out in mid-1986 to serve as the basis for better focusing and expanding A.I.D.'s assistance to this sector.

### 3. Broadening the Benefits of Growth

To help the GOES satisfy basic human needs, and in keeping with NBCCA recommendations, A.I.D. is supporting agrarian reform, marginal community and low-income housing development, health and family planning services, and education and training opportunities.

Agrarian Reform. Over the long term, A.I.D. seeks to help integrate the agrarian reform and non-reform sectors into a single but diversified export-oriented agricultural economy. In the agrarian reform sector, A.I.D. has focused on compensation of former land owners, rapid titling of beneficiaries, improvements in the land registry system, clear definition of beneficiaries' rights, restructuring of the agrarian debt, and provision of management assistance and training, primarily through the Agrarian Reform Sector Support (519-0265) and Agrarian Reform Sector Financing projects (519-0307). Local currencies associated with the Balance-of-Payments

program (519-0328) have also been used to meet compensation and program administration costs.

The agrarian debt was restructured in May 1986. Two new laws, modernizing the land registry system and speeding up the property registration of the new owners, were passed in mid September. The GOES budgeted 209 million colones (equivalent to \$48.1 million) for compensation and interest on agrarian reform bonds of former landowners, while A.I.D. programmed 140 million colones (equivalent to \$28 million) from 1986 local currency. Most of the Phase I cooperatives (total of 542,044 acres) are expected to be titled by the end of 1986, and the Phase III titling process (total of 240,054 acres) is to be completed by the end of 1987. A September 1986 assessment found some positive trends on the Phase I lands, and indicated that significant increases in production have occurred on individually owned Phase III small farms. A.I.D.'s current efforts emphasize the definition of beneficiary rights and obligations, access to production and investment credit, and improved farm management.

Community and Housing Development. The need for housing has increased dramatically, not only because of war-related rural-to-urban migration and the agrarian reform, but also because of the earthquake. The pre-earthquake need was estimated at 40,000 new units in 1986, compared with an annual average of 11,000 units during the 1979-1983 period, while the earthquake has added an additional need of 40,000 units. This combined requirement far outstrips the GOES' and private sector's capacity under existing programs and incentives.

The GOES is beginning to address the problem by: (1) revising building codes; (2) extending greater autonomy to municipalities; (3) installing water and sewer lines in marginal communities; and (4) initiating small-scale housing projects. In addition, President Duarte is considering the recommendations of a blue-ribbon Salvadoran housing sector commission.

A.I.D.'s immediate objective in the shelter sector is to address earthquake-created housing needs. The first activity was a \$300,000 Disaster Assistance financed emergency program with the San Salvador municipality, expected to benefit 34,000 people through the provision of basic housing materials. This is being followed by a low-cost housing program financed from the \$50 million appropriated for earthquake affected areas. A.I.D. supports the creation of an institutionally self-sustaining housing base by: (1) funding the new National Popular Housing Program, which promotes private sector involvement in low-cost solutions; (2) promoting streamlined administrative procedures; and (3) encouraging the housing finance sector to serve a broader range of beneficiaries. Based on an evaluation of the Housing Guaranty project (519-HG-006), the GOES' Social Housing Fund was identified as a means of seeking broad policy and financial reforms in the housing sector. As a result, assistance is now being provided to this institution by the U.S.-based Cooperative Housing Foundation (CHF).

Health. The health status of the population deteriorated during the early years of the guerrilla insurgency and the economic crisis. GOES austerity measures continue to result in inadequate budgets for hiring needed public health workers and purchasing badly needed medical equipment and vehicles.

The Ministry of Health's current budget for medicines and supplies meets only about 30% of estimated annual requirements. A.I.D. programs have made up some of these shortfalls. Although good data are lacking, it is believed that the deterioration in some key health status indicators has been halted.

Under the Health System Revitalization (519-0291) and Health and Jobs for Displaced Persons projects (519-0281), A.I.D. provides vehicles, critical medicines and medical equipment. Progress has been made in maintenance of equipment and vehicles, as well as in improving information and management systems. Reported cases of malaria are down 46% from a year ago. The recommendations of a management evaluation of the Health Systems Revitalization project have been followed to speed up pharmaceutical and equipment procurement and to design the follow-on Health Systems Support (519-0308) project begun in late FY 1986. An additional six months will be required to implement the new project because of earthquake damage.

A.I.D.'s longer-term objectives are to reduce the need for tertiary and secondary care by strengthening basic primary health care, and to improve management, logistics, maintenance, and other health service support systems. To this end, the new FY 1987 Health Systems Support project (519-0308) is supporting GOES efforts to extend service coverage, particularly in rural areas, to lower health-care costs and to identify cost-effective and sustainable community health care strategies.

Family Planning. El Salvador's estimated 2.8% annual growth rate continues to exert pressure on already overcrowded land and overtaxed social services. Rural and urban fertility rates are high at 5.6 and 4.3 children per woman, respectively. The consequences include poor nutrition of pregnant mothers, higher risk of maternal death before or during delivery, and low-birth-weight babies with greater risk of early death.

A.I.D.'s objective is to extend voluntary family planning service coverage by increasing contraceptive usage and increasing overall couple years of protection (CYP). A.I.D.'s strategy is to promote family planning services in both rural and urban areas by supporting the private sector Salvadoran Demographic Association and ongoing GOES programs, as well as involving international private and voluntary organizations (PVOs) and contractors to complement these efforts.

During FY 1986 the Salvadoran Demographic Association project (519-0275) implemented the recommendations of an evaluation, resulting in achievement of 30,000 CYP under its social marketing program and 60,000 CYP under its medical program. A.I.D. also provided technical and policy assistance, equipment, contraceptives, and training under the Population Dynamics project (519-0210) to GOES family planning programs, which helped increase CYP among Salvadoran couples of fertile age from 320,000 in FY 1985 to 335,000 in FY 1986.

Education. As a result of the war, 1,000 schools have been abandoned, the number of teachers has declined, and over 650,000 children (grades 1-6) are not in school. Vocational training has also experienced serious problems, including a shortage of qualified instructors and a lack of linkages

between GOES training institutions and private firms needing trained employees.

A.I.D.'s principal objectives are to help restore and improve the quality of the primary education system, strengthen and increase pre-employment and vocational skills training programs, and provide training opportunities for business managers, particularly from export firms.

Under the Educational Systems Revitalization project (519-0295), A.I.D. has helped the Ministry of Education initiate the construction and reconstruction of 150 primary school classrooms. The project's school construction component will be taxed as a result of the earthquake, which destroyed or damaged 103 schools, or 1,406 classrooms, the majority of which belong to the primary school system. In FY 1987, A.I.D. will assist a Salvadoran private-sector educational foundation to introduce a program of competency-based vocational skills training responding to the needs of the Salvadoran economy for skilled labor.

Scholarships. Begun in 1985 with regional funds, the Central American Peace Scholarships (CAPS) program (519-1000) has promoted the progressive, balanced and pluralistic development of El Salvador by exposing potential leaders to U.S. institutions and democratic values, increasing educational opportunities for disadvantaged groups, and countering the Soviet Bloc's investment in scholarships. CAPS is increasing the number of people from among El Salvador's low-income groups trained in leadership and technical skills. Between 1985 and 1989, 2,400 people will have been sent to the United States for specialized technical and long-term academic training. In FY 1986, 137 participants took part in long-term training and 217 in short-term technical courses. To expose these students to U.S. pluralism and democracy in action, "people to people" community visits are included as part of every U.S. program.

In addition to CAPS, in FY 1986 173 Salvadorans participated in U.S. and third-country courses in such fields as computer science, electronics, agricultural equipment mechanics, accounting, and marketing. Short-term courses have also been held for small business operators and agrarian reform beneficiaries, mayors, and mid-level public employees in such subjects as general business, cooperative management, community development, and public administration.

#### 4. Democratic Institutions and Human Rights

In 1984, Salvadorans elected their first civilian president in over 50 years. With the successful National Assembly and municipal elections in 1985, Salvadorans have chosen civilian officials at every level of government.

A.I.D. contributed to these successes and continues to support GOES initiatives in the areas of judicial reform, democratic labor organizations, and political development through assistance to the National Assembly and local governments -- institutions that are fundamental to an effective, free democracy.

Judicial Reform. A cornerstone of democracy is the rule of law, applied equally and fairly regardless of position, wealth or power. In recognition of this, the GOES initiated with A.I.D. assistance a major judicial reform effort. The overall objective of the Judicial Reform project (519-0296) is to bring to justice the perpetrators of high-profile crimes and to make fundamental reforms in the justice system itself. A major component of the project is the Revisory Commission for Salvadoran Legislation, which is coordinating the overall program, carrying out analytical studies of the judicial system, and developing draft legislation. Priority areas include changes in the rules of evidence and criminal procedure, the court system, amnesty, the National Council on the Judiciary, and career status for judges.

A second component relates to criminal investigative cases being carried out by the Commission for Investigations which includes a Special Investigative Unit (SIU) and a Forensics Unit. The SIU is fully equipped, has undergone extensive training, and is currently working on several high-profile cases; the Forensics Unit will become fully operational early in 1987.

Elections and Other Political Development. Despite the war and economic crises, El Salvador has successfully adopted a constitutional, democratic form of government. A.I.D. contributed to the success of the 1984 and 1985 elections by assisting in the development of an automated electoral registry system and arranging for international observers to view the election process. A.I.D. will continue to address electoral registry maintenance and to finance training, public awareness programs, and the introduction of a national voter registration card.

Labor Organizations. With prior-year A.I.D. assistance, the American Institute for Free Labor Development (AIFLD) helped to develop farm worker organizations and to support their role in implementing the agrarian reform program. A new FY 1986, three-year American Institute for Free Labor Development (519-0321) project continues support to the rural union movement and to agrarian reform. Under the new agreement, greater support will be provided to democratic urban trade unions through developmental, administrative and institution-building activities.

Human Rights Commission. The Human Rights Commission of El Salvador was set up in August 1983 to promote greater awareness of and respect for human rights. The Commission has given Salvadorans a means of communicating to the GOES, without fear of retribution, their suspicions of abuses by government forces or guerrillas, and an investigative mechanism for determining whether GOES forces have been involved in cases of disappearance or other abuses.

A.I.D.'s long-term objective is to help the Commission increase awareness of human rights issues, both inside and outside the GOES. To this end, A.I.D. assistance serves to bolster sensitivity to human rights in a civil strife situation, and to make known methods of recourse for violations.

Strengthening Local Governments. A.I.D. is strengthening the democratic process by supporting GOES efforts to devolve more authority to municipalities and to increase the capability of local governments to provide services to their citizens.

During FY 1986, A.I.D. began an effort to develop a municipal development institute and a municipal fund. In 1987, the Local Government Strengthening project (519-0242) will be initiated to assist the GOES to formulate the legal and procedural framework needed to grant more municipal autonomy. Technical assistance will be provided in the areas of municipal revenue generation and resource management. Training in planning and management skills, financial management and project design will also be provided to enable municipal officials to provide effective community services.

Section 709 of the International Security and Development Cooperation Act of 1985 requires that A.I.D. submit to the Congress special comprehensive reports on assistance provided to Latin America and the Caribbean. The following information on FY 1986 assistance to El Salvador is provided as partial fulfillment of that requirement.

A. Training. A.I.D. provided training in FY 1986 to a total of 914 participants from El Salvador in the fields of agriculture (340), industry (105), labor (41), health and family planning (12), education (131), public administration (243), housing and community development (4), and other (40).

B. The types of goods attributed in FY 1986 to ESF cash transfers to El Salvador are as follows:

<u>Types of Goods</u>	<u>(\$ millions)</u>
Raw Materials	\$ 5.60
Intermediate Goods	25.70
Capital Goods	17.10
Spare Parts	1.05
Agricultural Inputs	8.20
Petroleum	<u>90.67</u>
Total	\$ 148.32

C. Local Currency. Local currency associated with A.I.D. assistance to El Salvador was allocated by A.I.D. and the GOES in FY 1986 as follows. (There was a total of \$147.53 million in local currency available for allocation at the beginning of FY 1986, and an equivalent of \$181.3 million was added during FY 1986.)

<u>Category</u>	<u>Amount</u> <u>(\$ millions)</u>
Economic Stabilization (National Plan, Public Service Restoration, Displaced Persons)	\$ 34.70
Economic Recovery (Private Sector Credit Lines, Other Donor Counterpart, Agricultural Sector and Planning Support)	150.39
Broadening Benefits to the Poor (Agrarian Reform, Education and Social Sector Support)	30.79

Democratic Institutions (Judicial Reform Project, Judicial System Support)	4.04
Advance Working Capital Fund	3.63
Ordinary Budget Support (Operating Budget, Agrarian Reform Compensation)	94.04
Trust Fund (GOES-A.I.D.)	5.00
Reserve Funds	<u>6.24</u>
Total	\$328.83

D. Reprogramming of Funds for El Salvador during FY 1986 resulted in the following functional account changes. (Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation document.)

(\$000)	<u>TOTAL</u>	<u>ARDN</u>	<u>PN</u>	<u>HE</u>	<u>EHR</u>	<u>SDA</u>	<u>ESF</u>
-Estimated FY 1986 Obligations	258,143	29,470	4,673	19,250	16,455	11,250	177,045
-Actual FY 1986 Obligations	260,925	29,470	6,673	19,250	16,455	12,032	177,045

E. Funds and programs provided to El Salvador in FY 1986 through non-governmental as contrasted to governmental channels:

	<u>Non-Governmental</u> (\$ Millions)		<u>Government of El Salvador</u> (\$ Millions)	
DA	\$23.1	(27.5%)	\$ 60.8	(72.5%)
ESF	10.0	(5.6%)	167.0	(94.4%)
PL 480, Title I	-		44.0	(100.0%)
PL 480, Title II	5.9	(100.0%)	-	
TOTAL	<u>\$39.0</u>	<u>(12.5%)</u>	<u>\$271.8</u>	<u>(87.5%)*</u>

\*Although DA, ESF and P.L. 480 resources were provided primarily through government channels, the private sector and the general population were the major beneficiaries of these funds and programs. DA government-channeled funds financed agricultural credit and technical assistance, private enterprise development, health and education improvements, and improved economic planning. ESF dollars provided foreign exchange which facilitated the import of U.S. raw materials and goods needed to support the Salvadoran business sector and, in part, generate emergency electrical power. P.L. 480 Title I included food and other priority imports which directly and/or indirectly benefited the overall population. Also, the equivalent of \$215.88 million in local currency associated with ESF and P.L. 480 Title I resources directly or indirectly benefited the private sector and the general population, as summarized in paragraph C. above.

## FY 1988 Program

For FY 1988, A.I.D. requests \$200 million in Economic Support Funds (ESF), \$75.62 million in Development Assistance (DA) (ARDN-\$27.4; PN-\$1.1; HE/CS-\$23.4; EHR-\$10.84; SDA-\$12.88), and \$40.9 million in P.L. 480 resources to continue stabilization efforts and help the Salvadoran public and private sectors continue the processes of recovery and growth essential to achieving long-term stability and equitable development. The proposed application of these resources is summarized below.

I. Economic Stabilization. In FY 1988, \$183.5 million in ESF, \$6.0 million in DA (HE/CS-\$5.0; SDA-\$1.0), and \$35 million in P.L. 480 Title I resources are requested. For Balance of Payments Support (519-0328), \$164.5 million is needed, which together with P.L. 480 Title I commodities should facilitate a positive per capita growth rate and the importation of essential commodities, and capital equipment. This assistance will support adjustments to the GOES Comprehensive Economic Program introduced in 1986, with anticipated emphasis on a more feasible exchange rate regime, trade liberalization, and public utility rate increases. The Reform and Policy Planning project (579-0260) will require \$1.0 million in DA funds (SDA) to support the GOES economic planning unit.

Project funds of \$19 million ESF are requested for the new Public Services Restoration and Rehabilitation project (519-0320) to support both near-term and longer-run rehabilitation of public services damaged by the guerrillas. A \$5 million DA (HE/CS) amendment is also planned to the Displaced Families (519-0281) program to assist in the resettlement of those displaced by the conflict.

Economic Recovery and Growth. In FY 1988, \$9.476 million in DA (ARDN-\$8.201, SDA-\$1.275) and \$11.0 million in ESF project funds are requested to further stimulate private sector recovery and development in industry, agriculture and agribusiness. Funding of \$5.0 million DA is needed for continuation of one new planned FY 1987 initiative: Agribusiness Development (519-0327). One new FY 1988 project is proposed-- Industrial Parks/Infrastructure (519-0323) -- with \$6.0 million in initial ESF funding to provide technical and capital assistance for development of infrastructure facilities for export-oriented business. The remaining funds are required for the ongoing Industrial Recovery project (519-0287), \$5.0 million ESF, and Water Management Project (519-0303), \$2.724 million DA, as well as \$1.75 million DA for private voluntary organization grants (OPGs) and Program Development and Support.

Broadening the Benefits of Growth. DA funds of \$53.994 million (ARDN-\$16.3, PN-\$1.1, HE/CS-\$18.4, EHR-\$10.844, SDA-\$7.35) are requested in FY 1988 to support continuation of agrarian reform, health and family planning, education and training, community and housing development, and special development activities including small business strengthening. In agrarian reform, \$15.3 million is requested for the Agrarian Reform Sector Financing project (519-0307) and for management assistance and training provided by a U.S. PVO, Technoserve (519-0312). These projects, together with program development and support and local currency related to the ESF Balance-of-Payments and P.L. 480 Title I programs, will continue to assist the GOES to implement the agrarian reform and support other reforms intended to increase productivity in the reform sector.

In health and family planning, \$12.0 million is needed to continue the Health Systems Support project (519-0308), and \$5.0 million to initiate a Potable Water/Environmental Sanitation project (519-0324) that will extend potable water to underserved areas. In addition, \$1.4 million will support OPGs to Save the Children (519-0300), other private voluntary organizations, and Program Development and Support, while \$1.1 million will support ongoing family planning efforts.

In education and training, \$5.5 million in ESF funds will support continued participation by El Salvador in the CAPS program. DA (EHR) funds are needed for ongoing activities: \$6.925 million for the Education Systems Revitalization project (519-0295), \$3.5 million for the planned FY 1987 Training for the Private Sector Development project (519-0315), and related Program Development and Support funding.

In Selected Development Activities (SDA), \$5.0 million is needed to finance the new Small Business Assistance project (579-0318) to expand small business outreach by supporting promising institutions. In addition, \$2.35 million will support new private and voluntary organization OPGs and Program Development and Support activities.

Democratic Institutions and Human Rights. In FY 1988, \$6.15 million in DA (ARDN-\$2.9; SDA-\$3.25) are requested. Continuation of the FY 1987 Local Government Strengthening project (579-0242) will require \$3.25 million for technical and management assistance. The ongoing cooperative agreement with AIFLD (519-0321) will need \$2.9 million. Regional funds and local currency will be programmed to support ongoing legislative strengthening and judicial reform activities.

Mission Director: Robin L. Gomez

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

519 EL SALVADOR

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
519-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	2,097	1,519	400	425	550	800	477	617
519-0184 SMALL FARM IRRIGATION SYSTEMS	L	78	78	2,300 2,300	2,300	1,808	---	---	---	427	---	65
519-0229 SMALL PRODUCER DEVELOPMENT	G	80	85	750 750	750	582	---	---	---	168	---	---
519-0229 SMALL PRODUCER DEVELOPMENT	L	80	85	7,000 7,000	7,000	5,446	---	---	---	1,475	---	79
519-0262 AGRARIAN REFORM ORGANIZATION	L	80	83	11,384 11,750	11,384	10,754	---	---	---	630	---	---
519-0263 AGRARIAN REFORM CREDIT	G	80	85	4,325 4,325	4,325	2,198	---	490	---	1,352	---	250
519-0263 AGRARIAN REFORM CREDIT	L	80	85	81,500 81,500	81,500	71,982	---	1,114	---	8,404	---	---
519-0265 AGRARIAN REFORM SECTOR SUPPORT	G	83	87	12,257 10,200	7,200	3,458	3,000	1,262	2,057	4,400	---	2,280
519-0265 AGRARIAN REFORM SECTOR SUPPORT	L	83	87	38,500 30,000	22,000	14,601	8,000	4,703	8,500	17,500	---	1,696
519-0284 RURAL SMALL ENTERPRISE DEVELOPMENT-OPG	G	82	85	3,250 3,250	3,250	1,872	---	473	---	672	---	228
519-0289 AGRARIAN REFORM - AIFLO, OPG	G	82	86	3,000 3,000	2,000	-1	1,000	3,001	---	---	---	---
519-0300 SAVE THE CHILDREN - OPG	G	85	88	1,900 1,900	600	277	1,300	54	---	764	---	805
519-0303 WATER MANAGEMENT	G	85	88	18,744 18,744	3,500	---	8,220	226	4,300	13,486	2,724	4,000
519-0307 AGRARIAN REFORM SECTOR FINANCING	G	86	89	50,000 50,000	---	---	6,500	---	11,964	18,000	14,800	15,000

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date. For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

519 EL SALVADOR

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
519-0312 NEW TECHNO SERVE OPG	G		86	88	4,050 4,050	---	---	1,050	---	1,500	2,000	1,500	1,600
519-0321 AIFLD - OPG	G		36	88	5,400 ---	---	---	---	---	2,500	1,500	2,900	2,500
519-0327 AGRIBUSINESS DEVELOPMENT	G		87	89	12,000 ---	---	---	---	---	2,000	1,000	5,000	3,500
TOTAL FOR ACCOUNT					256,360 223,769	147,906	114,496	29,470	11,753	33,371	72,578	27,401	32,620
GRANTS					115,676 96,219	23,722	9,905	21,470	5,936	24,871	44,142	27,401	30,780
LOANS					140,684 132,550	124,184	104,591	8,000	5,817	8,500	28,436	---	1,840
POPULATION PLANNING													
519-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		74	C	---	418	305	100	111	200	200	100	100
519-0210 POPULATION DYNAMICS	G		35	88	10,184 10,000	3,525	---	4,573	25	1,086	1,500	1,000	3,000
519-0275 SALVADORAN DEMOGRAPHIC ASSOCIATION -OPG	G		83	86	8,073 8,073	6,073	2,360	2,000	1,300	---	2,000	---	2,413
TOTAL FOR ACCOUNT					18,257 18,073	10,016	2,665	6,673	1,436	1,286	3,700	1,100	5,513
GRANTS					13,257 18,073	10,016	2,665	6,673	1,436	1,286	3,700	1,100	5,513
LOANS					---	---	---	---	---	---	---	---	---
HEALTH													
519-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		74	C	---	1,539	958	850	502	374	950	400	600

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

519 EL SALVADOR

CP 88

PROJECT NO. AND TITLE	* L / INITIAL G OBLIG	FY OF OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
519-0281 HEALTH/JOBS FOR DISPLACED FAMILIES	G	82	88	12,645 9,645	1,025	154	3,000	674	4,620	5,000	4,000	5,000
519-0291 HEALTH SYSTEMS VITALIZATION	G	83	85	12,225 12,225	12,225	893	---	3,067	---	5,104	---	2,000
519-0291 HEALTH SYSTEMS VITALIZATION	L	83	85	23,380 23,400	23,380	10,184	---	5,857	---	3,886	---	2,500
519-0300 SAVE THE CHILDREN - OPG	G	85	88	868 868	---	---	---	---	368	350	500	518
519-0308 HEALTH SYSTEMS SUPPORT	G	86	90	60,000 48,000	---	---	14,900	---	6,304	12,000	8,000	14,000
519-0324 POTABLE WATER/ENVIRONMENTAL SANITATION	*G	88	90	35,000 ---	---	---	---	---	---	---	5,000	3,000
519-0329 MATERNAL & CHILD HEALTH PROM.	G	86	86	220 220	---	---	220	---	---	220	---	---
519-0330 STRENGTHENING REHAB SERVICES OPG	G	86	86	280 280	---	---	280	---	---	280	---	---
519-9999 PRIVATE AND VOL. ORGANIZATIONS, OPG	G	79	C	---	---	---	---	---	500	250	500	500
TOTAL FOR ACCOUNT				144,618 94,638	38,169	12,189	19,250	10,100	12,166	28,040	19,400	28,118
GRANTS				121,238 71,238	14,789	2,005	19,250	4,243	12,166	24,154	18,400	25,618
LOANS				23,380 23,400	23,380	10,184	---	5,857	---	3,886	---	2,500

CHILD SURVIVAL FUND

519-0281 HEALTH/JOBS FOR DISPLACED FAMILIES	G	82	88	2,000 ---	---	---	---	---	1,000	825	1,000	1,100
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\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

519 EL SALVADOR

CP 88

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
519-0300 SAVE THE CHILDREN - OPG	G	85	88	932	---	---	---	---	932	---	---	900
519-0308 HEALTH SYSTEMS SUPPORT	G	86	90	12,000	---	---	---	---	2,000	1,000	4,000	3,000
TOTAL FOR ACCOUNT				14,932	---	---	---	---	3,932	1,825	5,000	5,000
GRANTS				14,932	---	---	---	---	3,932	1,825	5,000	5,000
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
519-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	1,076	743	840	372	2,250	1,500	469	1,000
519-0242 LOCAL GOVERNMENT STRENGTHENING	G	87	97	1,000	---	---	---	---	1,000	250	---	500
519-0295 EDUCATIONAL SYSTEMS REVITALIZATION	G	85	89	40,600 37,600	8,725	386	15,200	1,622	2,639	10,000	6,925	12,000
519-0311 YOUTH ENTREPRENEUR DEVELOP OPG	G	85	90	5,000	---	---	---	---	3,000	1,000	---	1,500
519-0315 TRAINING FOR PRIVATE SECTOR DEVELOPMENT	G	87	90	15,000	---	---	---	---	2,000	1,000	3,450	3,000
519-0316 FUSADES ASSOC. STRENGTHENING	G	86	86	415 415	---	---	415	---	---	150	---	250
519-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	2,138	---	---	---	---	2,138	500	---	1,500
519-9999 PRIVATE AND VOL. ORGANIZATIONS, OPG	G	79	C	---	---	---	---	---	375	350	---	25

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

519 EL SALVADOR

CP 38

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHZ	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				64,153 38,015	9,801	1,129	16,455	1,994	13,452	14,750	10,844	19,775
GRANTS				64,153 38,015	9,801	1,129	16,455	1,994	13,452	14,750	10,844	19,775
LOANS				---	---	---	---	---	---	---	---	---
SELECTED DEVELOPMENT ACTIVITIES												
519-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	4,028	1,977	2,365	1,783	2,347	3,500	1,275	2,500
519-0094 SPECIAL DEVELOPMENT ACTIVITIES	G	70	C	---	1,465	1,205	350	217	350	400	350	600
519-0242 LOCAL GOVERNMENT STRENGTHENING	G	87	90	10,000 ---	---	---	---	---	2,000	1,000	3,250	3,000
519-0256 PUBLIC SECTOR EMPLOYMENT	G	80	85	955 955	955	487	---	59	---	409	---	---
519-0256 PUBLIC SECTOR EMPLOYMENT	L	80	85	28,430 28,430	28,430	28,335	---	95	---	---	---	---
519-0260 REFORM AND POLICY PLANNING	G	80	88	10,055 2,155	4,570	2,196	2,282	316	2,203	2,000	1,000	2,000
519-0281 HEALTH/JOBS FOR DISPLACED FAMILIES	G	82	88	24,085 24,085	21,460	2,460	2,625	6,888	---	14,085	---	652
519-0302 INT. EX. SERVICE CORP., OPG	G	85	85	500 500	500	---	---	180	---	320	---	---
519-0304 URBAN SMALL BUSINESS , OPG	G	85	88	3,000 3,000	1,000	---	1,000	227	---	1,400	1,000	1,286
519-0311 YOUTH ENTREPRENEUR DEVELOP OPG	G	85	90	1,000 650	300	---	350	108	---	350	---	42
519-0316 FUSADES ASSOC. STRENGTHENING	G	85	87	1,490 390	330	---	60	95	1,100	190	---	500

\*Refers to the planned project summary sheet

C=Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

519 EL SALVADOR

CP 88

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
519-0318 SMALL BUSINESS ASSISTANCE	*G	83	89	10,000 ---	---	---	---	---	---	---	5,000	3,000
519-0321 AIFLD - OPG	G	36	88	2,500 2,500	---	---	2,500	---	---	1,000	---	1,500
519-0322 SMALL ENTERPRISE DEVELOPMENT OPG	G	36	87	1,000 500	---	---	500	---	500	500	---	500
519-9999 PRIVATE AND VOL. ORGANIZATIONS, OPG	G	79	C	---	---	---	---	---	2,750	1,500	1,000	1,500
TOTAL FOR ACCOUNT				93,015 69,165	63,038	36,660	12,032	9,968	11,250	26,654	12,875	17,080
GRANTS				64,585 40,735	34,608	8,325	12,032	9,873	11,250	26,654	12,875	17,080
LOANS				28,430 28,430	28,430	28,335	---	95	---	---	---	---
ECONOMIC SUPPORT FUND												
519-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	---	---	---	---	1,000	500	---	500
519-0229 SMALL PRODUCER DEVELOPMENT	G	80	85	9,000 9,000	9,000	3,297	---	2,169	---	2,534	---	1,000
519-0279 PUBLIC SERVICE RESTORATION	G	82	87	84,600 64,600	44,600	14,457	20,000	16,915	20,000	35,000	---	11,000
519-0279 PUBLIC SERVICE RESTORATION	L	82	87	13,400 13,400	13,400	13,060	---	50	---	290	---	---
519-0281 HEALTH/JOB'S FOR DISPLACED FAMILIES	G	82	88	23,545 23,545	20,500	4,890	3,045	4,070	---	8,545	---	6,040
519-0237 IND STABILIZATION/RECOVERY	G	84	88	29,460 16,460	9,460	947	7,000	4,209	8,000	17,000	5,000	7,000
519-0296 JUDICIAL REFORM	G	84	85	9,234 9,234	9,234	654	---	517	---	4,000	---	4,067

\*Refers to the planned project summary sheet

CLevel of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

519 EL SALVADOR

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
519-0310 BALANCE OF PAYMENTS SUPPORT	G	85	86	190,000 190,000	160,000	100,000	30,000	90,000	---	---	---	---
519-0316 FUSADES ASSOC. STRENGTHENING	G	85	85	40 40	---	---	---	---	---	25	---	---
519-0320 PUBLIC SERVICES RESTORATION/REHABILITATI	*G	88	90	60,000 ---	---	---	---	---	---	---	19,000	17,000
519-0323 INDUSTRIAL PARKS/INFRASTRUCTUR E	*G	88	89	2,000 ---	---	---	---	---	---	---	1,000	1,000
519-0323 INDUSTRIAL PARKS/INFRASTRUCTUR E	*L	88	89	10,000 ---	---	---	---	---	---	---	5,000	2,000
519-0328 1986 ESF BALANCE OF PAYMENTS PROGRAM	G	86	88	478,500 117,000	---	---	117,000	70,000	197,000	197,000	164,500	164,500
519-0999 LOCAL COST SUPPORT	G	87	87	1,185 1,185	---	---	---	---	1,185	1,185	---	---
519-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	17,562 ---	---	---	---	---	2,562	2,000	5,500	4,000
519-9999 PRIVATE AND VOL. ORGANIZATIONS, OPG	G	79	C	---	---	---	---	---	7,000	3,500	---	3,500
TOTAL FOR ACCOUNT				928,526 444,464	266,194	137,305	177,045	187,930	236,747	271,579	200,000	221,607
GRANTS				905,126 431,064	252,794	124,245	177,045	187,880	236,747	271,289	195,000	219,607
LOANS				23,400 13,400	13,400	13,060	---	50	---	290	5,000	2,000

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

519 EL SALVADOR

CP 88

PROJECT NO. AND TITLE	* L / INITIAL G OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
				OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
COUNTRY TOTAL	TOTAL	1,519,861 893,124		535,124	304,444	260,925	223,181	312,204	419,126	275,620	329,713
	GRANTS	1,303,967 695,344		345,730	148,274	252,925	211,362	303,704	386,514	270,620	323,373
	LOANS	215,894 197,780		189,394	156,170	8,000	11,819	8,500	32,612	5,000	6,340

\*Refers to the planned project summary sheet

CLevel of effort activity

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PROGRAM: EL SALVADOR

## PLANNED PROGRAM SUMMARY SHEET

Title		Funding Source	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)			
Potable Water Project		DA		5,000	FY 88	5,000	Life of Project Funding 35,000	
Number	519-0324	<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	Initial Obligation	Estimated Final Obligation	Estimated Completion Date of Project
<input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> LOAN	<input type="checkbox"/> CONTINUING				FY 88	FY 90	FY 93

**Project Purpose:** To improve the health of the Salvadoran population by introducing safe water supplies and providing health education courses to semi-urban and rural communities, including displaced persons camps and areas of relocation.

**Project Description:** Despite ample water resources within the country and large amounts of rainfall each year, over 40% of the Salvadoran population lacks access to potable water. In addition, much of the population having access to potable water relies on public water systems which are unreliable and at times unhealthy. As a result, diarrheal diseases and other illnesses traceable to an unsanitary water supply plague the population. In 1985, diarrheal disease was the most prevalent transmissible disease in the country and a leading cause of infant death.

Currently there are two government agencies responsible for the country's water supply: the National Water and Sewage Administration (ANDA), responsible for the water supply in urban and semi-urban areas; and the National Plan for Rural Sanitation (PLANSABAR), a division of the Ministry of Public Health responsible for rural water supply. With respect to the urban water supply, the economic situation and institutional weaknesses of ANDA have precluded the expansion and upgrading of systems to accommodate population growth and population shifts. PLANSABAR's ability to respond to the rural populace's needs has been similarly taxed. Accordingly, this project has been designed to assist the Government of El Salvador in responding to requests for water systems in rural and semi-urban areas. Technical assistance, equipment and materials will be provided to install small water systems, drill wells, and install handpumps. A pilot activity in FY 1987 will establish the methodology and serve as the basis for design and implementation of this project in FY 1988. In addition, the project will establish the capacity in the

private sector for designing and installing water systems. The Ministry of Health will also be responsible for implementing a health education program in all the communities where water systems are installed.

**Relationship of Project to A.I.D. Country Strategy:** This Project is consistent with, and supportive of, the A.I.D. country strategy, in particular the goal of broadening the benefits of growth and increasing the opportunity of the poor.

**Host Country and Other Donors:** The Government of El Salvador will provide the personnel and logistical support to implement the project, through ANDA and the Ministry of Health.

**Beneficiaries:** Poor, semi-urban and rural communities will benefit through an improved, sanitary water supply.

**Major Outputs:** All Years

Wells drilled and handpumps installed	2,200
Small water systems installed	150

**A.I.D. Financed Inputs:** Life-of-Project  
((\$000))

Technical Assistance	2,000
Equipment and Materials	24,750
Labor	8,000
Training	250
<b>Total</b>	<b>35,000</b>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	5,000 (G)	30,000	35,000	

PROGRAM: EL SALVADOR

PLANNED PROGRAM SUMMARY SHEET

Title Small Business Assistance		Funding Source SDA	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
					FY 88	5,000 (G)	Life of Project Funding 10,000 (G)
Number 519-0318	<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sci. Act. 5,000 (G)	Initial Obligation FY 88	Estimated Final Obligation FY 89	Estimated Completion Date of Project FY 92
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING							

Purpose: To increase employment and income opportunities for the lower and middle income segments of El Salvador's population through small scale private business.

Project Description: Currently there are many public and private efforts designed to support small scale enterprises in El Salvador. Though some of these are effective, their overall impact is not thought to have achieved the objective of maximizing the contribution of this sector which represents more than 80 percent of the businesses registered in El Salvador. These activities are diffused, underfunded and often times redundant. In addition, due to lack of integration they do not provide the real range of support services required to make a full contribution towards the viability of a small business.

The proposed project has four objectives: (1) to better integrate small scale entrepreneurs into the local economy by providing technical assistance, training, and guidance needed to run their operations efficiently; (2) to provide small businesses with the financial resources they need to start new operations and/or expand their current one; (3) to promote a positive GOES policy and legal framework for small scale enterprises, and (4) to strengthen the capacity of private sector associations to serve the small business sector.

The overall impact of this project will be the increase in the number of new small businesses and the expansion of existing small scale enterprises with the concomitant generation of income and employment. A further benefit of the project will be a greater degree of collaboration among the public and private institutions involved in the small business sector.

Relationship of Project to A.I.D. Country Strategy: The proposed project is consistent with A.I.D.'s objective to

promote the economic recovery of El Salvador and provide assistance to the small business sector, which is largely composed of low and middle income segments of the population.

Host Country and Other Donors: The project will reinforce the Government of El Salvador's objective to increase the number of small entrepreneurs. The project will complement efforts made in this area by the Salvadoran financial system which has been instructed to set aside 10% of its credit assistance for small businesses. Other international institutions such as the IDB have expressed interest in providing resources to assist El Salvador's small business sector. These other donor efforts will be utilized to further the objectives of the proposed project, as appropriate.

Beneficiaries: The direct beneficiaries will be Salvadoran small scale entrepreneurs, as well as approximately 20,000 lower and middle income workers filling newly created job opportunities.

<u>Major Outputs:</u>	<u>All Years</u>
New Small businesses established	X
Existing businesses expanded	X
Small business associations strengthened	X
Improved legal framework	X
Credit programs strengthened	X

<u>A.I.D. Financed Inputs:</u>	<u>Life-of-Project</u>
	(\$000)
Technical Assistance	2,500
Training	2,500
Credit	5,000
TOTAL	10,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				Asociacion Nacional de Industriales (ANDI)
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	5,000 (G)	5,000 (G)	10,000 (G)	

PLANNED PROGRAM SUMMARY SHEET

<b>Title</b>		<b>Funding Source</b> <sup>ESF</sup>	<b>AG, RD &amp; N</b>	<b>Health</b>	<b>PROPOSED OBLIGATION</b> <i>(in thousands of dollars)</i>		
Industrial Parks and Infrastructure		1,000(G) 5,000(L)			<b>FY 88</b>	5,000(L) 1,000(G)	<b>Life of Project Funding</b> 10,000(L) 2,000(G)
<b>Number</b> 519-0323	<input checked="" type="checkbox"/> NEW	<b>Population</b>	<b>ED. &amp; HR</b>	<b>Sel. Act.</b>	<b>Initial Obligation</b>	<b>Estimated Final Obligation</b>	<b>Estimated Completion Date of Project</b>
<input checked="" type="checkbox"/> GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING					<b>FY 88</b>	<b>FY 89</b>	<b>FY 92</b>

**Project Purpose:** To support the development of export industrial parks in order to increase foreign exchange earnings and employment opportunities in El Salvador.

**Project Description:** El Salvador's economy needs to shift further from import substitution to export-led growth, using labor-intensive manufacturing activities if it is to successfully attain renewed and sustained development. In making this transition, El Salvador has several advantages: an easily trained, highly productive labor force; a strong entrepreneurial tradition; abundant energy; recent legislation which promotes free processing zones (FPZs); and private sector programs which provide technical and marketing assistance to entrepreneurs interested in penetrating new markets. Lacking, however, is the existence of efficiently managed industrial parks which offer investors preconstructed industrial shells, adequate utilities, and other support services.

This project proposes to make available flexible financing for phased FPZ development by the private sector. Currently, there is no foreign exchange financing available to the private sector in El Salvador to cover major expenditures for power and communications equipment, water and waste disposal systems, or other infrastructural needs of FPZs. Nor is the government in a position to provide these. A new credit mechanism will be developed for the disbursement of the project's loan funds for financing imported infrastructure equipment required for new FPZ facilities. These resources will complement other financing put up by private sector investors and developers. The grant resources will fund technical assistance for professional FPZ management and promotion to help ensure that the development is carried out and administered in a prudent and cost-effective manner and that the facilities and services are responsive to FPZ tenants' needs.

**Relationship of Project to A.I.D. Country Strategy:** The Mission's assistance objectives relating to El Salvador's economic recovery and growth emphasize the development of labor-intensive export assembly and processing industries. This project is thus consistent with the A.I.D. Mission's Country Strategy and will constitute a major effort toward stimulating permanent private sector employment and increasing export earnings, investment, and per capita income.

**Host Country and Other Donors:** Some local currency investment credit lines have also been made available for FPZ development. Private sector investors and developers are also expected to contribute to the project. In addition, the World Bank is considering a loan to El Salvador for industrial investment.

**Beneficiaries:** The project will benefit Salvadoran or foreign investors seeking to generate new export production in an atmosphere more conducive to international market requirements and the Salvadoran labor force.

<b>Major Outputs</b>	<b>All Years</b>
Private FPZs developed in phased, flexible design	X
Newly created job opportunities	X
<b>A.I.D. Financed Inputs</b>	<b>Life-of-Project</b>
	(\$000)
Technical Assistance	1,000
FPZ Promotion/Training	1,000
Investment Credit for Infrastructure and Equipment	10,000
Total	12,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies	
	Obligations	Expenditures	Unliquidated		
Through September 30, 1986					
Estimated Fiscal Year 1987					
Estimated Through September 30, 1987					
		<b>Future Year Obligations</b>	<b>Estimated Total Cost</b>		
Proposed Fiscal Year 1988	1,000(G)5,000(L)	5,000(L) 1,000(G)	10,000(L) 2,000(G)		

PROGRAM: EL SALVADOR

PLANNED PROGRAM SUMMARY SHEET

Title Public Services Restoration and Infrastructure Rehabilitation		Funding Source ESF 19,000	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 519-0320		Population	ED. & HR	Sel. Act.	FY 88	19,000	Life of Project Funding 60,000
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING					<input checked="" type="checkbox"/> NEW	Initial Obligation	Estimated Final Obligation
					FY 88	FY 90	FY 91

**Purpose:** To assist the Government of El Salvador (GOES) in the restoration of essential public services and vital infrastructure in selected areas of the country and to initiate the upgrading or rehabilitation of infrastructure that has become inadequate due to deferred maintenance and population growth.

**Project Description:** Since 1981, A.I.D. assistance in infrastructure has focused on: (1) emergency stop-gap measures needed to keep systems operational in the face of sabotage; and (2) those modest public works projects that could be carried out through labor-intensive employment generation projects. The Public Services Restoration Project (519-0279) and local currency efforts have contributed significantly to meeting short-term, emergency infrastructure requirements. However, there is now an urgent need to go beyond the scope of these programs and carry out major rehabilitation and infrastructure expansion activities.

A prime example of the consequence of deferring maintenance due to insufficient budget resources is the eroding highway system. Potholes have gone without repair for extended periods, causing the road base to rapidly degrade due to water penetration. The cost of repairs soars as the requirement changes from patching of surface pavement to the reconstruction of the road base. Similarly, the hundreds of temporary repairs to steel electric line towers using wooden utility poles that are more vulnerable to storm damage and spontaneous failure now require reconstruction of towers at key locations if the GOES is to ensure reliable electrical power in many areas of the country.

Other governmental infrastructure works that play a key role in the economy and that have deteriorated due to insufficient budget resources include maritime, airport and customs facilities. The extent to which these facilities are unable to handle the flow of goods into and out of the country is an impediment to economic recovery and to the growth of export-oriented industry.

The estimated capital requirements for rehabilitation of a minimal number of key infrastructure works is in excess of \$50 million. However, in order to begin to address rehabilitation needs and to prevent further deterioration of selected infrastructure, the project proposes an initial funding level of \$19 million (\$12 million to continue public services repairs and restoration and \$7 million for rehabilitation and replacement of infrastructure).

**Relationship of Project of A.I.D. Country Strategy:** This project is consistent with and supportive of A.I.D.'s strategy for economic stabilization and recovery in El Salvador, and it has been assigned a higher priority due to damage from the October 1986 earthquake.

**Host Country and Other Donors:** The GOES will contribute significant resources to support this project. Activities funded by the IDB will complement the proposed project's highway rehabilitation efforts.

**Beneficiaries:** Beneficiaries will be broadly distributed as benefits accrue to transportation, industrial and commercial sectors.

**Major Outputs:**

	All Years
Road repair and replacement	X
Electrical system repairs and rehabilitation	X
Water system repair and rehabilitation	X
Maritime infrastructure rehabilitation	X
Export and customs facilities rehabilitation	X

**A.I.D. Financed Inputs:**

	Life-of-Project (\$000)
Technical Assistance	5,000
Commodities	55,000
Total	60,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				Ministry of Public Works Salvadoran Electric Authority (CEL)
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	\$19,000 (G)	\$41,000	\$60,000	

PROGRAM: EL SALVADOR

PLANNED PROGRAM SUMMARY SHEET

Title Private Voluntary Organizations		Funding Source DA	AG, RD & N	Health 500	PROPOSED OBLIGATION (In thousands of dollars)		
Number 519-9999		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act. 1,000	FY 88 500 HEA 1,000 SDA	Life of Project Funding Continuing
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING						Initial Obligation	Estimated Final Obligation
						FY 79	FY Continuing
							Estimated Completion Date of Project FY Continuing

Project Purpose: To use the expertise and experience of U.S. and Salvadoran private voluntary organizations (PVOs) in the design and implementation of innovative development activities.

Project Description: The support of PVOs has, and will continue to be, an important element in A.I.D.'s overall economic and social development strategy in El Salvador. U.S. and indigenous PVOs play an integral role in promoting A.I.D.'s objectives in the areas of private sector and community development, democratic labor organizations, agrarian reform, health and family planning, and humanitarian relief assistance. During FY 1988, A.I.D. will continue projects with Save the Children, which is implementing an integrated rural development project in eastern El Salvador that involves expansion of rural water systems and establishment of a community banking system; with Technoserve, Inc., which provides agrarian reform cooperatives with technical assistance and training in management, leadership, and finance; and with Junior Achievement of El Salvador, which sponsors programs to give high school students direct exposure to the free enterprise system. Several PVOs, including Project Hope, World Relief, and the Overseas Education Fund will continue to be active in providing humanitarian as well as development-oriented technical assistance and training under the Health and Jobs for Displaced Persons Project (519-0281).

Relationship of Project to A.I.D. Country Strategy: The activities described herein are consistent with A.I.D.'s objective to assist the Government of El Salvador to reestablish economic growth with equity, while maintaining support for economic, humanitarian, social and democratic institutions and programs. The participation of U.S. and local PVOs is expected to enhance the equitable distribution of the benefits of economic growth.

Host Country and Other Donors: Participating PVOs contribute 25 percent of the resources devoted to their projects. In line with the Mission's PVO strategy, a new FY 1987 Small Business Assistance Project (519-0318) will employ a variety of Salvadoran PVOs and private educational foundations to provide training and technical assistance to small and micro entrepreneurs throughout the country. The Government of El Salvador contributes through provision of technical assistance or in-kind contributions to a number of these projects.

Beneficiaries: Beneficiaries of PVO-implemented projects are almost exclusively the urban and rural poor.

<u>Major Outputs</u>	<u>All Years</u>
Trained Promoters and Volunteers	X
Strengthened Local PVOs	X
<u>A.I.D. Financed Inputs</u>	<u>Life-of-Project (\$000)</u>
Institutional Support	1,500 FY 88 Only

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	1,500	Continuing	Continuing	



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (520) GUATEMALA

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\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS, MID 1986) 8,414  
 PER CAPITA GNP..... (DOLLARS, 1984) 1,160  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 2.0%  
 ANNUAL RATE OF INFLATION (1973-84) 9.4%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION.. (1980) 5.5%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 59.6 MALE 57.5 FEMALE 61.9  
     (1970) TOTAL 53.0 MALE 51.4 FEMALE 55.7  
 ADULT LITERACY RATE (1973) TOTAL 46% MALE 54% FEMALE 39%

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\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) -3.1%  
 AGRICULTURAL PRODUCTION AS % OF GDP..... (1985) 26%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 239  
 MAJOR CROP(S) ARABLE LAND YEAR  
     SUBSISTENCE: CORN ,RICE ,PULSES 50% (1985)  
     CASH: COFFEE ,COTTON ,BANANAS 35% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) COFFEE ,COTTON ,BANANAS  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,OILSEEDS ,ANIMAL PRODS.  
 PROPORTION OF LABOR FORCE IN AGRICULTURE..... (1979) 57%

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\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     (1981) 899 (82) 881 (83) 874  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     (1981) 1,434 (82) 1,298 (83) 1,192  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     (1981) -535 (82) -417 (83) -318  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. (1977) 12.1% (78) 10.0% (79) 10.4%  
     AS % OF GNP..... (1977) 1.4% (78) 1.2% (79) 1.2%  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1983) 232 (84) 297 (85) 323  
     EQUIVALENT TO 2.5 MONTHS OF IMPORTS (1985)

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\*FOREIGN TRADE\*

MAJOR EXPORTS (1984) COFFEE ,COTTON ,SUGAR  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983) 405 (1984) 435 (1985) 407  
     AS % OF TOTAL EXPORTS (1983) 42% (1984) 40% (1985) 39%  
 MAJOR IMPORTS (1984) MFRD. PRODUCTS ,MACHINERY ,TRANS. EQUIP.  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 365 (1984) 414 (1985) 445  
     AS % OF TOTAL IMPORTS (1983) 40% (1984) 37% (1985) 43%  
 TRADE BALANCE(\$ MILLIONS, U.S.) (1983) 34(84) -52(85) -12  
 TRADING PARTNERS: UNITED STATES ,EL SALVADOR ,GERMANY, FEDER  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 16.5%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 196  
     AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 16.0%

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\*SOCIAL DATA\*

POPULATION GROWTH RATE... (1970) 2.6% (1978) 3.3% (1986) 2.5%  
 POPULATION IN URBAN AREAS..... (1970) 36% (1986) 42%  
 TOTAL FERTILITY RATE..... (1970) 7 (1986) 5  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1983) 25.0%  
 POPULATION (1986) IN AGE GROUP:  
     (0-14YRS) 44.6% (15-64YRS) 52.3% (65+ YRS) 3.1%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 68  
 PEOPLE PER PHYSICIAN..... (1982) 1,833  
 MAJOR CAUSES OF DISEASE ( )  
 DEATH.. (1981) INTESINAL INFEC, PNEUMONIA ,COND. PERINATAL  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 95%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY (1981) 52%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
     PRIMARY..... (1982) TOTAL 65.9 MALE 70.2 FEMALE 61.4  
     SECONDARY..... (1982) TOTAL 15.1 MALE 16.7 FEMALE 14.3  
     POST SECONDARY.. (1979) TOTAL 5.8 MALE 6.2 FEMALE 2.4  
 ENERGY PRODUCTION AS % OF CONSUMPTION..... (1984) 26.5%

GUATEMALA

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	36,881	33,301	33,300
Loan	5,871	7,435	7,500
Grant	31,010	25,866	25,800
Economic Support Fund	47,850	98,787 <u>1/3/</u>	80,000
Loan	23,925	0	0
Grant	23,925	98,787	80,000
Other*	15 <u>2/</u>		
TOTALS	84,746 <u>4/</u>	132,088	113,300
P.L. 480	20,867	23,421	23,901
Title I	15,400	19,000	18,000
Title II	5,467	4,421	5,901
TOTALS	105,613	155,509	137,201

Footnotes:

- 1/ The FY 1987 total includes \$40 million for the FY 1987 supplemental request. See separate supplemental annex for detail.
- 2/ International Disaster Assistance
- 3/ The above total for ESF includes \$225,000 in local cost support.
- 4/ The total includes reobligation of \$1,750,000 deobligated in FY 1986.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	20	18.75	18.75
Foreign National	37	30	30
TOTALS	57	48.75	48.75

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IC personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	65	828	893	122	808	930	75	1359	1432
Regional <sup>e</sup>	56	10	66	70	28	98	57		57
Third Country Participants									
Bilateral <sup>d</sup>				3	38	41		28	28
Regional <sup>e</sup>		3	3						
TOTALS	121	841	962	195	874	1069	132	1387	1517

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.  
<sup>b</sup>Academic: degree seeking.  
<sup>c</sup>Technical: non-degree seeking.  
<sup>d</sup>Participants funded under bilateral programs.  
<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## GUATEMALA

### Introduction

Following Guatemala's successful entry into the ranks of democratically elected Latin American governments, the Cerezo Government faces the task of consolidating the country's democratic decision-making process while demonstrating the ability of constitutional government to manage and revitalize a seriously ailing economy.

Guatemala's economic crisis is severe, deeply rooted and reflective of the crises throughout Central America. In recent years, the terms of trade for Guatemala's principal commodities have worsened and export performance has been weak. Domestic and foreign investment dried up in the face of political instability and counterproductive economic policies. Prior government policies produced overvalued exchange rates, pricing distortions throughout the economy, declining public sector revenues, and an inflation rate which reached historically high levels in 1985. Real per capita income in Guatemala has declined to the levels of the early 1970s.

Since assuming office in January 1986, the Cerezo government has moved quickly to put in place a comprehensive stabilization program and establish the policy base for renewed growth. It is facing an up-hill battle, however, as it attempts to reduce the fiscal deficit, halt inflation, bring external payments into balance, and deal with the substantial short-term debt it inherited. Preliminary indicators show progress in achieving these objectives. The government realizes that its popular mandate and inherent weaknesses in the economy require that it consolidate the early gains and move quickly to improve the business climate for investment and exports.

Guatemala's considerable potential, coupled with one of the highest per capita gross domestic product (GDP) levels in Central America, belies a severely unbalanced distribution of income and widespread poverty. The top fifth of the population receives an estimated 57% of total national income. Land ownership is also skewed. While 75% of the land is farmed by its owners, some 84% of arable land is owned by less than 12% of the population. Approximately one-third of the nation's 8.4 million citizens reside on poor or too small farm land, principally in the densely populated western highlands, and have limited access to balanced nutrition as well as education and health services for even basic needs.

Only about 46% of the adult population is literate -- the second lowest rate in Latin America. This rate is even lower in the rural areas. Infant mortality is 68 per 1,000 on the average but 150 in some rural communities. The national average life expectancy of 61 years is also considerably lower for rural dwellers.

Guatemala's economic crisis has exacerbated the inherent weaknesses in the economy and caused further deterioration in the standard of living of most Guatemalans. Real per capita GDP declined by almost 5% in 1985 and perhaps

by another 2% to 3% in 1986. The debt and balance-of-payments problems severely limit the ability of the government to reverse the downward economic trend and to broaden the base of the economy. Guatemala's population of 8.4 million is growing at over 3% each year and if left unchecked, will reach 13.5 million by the year 2000, further burdening already inadequate and under-financed social services and eroding per capita GDP.

Responding to the urgent need to halt further deterioration of the country's economy and to restore real growth, the Cerezo government introduced an economic stabilization package of monetary and fiscal reforms in June 1986. The reforms include simplification of the exchange system, restrictive monetary policies to curb inflation, new revenue measures, the lifting of price controls on many products and more flexible management and pricing on others, preservation of the government investment budget while restraining overall expenditures, initiating a process of reducing regulatory constraints to exports and investment, and establishment of a more flexible interest rate policy. The government plans further policy reform actions to set the stage for sustainable private-sector-led growth. It also recognizes the importance of the population growth problem and is offering family planning information and assistance on a variety of voluntary methods through the Ministry of Health's network, complemented by services and information provided through various private organizations.

Like the rest of Central America, Guatemala's importance to the United States derives foremost from its geographic proximity. Guatemala's maintenance of a free, stable and friendly democratic government is central to strengthening a commonality of interests regarding regional stability, free trade and control of illicit drugs. Restoring economic growth, reducing unemployment, and improving living standards remain critical ingredients to overcoming a still-threatening Marxist insurgency. The Guatemalan economy, which currently accounts for close to 40% of the Central American GDP, also represents an important market for U.S. exports and direct investment.

#### A.I.D. Development Strategy and Accomplishments to Date

A.I.D.'s strategy for assisting Guatemala to solve its major development problems follows the framework set out in the report of the National Bipartisan Commission on Central America (NBCCA). The NBCCA strategy establishes four principal goals -- achieving economic stabilization, building a foundation for long-term growth, providing equity in the distribution of economic benefits, and fostering democratization. To address these goals, A.I.D.'s program in Guatemala focuses on: (1) achievement of balance-of-payments equilibrium; (2) increased exports, incomes and productivity; (3) broader, more efficient delivery of basic social services; (4) greater accessibility by all Guatemalans to voluntary family planning services; and (5) strengthened democratic institutions.

Central to A.I.D.'s strategy is policy dialogue on economic reforms. This dialogue has focused on exchange rate unification, import parity pricing, positive market rates of interest, and budget reform. Preliminary indications are that stabilization reforms taken to date are having their

intended effect. After an initial price surge brought on by the relaxing of price controls, prices have stabilized and real interest rates are positive. The exchange rate is stabilizing, and Guatemala will surpass its target of a budget deficit reduction to 2.5% of GDP. A.I.D.'s dialogue on sectoral policies has also achieved results. Bilingual education is now standard in Guatemala's elementary schools, and Guatemala's new constitution recognizes family planning as an individual right.

## 1. Economic Stabilization

Guatemala is expected to face a serious foreign exchange shortage through 1989. Accordingly, A.I.D.'s objective is to assist the Government of Guatemala (GOG) to achieve balance-of-payments equilibrium. A.I.D. provided almost \$48 million of Economic Support Fund (ESF) assistance during FY 1986 to support the newly elected government's stabilization policies aimed at reducing fiscal and external imbalances. Local currency provided under this ESF program was used by the government to support ongoing GOG rural development programs. In addition, \$16.4 million of P.L. 480 Title I resources provided further balance-of-payments support. Local currency generations were used to support activities to stimulate agricultural production and rural development.

In FY 1987, A.I.D. will provide \$56 million in support of the GOG's continuing economic stabilization program, involving additional adjustment measures designed to improve the environment for investment. In addition, a supplemental request for Central America designates an additional \$40 million to support the GOG's stabilization program. Finally, \$19 million in P.L. 480, Title I resources is planned to finance imports of essential agricultural commodities (e.g. wheat and vegetable oil), with local currency generations financing agricultural and rural development activities.

## 2. Economic Growth

A.I.D.'s objective of increased rural incomes and productivity depends heavily on offering greater incentives for small farmer production through reduced marketing costs, expansion of agricultural processing facilities, and access to low-cost appropriate technology, land and credit.

In the agricultural sector, A.I.D. has provided assistance to small farmers, with emphasis on the rural indigenous poor in the western highlands. Under the Small Farmer Diversification Systems project (520-0255), farm models have demonstrated appropriate technologies for increasing production and diversifying from traditional cropping patterns to higher value fruit and vegetable crops. The Highlands Agricultural Development (520-0274) and other projects have increased small farmer production and income through the introduction of small-scale irrigation, land terracing, and access road construction. The ongoing Penny Foundation Pilot Commercial Land Markets project (520-0330) has facilitated productive voluntary agricultural land transfers. The Agribusiness Development project (520-0276) is assisting the private sector to develop agricultural processing industries to provide larger and higher value markets for small farmer produce. During FY 1986 the Cooperative Strengthening project

(520-0286) began providing the necessary organizational strengthening and support to rural cooperatives to compete more effectively in export markets.

In FY 1987, A.I.D. will continue to support organization of rural groups through a new Agricultural Diversification project (520-0349), which will concentrate on a series of services to fruit and vegetable farmers to improve their productivity and marketing. A.I.D. will also finance a Tertiary Roads project (520-0352) which will link farm-to-market access roads to the national paved road network. The successful voluntary land transfers under the Pilot Commercial Land Markets project (520-0330) will be continued under project 520-0343. Finally, the Small and Medium Enterprises project (520-0341) will complement macro-economic reforms aimed at stimulating private sector growth by helping target enterprises address marketing, borrowing, export and tax constraints.

### 3. Spreading the Benefits of Growth

A.I.D.'s objective of achieving broader participation in development depends heavily on the expansion of the human resource base through programs in improved education and health, as well as increased employment opportunities.

In the education sector, A.I.D. has assigned high priority to improved literacy through both formal and informal education. Evaluations of past A.I.D. efforts in bilingual education have led to expanded project activities by A.I.D. and increased support from the Government, i.e., the national constitution has approved bilingual education and the GOG has appointed 150 bilingual teachers - 24% of all new primary school positions in FY 1986. The project will more fully integrate the rural indigenous population into national life and provide them with increased access to economic opportunities. New funds during FY 1986 under the Altiplano Higher Education project (520-0304) will provide assistance to a local private university to help the adult indigenous population of the western highlands to acquire advanced educational skills in order to be more competitive in the workplace. In FY 1987, the Primary Education Management Improvement project (520-0320) will assist the Ministry of Education to improve the administration and supervision of primary education programs.

In the health sector, complementing United Nations Childrens Fund (UNICEF) and Pan American Health Organization (PAHO) efforts, A.I.D. has increased its support for child survival through a project that addresses both immunization and oral rehydration therapy needs of the most at-risk population, i.e., children five years of age and under, and pregnant women. To supplement activities preventing childhood diseases and build on lessons learned from evaluations of earlier A.I.D. programs, potable water and environmental sanitation systems are being provided. In FY 1987, the new Primary Health Care project (520-0358) will strengthen the Ministry of Health's capacity to efficiently carry out child survival initiatives, as well as to install water and environmental sanitation systems.

Several selected development activities seek to increase rural income and productivity through increased employment opportunities, on or off the farm, and development of labor-intensive enterprises. The Rural

Electrification project (520-0248) has connected 45 communities in 1986 to open up sites for small rural enterprises, and the Rural Enterprises project (520-0245) has processed over \$2 million in more than 2,000 subloans to small businesses. The Private Sector Development Coordination project (520-0337) initiated activities to strengthen the wool industry of Momostenango (the principal artisan craft of that area), and three new vegetable freezing plants initiated operations at the beginning of 1986, creating over 200 jobs. In FY 1987, capitalizing on experience to date, A.I.D. expects to introduce a new private sector project to provide credit, technical assistance, and other support to small- and medium-sized enterprises, and to support the creation of a duty-free export processing zone.

A.I.D. also supports the development activities of U.S. and Guatemalan private and voluntary organizations (PVOs). Two U.S. PVOs -- Cooperative For American Relief Everywhere (CARE) and Catholic Relief Services (CRS) -- are working on improved water supplies, sanitation practices and nutrition, as a complement to their P.L. 480, Title II food distribution programs focused on maternal and child health. A.I.D. signed an agreement in FY 1986 with a U.S. PVO, Private Agencies Collaborating Together (PACT) to assist ASINDES, an indigenous umbrella PVO organization representing a large number of U.S. and Guatemalan PVOs, to provide technical assistance and training to member groups and to finance small PVO projects directly related to rural development and income generation.

In population planning, A.I.D. seeks to expand the information and services base to support the GOG's voluntary family planning program. This is to be accomplished by promoting knowledge of voluntary family planning methods and improvement of delivery systems throughout the country, especially among the rural indigenous population where birth rates and mortality rates are highest and contraceptive user rates are lowest. The private sector is the principal implementor of the voluntary family planning program, while the GOG provides complementary services and a favorable environment within which the private sector can function. In FY 1987 A.I.D. intends to continue working closely with the GOG, private sector, and other donors to strengthen the delivery of voluntary family planning information and services.

#### 4. Democratization

In FY 1986, A.I.D. financed the participation of Guatemalan leaders from the executive, legislative, and judicial branches at regional and in-country seminars. Under the Central America Peace Scholarships (CAPS) Program (547-0001), A.I.D. provided 47 long-term and 805 short-term scholarships in FY 1986, principally targeted on disadvantaged indigenous and women participants from isolated areas in the western highlands. A.I.D. will also finance 62 long-term and more than 1,000 short-term scholarships under the CAPS program in FY 1987, which will further permit Guatemala's disadvantaged indigenous population to participate as better informed and more involved citizens in the democratic process. The CAPS program has been the centerpiece of A.I.D. activities in this area thus far. In FY 1987, under the Regional Strengthening of Democracy Program (597-0003), A.I.D. will support activities strengthening the legislative process within the Guatemalan Congress, in part via visits of Guatemala's

Congressional leadership to meet with U.S. and European legislative leaders to observe their processes and exchange ideas.

The Regional Administration of Justice project (597-0002) was expanded to include an initial \$1.2 million for Guatemala to finance training, advisory, and extension services, and a sector assessment during FY 1987.

FY 1985 International Security and Development Cooperation Act, Section 709 Reporting

Section 709 of the International Security and Development Cooperation Act of FY 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following information on assistance to Guatemala in FY 1986 is provided as partial fulfillment of that requirement:

A. Training. A.I.D. provided training in FY 1986 to a total of 962 participants from Guatemala in the fields of natural resources development and management (80), small enterprises (89), rural health promotion (298), cooperative administration (245), community development (73), export-related areas (60), agricultural development (15), public health (14), business administration (14), computer sciences and electronics (20), industrial development (5), education (3) and other (46).

B. The types of goods attributed to ESF cash transfers by A.I.D. to Guatemala in FY 1986 include capital equipment, raw and construction materials, and spare parts, all for the private sector. The program is too new for information to be available as yet on dollar values for these eligible categories of items.

C. Local currency associated with A.I.D. assistance to Guatemala was allocated by A.I.D. and the Government of Guatemala for the following uses in FY 1986 (\$6 million was available for allocation at the beginning of FY 1986 and \$66.9 million was added during FY 1986.)

	<u>\$(millions)</u>
Construction/reconstruction	2.4
Housing	5.6
Agriculture	7.1
Infrastructure/public works	5.5
Roads	9.4
Primary health care/education	5.4
Other projects and trust fund	2.5
Development activities for local PVOs	1.4
Rural development activities	1.4
Soil conservation and small-scale irrigation	3.0
Existing A.I.D. projects in rural areas/access roads	9.8
BANDESA (rural credit)	5.6
USDA Mediterranean Fruit Fly eradication, screw worm control and African bee control	<u>4.4</u>
TOTAL	63.5

D. Reprogramming of Funds. Reprogramming of funds for Guatemala during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation document.

(\$000)	TOTAL	ARDN	PN	HE	EHR	SDA	CSF	ESF
- Estimated FY 1986 Obligations	82,850	16,500	2,753	5,200	5,200	3,747	1,600	47,850
- Actual FY 1986 Obligations:	83,731	19,165	2,867	5,098	6,704	1,447	1,600	47,850

Actual obligations exceeded estimated levels in the health functional account as a result of an increase in funding requirements for the Immunization/Child Survival project (520-0339). The reduced obligation in the Special Development Activities (SDA) account reflects the deferral of the Social Economic Development project (520-0331) pending resolution of design issues with the GOG.

E. Funds and Programs Provided to Guatemala in FY 1986 through Non-governmental as Contrasted to Governmental Channels

	<u>Non-Governmental</u> (\$ Millions)		<u>Government of Guatemala</u> (\$ Millions)	
DA	\$18.0	(49%)	\$18.8	( 51%)
ESF*	0	--	\$47.8	(100%)
P.L. 480, Title I*	0	--	\$15.0	(100%)
P.L. 480, Title II	\$ 5.5	(100%)		
TOTAL	\$23.5	(22%)	\$81.6	(78%)

\*Although ESF and P.L. 480 Title I resources were provided through government channels, the private sector was the major beneficiary of these funds and programs. ESF dollars provided foreign exchange which facilitated the import of U.S raw materials and goods needed by Guatemalan businesses. P.L. 480 Title I included imports of wheat and vegetable oil which were sold for distribution through private commercial channels. Also, the equivalent of \$70 million in local currency associated with these ESF and P.L. 480 Title I resources support private sector activities.

FY 1988 Program

A.I.D. requests \$74.5 million in ESF, \$33.3 million in Development Assistance (DA), \$18 million in P.L. 480, Title I, and \$5.9 million in P.L. 480, Title II.

A. Economic Stabilization (\$80 million in ESF, \$17 million in P.L. 480 Title I)

The funds requested for economic stabilization will provide needed foreign exchange, not only to support Guatemala's economic stabilization program, but also to assist the GOG carry out a structural adjustment program aimed at diversification and growth of private sector production, especially for export. These funds will also facilitate investment in productive infrastructure supporting rural development. Local currency generations will be used to support these efforts. In addition, a \$18 million Title I program is requested to provide balance-of-payments support through the provision of essential food imports, with local currency generations continuing to be used to encourage GOG reforms in the agricultural sector and to support private sector development activities.

#### B. Economic Growth

Agriculture, Rural Development and Nutrition (\$12,650,000). A.I.D. will continue to provide small farmers, especially in the western highlands, with greater access to production support, productive land, product and input markets, and employment in order to increase and diversify their production and income. Additional funds are also requested under the Agricultural Diversification project (520-0349), and for the next phase of the successful Penny Foundation Commercial Land Markets project (520-0343) project to support these activities. In addition, efforts will be undertaken to expand private sector investment in agricultural processing and marketing. A new Rural Electrification III project (520-0353) is proposed to provide electrical distribution to approximately 250 rural communities, to help stimulate rural enterprises and small-scale industrial development. The \$5 million proposed for this project responds to expressed Congressional interest in seeing rural electrification activity in Central America funded at this level. ESF and P.L. 480 local currencies will be used to support these and other activities.

#### C. Spreading the Benefits of Growth

In order to increase income and productivity, especially among the rural indigenous poor, and to permit broader participation in the development process, A.I.D. proposes to continue developing Guatemala's human resource base through the projects highlighted below.

Health (\$4,000,000) and Population Planning (\$4,400,000). Funds are requested under the Primary Health Care project (520-0358) to continue efforts to improve child health through oral rehydration therapy, immunization and other child survival interventions complemented by potable water and environmental sanitation systems. In population planning, due to the magnitude of the problem of population growth, A.I.D. requests new funding for the Improved Family Health project (520-0357) to assist the GOG and private agencies in consolidating and expanding current Ministry of Health programs by improving access of the target population to birth spacing information and services.

Education and Human Resources (\$6,600,000). New funds are requested under the Private Sector Skills Training Development project (520-0324) to improve vocational and managerial skills of semi-skilled workers and mid-level managers in rural and urban areas.

Selected Development Activities (\$6,250,000). Funding is requested to continue the Small and Medium Enterprise project (520-0341) to expand private sector investment beyond agricultural areas. Additional funding will be needed as well for U.S. and indigenous PVOs to complement these efforts. Finally, additional funding is requested to continue support of small-scale community self-help projects.

P.L. 480, Title II (\$5,901,000). P.L. 480, Title II funds are needed to continue support to CARE and CRS maternal and child health programs which contribute to improved nutrition and complement other rural development and health activities.

D. Democratization

Economic Support Funds (\$5.5 million). A.I.D. plans to continue to draw on regional programs and projects to fund activities that strengthen democratic institutions in Guatemala, such as support for the Office of the Civil Rights Ombudsman and the work of the Congressional Research Service group. In addition, A.I.D. plans to provide a substantial number of additional short- and long-term scholarships under the CAPS program, specifically focused on the disadvantaged indigenous rural population living in the poorest areas of Guatemala.

Mission Director: Anthony Cauterucci

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

520 GUATEMALA

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- EXPEN- ATIONS DITURES	-ACTUAL FY86- OBLIG- EXPEN- ATIONS DITURES	-ESTIMATED FY87- OBLIG- EXPEN- ATIONS DITURES	-PROPOSED FY88- OBLIG- EXPEN- ATIONS DITURES				
AGRICULTURE, RURAL DEV. AND NUTRITION												
520-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	69	C	---	7,748	7,453	398	442	550	525	150	175
520-0238 SMALL FARMER MARKETING SYSTEMS	L	78	81	2,684 3,400	2,684	1,440	---	464	---	730	---	---
520-0245 RURAL ENTERPRISES DEVELOPMENT	G	79	83	850 850	---	---	---	---	---	250	---	300
520-0245 RURAL ENTERPRISES DEVELOPMENT	L	79	83	5,350 6,000	5,350	2,523	---	1,278	---	700	---	840
520-0248 RURAL ELECTRIFICATION	L	79	83	10,600 10,600	10,600	6,661	---	435	---	2,690	---	813
520-0255 SMALL FARMER DIVERSIFICATION SYSTEMS	G	81	85	3,696 3,696	3,696	1,104	---	630	---	760	---	160
520-0255 SMALL FARMER DIVERSIFICATION SYSTEMS	L	81	85	5,500 5,500	5,500	1,699	---	446	---	930	---	900
520-0274 HIGHLANDS AGRICULTURAL DEVELOPMENT	G	83	86	2,100 2,100	1,500	155	600	115	---	310	---	400
520-0274 HIGHLANDS AGRICULTURAL DEVELOPMENT	L	83	86	13,500 13,500	10,500	758	3,000	362	---	3,400	---	3,500
520-0286 COOPERATIVE STRENGTHENING	G	86	86	11,000 11,000	---	---	11,000	---	---	732	---	1,837
520-0290 SMALL FISH POND DEVELOPMENT OPG	G	81	81	343 343	343	196	---	83	---	64	---	---
520-0317 IXCAN CARDAMON CULTIVATION AND COMM -OPG	G	84	84	290 290	290	155	---	9	---	126	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

520 GUATEMALA

CP 88

PROJECT NO. AND TITLE	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
520-0330 PILOT COMMERCIAL LAND MARKET	G	84	84	1,000 1,000	1,000	334	---	416	---	144	---	106
520-0332 FARM-TO-MARKET ROADS	G	85	86	1,100 1,100	1,000	---	100	11	---	196	---	350
520-0332 FARM-TO-MARKET ROADS	L	85	86	10,366 10,366	8,999	432	1,367	391	---	3,996	---	2,000
520-0341 PRIVATE ENTERPRISE PROMOTION	G	87	88	2,000 ---	---	---	---	---	2,000	---	---	950
520-0343 SMALL COMMERCIAL LAND MARKETS II OPG	G	85	86	4,000 2,000	1,000	---	1,000	49	1,000	1,234	1,000	428
520-0349 AG DIVERSIFICATION & NAT RESOURCE MGT	*G	88	88	4,000 ---	---	---	---	---	---	---	4,000	1,500
520-0349 AG DIVERSIFICATION & NAT RESOURCE MGT	*L	88	88	2,000 ---	---	---	---	---	---	---	2,000	---
520-0351 FAMILY FISH POND DEV II - OPG	G	86	86	500 500	---	---	500	---	---	174	---	218
520-0352 TERTIARY ROADS	L	87	89	9,000 ---	---	---	---	---	6,265	400	---	2,000
520-0353 RURAL ELECTRIFICATION II	*G	88	89	2,000 ---	---	---	---	---	---	---	1,500	300
520-0353 RURAL ELECTRIFICATION II	*L	88	89	8,000 ---	---	---	---	---	---	---	3,500	---
520-0355 GUATEMALA DAIRY DEVELOPMENT	G	86	86	1,200 1,200	---	---	1,200	---	---	175	---	500
520-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	424 ---	---	---	---	---	424	300	---	100
520-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	79	C	---	---	---	---	---	500	100	500	400

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C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

520 GUATEMALA

CP 88

PROJECT NO. AND TITLE	L / INITIAL G OBLIG	FY OF FINAL OBLIG	FY OF PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-		
				OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	
TOTAL FOR ACCOUNT			101,503 73,445	60,210	22,910	19,165	5,131	10,739	17,986	12,650	17,777	
GRANTS			34,503 24,079	16,577	9,397	14,798	1,755	4,474	5,090	7,150	7,724	
LOANS			67,000 49,366	43,633	13,513	4,367	3,376	6,265	12,896	5,500	10,053	
POPULATION PLANNING												
520-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	69	C	---	290	291	154	21	120	175	100	125
520-0288 EXPANSION OF FAMILY PLANNING SERVICES	G	82	89	14,186 8,686	5,983	2,401	2,703	1,548	3,430	2,100	---	2,500
520-0357 IMPROVED FAMILY HEALTH	*G	88	89	10,000 ---	---	---	---	---	---	---	4,300	500
520-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	183 ---	---	---	---	---	183	100	---	83
TOTAL FOR ACCOUNT			24,369 8,686	6,273	2,692	2,867	1,569	3,733	2,375	4,400	3,208	
GRANTS			24,369 8,686	6,273	2,692	2,867	1,569	3,733	2,375	4,400	3,208	
LOANS			---	---	---	---	---	---	---	---	---	
HEALTH												
520-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	69	C	---	572	476	298	210	20	175	100	125
520-0251 COMMUNITY-BASED HEALTH AND NUTR SYSTEMS	G	80	85	1,274 1,300	1,274	592	---	45	---	80	---	320

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

520 GUATEMALA

CP 88

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
520-0251 COMMUNITY-BASED HEALTH AND NUTR SYSTEMS	L	80	85	9,500 9,500	9,500	3,522	---	202	---	1,790	---	2,200
520-0298 RURAL POTABLE WATER AND SANITATION, OPG	G	84	84	500 500	500	408	---	44	---	48	---	---
520-0335 RURAL WATER AND SANITATION II - OPG	G	85	85	1,000 1,000	1,000	---	---	212	---	266	---	486
520-0336 WATER, WOMEN, AND HEALTH, OPG	G	85	85	500 500	500	---	---	---	---	206	---	243
520-0339 IMMUNIZATION/CHILD SURVIVAL	G	85	87	3,378 3,100	3,300	---	4,800	442	278	1,954	---	1,663
520-0356 PRIMARY HEALTH CARE	*G	88	89	5,000 ---	---	---	---	---	---	---	1,900	500
520-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	---	---	---	---	---	354	75	---	250
TOTAL FOR ACCOUNT				26,152 20,900	16,646	4,998	5,098	1,155	652	4,594	2,000	5,787
GRANTS				16,652 11,400	7,146	1,476	5,098	953	652	2,804	2,000	3,587
LOANS				9,500 9,500	9,500	3,522	---	202	---	1,790	---	2,200
CHILD SURVIVAL FUND												
520-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	69	C	---	---	---	---	---	180	100	200	175
520-0339 IMMUNIZATION/CHILD SURVIVAL	G	85	87	5,570 1,600	---	---	1,600	---	3,970	1,100	---	2,500
520-0356 PRIMARY HEALTH CARE	*G	88	89	5,000 ---	---	---	---	---	---	---	1,800	500

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

520 GUATEMALA

CP 38

PROJECT NO. AND TITLE	*	FY OF		LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
		L OBLIG	FY OF FINAL OBLIG		OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES
TOTAL FOR ACCOUNT				10,570 1,600	---	---	1,600	---	4,150	1,200	2,000	3,175
GRANTS				10,570 1,600	---	---	1,600	---	4,150	1,200	2,000	3,175
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
520-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	89	C	---	963	799	200	245	350	300	200	225
520-0281 INTEGRATED NON-FORMAL EDUCATION	G	82	85	850 860	850	309	---	216	---	325	---	---
520-0281 INTEGRATED NON-FORMAL EDUCATION	L	82	85	2,000 3,500	2,000	718	---	359	---	600	---	323
520-0282 RURAL EDUCATION IMPROVEMENT	G	85	86	3,300 3,300	3,300	107	---	553	---	500	---	600
520-0282 RURAL EDUCATION IMPROVEMENT	L	85	86	10,204 10,204	8,700	41	1,504	327	---	1,800	---	1,800
520-0304 ALTIPLANO HIGHER EDUCATION	G	86	86	5,000 5,000	---	---	5,000	---	---	600	---	900
520-0311 ADULT LITERACY	G	85	85	700 700	700	---	---	---	---	200	---	300
520-0320 PRIMARY EDUCATION MANAGEMENT IMPROVEMENT	G	87	87	3,830 ---	---	---	---	---	3,830	500	---	1,500
520-0320 PRIMARY EDUCATION MANAGEMENT IMPROVEMENT	L	87	87	1,170 ---	---	---	---	---	1,170	800	---	300
520-0324 PRIVATE SECTOR SKILLS TRAINING DEV	*G	88	89	8,000 ---	---	---	---	---	---	---	4,800	500

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

520 GUATEMALA

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
520-0360 COMORANO SCHOLARSHIP	G		87	88	2,300 ---	---	---	---	1,000	200	1,000	750	
520-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G		87	90	1,177 ---	---	---	---	1,177	500	---	577	
TOTAL FOR ACCOUNT					38,231 23,554	16,513	1,974	6,704	1,700	7,527	6,325	6,000	7,775
GRANTS					24,857 9,860	5,813	1,215	5,200	1,014	6,357	3,125	6,000	5,352
LOANS					13,374 13,704	10,700	759	1,504	686	1,170	3,200	---	2,423
SELECTED DEVELOPMENT ACTIVITIES													
520-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		69	C	---	650	382	297	444	450	298	300	350
520-0145 SPECIAL DEVELOPMENT FUND	G		63	C	---	1,467	1,373	100	127	100	95	100	90
520-0261 SHELTER SECTOR DEVELOPMENT	G		87	88	600 ---	---	---	---	---	300	100	300	115
520-0336 WATER, WOMEN, AND HEALTH, OPS	G		85	88	500 500	500	---	---	147	---	206	---	143
520-0337 PRIVATE SECTOR DEVEL COORDINATION, OPG	G		85	85	1,300 1,500	1,500	---	---	328	---	915	---	257
520-0341 PRIVATE ENTERPRISE PROMOTION	G		87	89	8,800 ---	---	---	---	---	5,070	---	2,450	800
520-0341 PRIVATE ENTERPRISE PROMOTION	L		87	89	11,000 ---	---	---	---	---	---	---	2,000	300
520-0344 ELECTRICAL POWER RESERVE	G		85	85	7,000 7,000	7,000	5,059	---	1,342	---	387	---	212
520-0348 SINDES PVO DEVELOPMENT PROGRAMS	G		86	88	2,550 1,050	---	---	1,050	---	500	485	1,000	1,000

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C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

520 GUATEMALA

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
520-0361 SMALL PROJECT ASSISTANCE FUND	G	87	88	180 ---	---	---	---	---	80	750	100	80
TOTAL FOR ACCOUNT				32,130 10,050	11,117	6,814	1,447	2,388	6,500	3,236	6,250	3,347
GRANTS				21,130 10,050	11,117	6,814	1,447	2,388	6,500	3,236	4,250	3,047
LOANS				11,000 ---	---	---	---	---	---	---	2,000	300
ECONOMIC SUPPORT FUND												
520-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	89	C	---	---	---	500	---	---	200	---	250
520-0276 AGRI-BUSINESS DEVELOPMENT	G	85	85	3,000 3,000	3,000	24	---	200	---	770	---	900
520-0276 AGRI-BUSINESS DEVELOPMENT	L	85	85	9,500 9,500	9,500	---	---	233	---	3,300	---	4,742
520-0347 ECONOMIC STABILIZATION PROGRAM	G	86	88	193,925 23,425	---	---	23,425	23,425	96,000	96,000	74,500	74,500
520-0347 ECONOMIC STABILIZATION PROGRAM	L	86	88	23,925 23,925	---	---	23,925	23,925	---	---	---	---
520-0999 LOCAL COST SUPPORT	G	87	87	---	---	---	---	---	225	225	---	---
520-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	17,862 ---	---	---	---	---	2,562	1,200	5,500	4,000
TOTAL FOR ACCOUNT				248,212 59,850	12,500	24	47,850	47,788	98,797	101,695	80,000	84,392
GRANTS				214,787 26,425	3,000	24	23,925	23,625	98,797	98,395	80,000	79,650
LOANS				33,425 33,425	9,500	---	23,925	24,163	---	3,300	---	4,742

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

580 GUATEMALA

CP 88

PROJECT NO. AND TITLE	• L / INITIAL G OBLIG	FY OF FINAL OBLIG	FY OF PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
				OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
COUNTRY TOTAL											
	TOTAL			481,167 198,095	123,259	39,412	84,731	59,731	132,088	137,411	113,300 125,461
	GRANTS			346,868 92,100	49,926	21,618	54,935	31,304	124,653	116,225	105,800 105,743
	LOANS			134,299 105,995	73,333	17,794	29,796	28,427	7,435	21,186	7,500 19,718

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C Level of effort activity

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PROGRAM: Guatemala

## PLANNED PROGRAM SUMMARY SHEET

Title		Funding Source	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Agricultural Diversification		DA	ARDN		FY 1988	4,000 (G) 2,000 (L)	Life of Project Funding 6,000
Number	520-0349	<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	Initial Obligation	Estimated Final Obligation
<input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> LOAN	<input type="checkbox"/> CONTINUING					Estimated Completion Date of Project
						FY 1988	FY 1993

Project Purpose: Expand agricultural diversification activities with small farmers in the Highlands in order to help them improve the management and productivity of fruits and vegetables.

Project Description: The intensification of agricultural economic activities has placed a great stress on the resources and agricultural support systems that sustain them. If farmers are not growing the appropriate quantity and quality of diversified crops to meet market demand, they may be worse off economically than before diversification because of increased use of costly inputs, lower product prices, and lack of savings to invest in the protection of their limited natural resource base. The project will address this problem by assisting public institutions to continue and expand their activities in support of diversification, while simultaneously creating a private-sector entity to provide complementary services in fruit and vegetable production to small farmers. Emphasis will be placed on dissemination of techniques developed under the Small Diversification Systems project through existing representative farms and the organization of producers' associations. These associations would provide small farmers with an advocacy unit and a forum for identifying and resolving problems.

A private sector productivity center will be established to work on:  
(1) Research: A small staff will undertake variety trials on "leading" farmers' parcels in various climates and soils in order to determine the adaptability of new and existing fruit and vegetable varieties for export. The more sophisticated, basic research on these crops will be undertaken by the center with Guatemalan universities, private institutions and/or the national Research Service (ICTA); (2) Extension: Once a crop variety is adapted, it will be disseminated by the center to farmer groups through on-farm demonstrations, field days, intensive information campaigns (pamphlets, video, radio, etc.), and formal farmer education; (3) Information: The center will compile and disseminate existing information on fruits and vegetable, both at the national and

international level. It will channel to the growers national and international marketing information gathered by the guild of exporters of non-traditional products (GREMIAL) and the CCG National Agricultural Marketing Institute (INDECA).

Relationship of Project to A.I.D. Country Strategy: This project follows on very effective prior and existing interventions of USAID in the following areas: soil terracing; small-scale irrigation; crop diversification; processing, storage and exporting of non-traditional agricultural products; and farmer organization.

Host Country and Other Donors: This project is closely linked to other ongoing and proposed host government agricultural programs. A.I.D. anticipates a series of national policy changes that will support the sector in such areas as credit and export incentives.

Beneficiaries: Direct beneficiaries will be approximately 12,000 small fruit and vegetable farmers in the highlands who are already producing for the market or who wish to diversify.

Major Outputs	All Years
Producers Associations Established	X
Private Sector Productivity Center Functioning	X
Fund Established for Graduate Research	X
Technical Information on Diversification	
Provided to Small Producers	X
Technical Training for Producers	X

A.I.D. Financed Inputs (\$000)	(Life-of-Project)
Technical Assistance	2,000
Commodities	600
Training	1,000
Construction	1,000
Research Contracting	1,400
Total	6,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				Ministry of Agriculture
Estimated Fiscal Year				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	6,000	--	6,000	

PROGRAM: GUATEMALA

PLANNED PROGRAM SUMMARY SHEET

Title Rural Electrification III		Funding Source DA	AG, RD & N 3,500 (L) 1,500 (G)	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 520-0353		Population	ED. & HR	Sel. Act.	FY 1988 3,500 (L) 1,500 (G)	Life of Project Funding 2,000 (G) 8,000 (L)	
<input checked="" type="checkbox"/> GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING	<input checked="" type="checkbox"/> NEW				Initial Obligation FY 1988	Estimated Final Obligation FY 1989	Estimated Completion Date of Project FY 1992

Project Purpose: To provide electricity distribution services to rural areas where the introduction of electricity will allow a more productive utilization of existing resources and infrastructure.

Project Description: One of the main constraints to the A.I.D. program objectives of improving productivity and incomes of poor rural families is the lack of adequate infrastructure. The electrical service coverage of Guatemala's rural areas is the second lowest in Central America: only seven percent of the rural population has access to electricity. Until 1985 one of the basic reasons for this low coverage was the lack of sufficient electrical energy sources in the country. With the successful start-up of the 300 mw Chixoy hydroelectric power plant, however, this obstacle has been removed and the main problem is now distribution. To address this constraint the proposed project will increase rural electricity distribution services in Guatemala, providing 50,000 rural connections in approximately 250 communities with the potential for putting electricity to production use. A training component coordinated by the Technical Training Institute (INTECAP) will develop and improve the abilities of rural workers in target communities to operate electrical machinery used in small rural industries. Another component will provide loans to small rural enterprises in communities to receive electricity. These loans will be used to purchase electrical machinery or equipment to improve operations or help establish new businesses for which electricity is the main source of energy.

Relationship of Project to A.I.D. Country Strategy: This project responds to the Mission's Action Plan objectives of improving productivity and incomes of poor rural families and to the specific objectives of increasing employment in rural areas and providing opportunities for off-farm employment.

Host Country and Other Donors: The current Government of Guatemala (GOG) energy policy calls for substantial increases in the electrical service coverage of rural areas. The Guatemalan congress has defined rural electrification as a national priority, and the National Electrification Institute (INDE) is very interested in expanding its coverage of the rural areas. The GOG contribution to this activity will exceed 25% of total project cost.

Beneficiaries: The project will directly benefit approximately 300,000 rural inhabitants in 250 communities of the western highlands providing them with electrical service for household, commercial or industrial purposes. An additional 1,200 rural workers will receive technical/vocational training, and 5,000 rural inhabitants will receive training in productive uses of electricity. Small rural enterprises receiving credit under the project will employ approximately 1,500 rural workers.

<u>Major Outputs</u>	<u>All Years</u>
Subtransmission lines erected	400 kms.
Distribution network established	800 kms.
Rural connections completed	50,000
Persons trained in use of electric machinery	6,200
Rural enterprises receiving credits	100
New communities with electric services	250

<u>AID Financed Inputs</u>	<u>Life-of-Project</u>
	(000)
Materials and Electrical Equipment	7,500
Vehicles and Construction Equipment	500
Training	700
Credit	1,000
Management Costs Credit Component	100
Evaluations and Studies	200
Total	10,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, Estimated Fiscal Year				The National Electrification Institute and Instituto Technico de Capacitacion (INTECAP)
Estimated Through September 30,				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	5,000	5,000	10,000	

Title		Funding Source	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)			
Improved Family Health		DA			FY 1988	4,300	Life of Project Funding 10,000	
Number	520-0357	<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	Initial Obligation	Estimated Final Obligation	Estimated Completion Date of Project
<input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> LOAN	<input type="checkbox"/> CONTINUING	4,300			FY 1988	FY 1989	FY 1993

Project Purpose: To improve access to birth spacing information and services leading to the improved health status of Guatemalan mothers and their children.

Project Description: In general, Guatemalan mothers and their children suffer from high maternal and child mortality and morbidity rates. According to studies done in Guatemala, significant causes for these high rates are lack of knowledge of and lack of access to material and child health (MCH) services. Particularly affected are those women (both ladino and indian) who are married, not employed outside the home, living in the interior, and who have several children but less than a primary education. Another contributing factor to these high rates is fertility-related: poorly-timed, too frequent or too many pregnancies, especially among younger Guatemalan women. This project will assist the Government of Guatemala (GOG) and private agencies in consolidating and expanding current MCH programs, with special emphasis on improving physical and cultural accessibility of the target population to birth spacing information and services. Communication and education activities will inform mothers in their roles as change agents, family life educators and the mainstay of the Guatemalan family about birth spacing. The Ministry of Health (MOH) will be supported in its efforts to increase the availability of high quality MCH services throughout the country, particularly birth spacing assistance to its clients. The Guatemalan Association for Family Welfare (APROFAM) will continue, with Project support, to provide a full range of birth spacing and information/ education services. Selected small private voluntary organizations will develop or continue educational programs for mothers and young adults which are designed to foster the welfare of the family.

Relationship of Project to A.I.D. Country Strategy: A.I.D. assistance remains directed towards the overall goal of helping Guatemala return to a pattern of real growth with greater partic-

ipation by the rural poor. Within this broad context, one of A.I.D.'s objectives is to support measures which permit Guatemalans to lead healthy, productive lives. Birth spacing is expected to contribute significantly to this objective.

Host Country and Other Donors: The GOG will contribute trained personnel, warehouse facilities and statistical services. The UN Fund for Population Activities's contribution to population activities over the life of the project is estimated at \$1.5 million. A.I.D. will also provide centrally funded collateral support through the International Planned Parenthood Foundation and other agencies.

Beneficiaries: Approximately 180,000 predominantly rural poor families who have lacked knowledge of or ready access to birth spacing information and services, who suffer from the stress of excessively large families, and who have health problems related to high fertility will benefit directly from this project.

Major Outputs:	All Years
Improved/expanded birth spacing services provided by:	
- Ministry of Health clinics	650
- APROFAM Clinics	11
- Community Based Distributors	1,750
- Private Organizations	5
Family Planning Acceptors	180,000
A.I.D.-Financed Inputs (\$000's):	Life of Project
- Participant Training	900
- Local Personnel	2,740
- Commodities, Contraceptives	2,320
- Evaluation	240
- Information and Materials	2,300
- Other Costs	1,500
TOTAL	10,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				Ministry of Health and APROFAM
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	4,300	5,700	10,000	

PROGRAM: GUATEMALA

PLANNED PROGRAM SUMMARY SHEET

Title Private Sector Skills Training Development		Funding Source DA	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 520-0324		Population	ED. & HR 4,800	Sel. Act.	FY 1988 Grant - 4,800	Life of Project Funding 8,000	
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING	<input checked="" type="checkbox"/> NEW				Initial Obligation	Estimated Final Obligation	Estimated Completion Date of Project
					FY 1988	FY 1989	FY 1993

**Project Purpose:** To improve the vocational and managerial skills of the private sector labor force.

**Project Description:** Lack of training opportunities in rural areas limits the ability of individuals to engage in productive activities. Simultaneously, the growth of new economic activities is constrained by a lack of trained manpower. The primary source of vocational skills training is INTECAP, a semiautonomous institution financed with a 1% payroll tax levied on the private sector. INTECAP has seven training centers in Guatemala. Residents of secondary cities/towns have no access to centers due to poor transportation networks. Training opportunities available at smaller cities/towns are limited to informal, traditional cottage crafts. Furthermore, semi-skilled training in accounting, marketing and other business skills is only provided to a limited range of managers/supervisors through two local universities and the private Guatemalan Managers Association (AGG). The proposed project will finance managerial and vocational skills training through three components. INTECAP will receive funding for technical assistance, training materials and equipment in order to provide vocational training to workers in private business in its centers and will also provide outreach training to rural entrepreneurs, using six to eight mobile units. A third component will provide managerial skills training to mid-level managers of medium and small-size firms in areas such as production organization, product protection/marketing, and financial/credit management.

**Relationship of Project to A.I.D. Country Strategy:** This project is responsive to NBCCA recommendations which call for: a) promoting training related to employment and productivity; b) expansion of training institutions both in the public and private sectors.

**Host Country and Other Donors:** The participating agency will contribute at least 25 percent of total inputs. Other donors, particularly the World Bank have financed expansion of vocational

schools in secondary cities. The Inter-American Development Bank supported the expansion of INTECAP outside Guatemala City. Other donors assisted INTECAP in the areas of instructor training, procurement and program management. Support for private sector vocational and skills education is limited, consisting mainly of scholarships offered by the United Nations and the Inter-American Development Bank.

**Beneficiaries:** Direct beneficiaries will be approximately 17,000 rural/urban workers, 3,000 managers/supervisors; and 1,500 to 2,000 out-of-school youth/adults, over the LOP. Furthermore, the necessary infrastructure/program delivery capacity will be established to serve approximately 5,000 individuals annually beyond the LOP.

Major Outputs (LOF):	All Years
Semi-skilled instructional modules prepared by AGG	5
Vocational courses prepared and given	5
Trained vocational education instructors	20
Management teachers trained	10
Individuals trained in vocational education	17,000
Mid level managers trained	3,000
Small/medium size firms assisted	3,000

A.I.D.-Financed Inputs: (\$000's)	Life-of-Project
Commodities	2,700
Materials/supplies	1,200
Personnel	860
Training	890
Operating costs	880
Research and evaluation	670
Contingencies	800
Total	8,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	---	---	---	INTECAP and Guatemalan Managers Association
Estimated Fiscal Year	---	---	---	
Estimated Through September 30, 1987	---	---	---	
Proposed Fiscal Year 1988	4,800	3,200	8,000	
		Future Year Obligations	Estimated Total Cost	

PROGRAM: Guatemala

PLANNED PROGRAM SUMMARY SHEET

Title Primary Health Care		Funding Source DA	AG, RD & N	Health 1,900 Health 1,800 CS	PROPOSED OBLIGATION (In thousands of dollars)			
Number 520-0358		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	Initial Obligation	Estimated Final Obligation	Estimated Completion Date of Project
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING						FY 1988	FY 1989	FY 1989
						1,900 Health 1,800 CS	10,000	

Project Purpose: To improve the delivery and access to primary health care services leading to improved health status of Guatemalan mothers and children.

Project Description: Current health conditions in Guatemala provide evidence of resource shortages and of imperfect management of the scarce resources available. Key indicators of Guatemalan health demonstrate high infant mortality, low life expectancy, and a high incidence of communicable disease and malnutrition. A comprehensive, well-supported primary health care system is the most effective way of alleviating Guatemala's health problems, particularly those related to child survival. A.I.D. will increase its support to the health sector, focusing on the needs of the most at-risk population, i.e. children five years and under and pregnant women. The project will strengthen the Ministry of Health's (MOH) institutional capacity to efficiently plan and manage child survival initiatives. In addition, it is believed that informed decision making and management at the central and regional levels will optimize the utilization of human, material and financial resources. In addition, the project is supportive and responsive to the GOG administrative decentralization of management of health service delivery. The private sector's contribution to these efforts will be promoted to the maximum extent possible.

Relationship of project to A.I.D. Country Strategy: A.I.D. assistance remains directed towards the overall goals of economic stabilization and building a foundation for long-term growth with greater participation by the rural poor, in a democratic political environment. Within this broad context, one of the specific objectives of AID's strategy is the reduction of high infant and child mortality rates. This project is expected to contribute significantly to this objective.

Host Country and Other Donors: The Government of Guatemala will contribute with facilities and personnel. Other donors (i.e., PAHO, UNICEF, UNFPA, INCAP) will provide significant financial and technical support for child survival initiatives. Therefore, donor coordination is essential and considered an integral part of the project.

Beneficiaries: Direct beneficiaries are expected to be approximately 1.4 million children five years and under. Indirectly the MOH personnel will benefit from improved management.

<u>Major Output:</u>	(All Years)
Efficient Management Systems at Health Posts	X
Functional Health Management Information Centers	X
Logistics and other Support Systems at National Level	X

<u>A.I.D. Financed Inputs</u>	<u>Life-of-Project</u>
	(\$000)
Participant Training	1,350
Local Personnel	2,430
Commodities and Equipment	2,700
Evaluation/Research	810
Other Costs	2,710
Total	10,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				Ministry of Health
Estimated Fiscal Year				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	3,700	6,300	10,000	

PROGRAM: GUATEMALA

PLANNED PROGRAM SUMMARY SHEET

Title Private Voluntary Organizations (Operational Program Grants)		Funding Source DA	AG, RD & N 500	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 520-9999		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	FY 1988 Grant - 500	Life of Project Funding Continuing
<input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> LOAN	<input type="checkbox"/> CONTINUING				Initial Obligation	Estimated Final Obligation
						FY 1979	FY Continuing
							Estimated Completion Date of Project FY Continuing

**Project Purpose:** To strengthen the capacity of U.S. and indigenous private voluntary organizations to undertake innovative development programs.

**Project Description:** Both U.S. and local PVOs are assisting in the development of the poorest rural communities of Guatemala. CARE has received a grant to provide technical assistance, training and financial resources for rural family fish pond activities. CARE is also carrying out a program to improve the health conditions of approximately 60 rural communities of the Western Highlands region, by providing water supplies, improving waste disposal systems and holding health education workshops. A local PVO, the Fundacion del Centavo (Penny Foundation), has established a mechanism to permit small farmers to purchase arable land and is providing technical assistance and production credit to them as well. Another local PVO, the Asociacion Pro-Agua del Pueblo, is expanding its program of technical services, training and credit for rural communities in Guatemala which do not have potable water and environmental sanitation (latrine) systems, and a system of collection has been established to provide sufficient funds to pay back the loan for both their construction and maintenance. Funds are being channeled through the local Chamber of Commerce to two local PVOs to provide technical assistance to small-medium Guatemalan businesses. This will increase the private sector's participation in non-traditional development activities and promote the Caribbean Basin Initiative activities. A.I.D. is also providing support to a U.S. PVO, Private Agencies Collaborating Together (PACT), to strengthen ASINDES, a Guatemalan PVO umbrella organization, to support U.S. and Guatemalan PVOs operating in Guatemala. The PACT/ASINDES grant will provide technical assistance and training to individual PVO organizations while also providing a mechanism to permit ASINDES to fund small PVO projects directly related to rural development. The use of this umbrella organization will broaden PVO perspective of national needs and priorities and hopefully lead to greater initiatives in the future.

In FY-88 priority consideration will support U.S. and especially local PVOs carrying out activities in such areas as small/medium enterprise development, family health and agricultural diversification.

**Relationship of Project to A.I.D. Country Strategy:** This project will encourage U.S. and Guatemalan PVOs to become active in meeting the needs of the rural poor for increased incomes and productivity, improved social services in areas such as health, education and shelter, and family planning services.

**Host Country and Other Donors:** The Government of Guatemala and other donors contribute to the planning and implementation of development projects of the PVOs by providing various means of support, i.e., personnel, facilities and commodities. The beneficiaries themselves contribute to activities by providing labor and locally available materials.

**Beneficiaries:** Beneficiaries include both rural and urban poor families living throughout Guatemala with emphasis placed on indigenous poor living in the Western Highlands of Guatemala.

<b>Major Outputs:</b>	(All Years)
Small-scale enterprises	X
Agricultural production	X
Trained personnel in various areas	X
Potable water systems	X

<b>A.I.D.-Financed Inputs</b>	(\$000)
Personnel	X
Training	X
Commodities	X
Operating expenses	X
Sub-grants to PVOs	X
<b>Total</b>	<b>500</b>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				Various PVOs
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	500	Continuing	Continuing	

Honduras

FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (522) HONDURAS

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\*BASIC DATA\*  
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TOTAL POPULATION.. (THOUSANDS,MID 1986) 4,666  
 PER CAPITA GNP..... (DOLLARS,1984) 700  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 0.5%  
 ANNUAL RATE OF INFLATION (1973-84) 8.6%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..(1967) 2.3%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 63.3 MALE 61.7 FEMALE 65.0  
     (1970) TOTAL 50.6 MALE 48.7 FEMALE 54.1  
 ADULT LITERACY RATE (1974) TOTAL 57% MALE 59% FEMALE 55%

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\*AGRICULTURE\*  
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ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) -0.4%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 24%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 79  
 MAJOR CROP(S) ARABLE LAND YEAR  
     SUBSISTENCE: CORN ,BEANS-DRY ,RICE 29% (1985)  
     CASH: BANANAS ,COFFEE ,RAW SUGAR 50% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) COFFEE ,BANANAS ,RAW SUGAR  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,OILSEEDS ,ANIMAL PRODS.  
 PROPRDRTION OF LABOR FORCE IN AGRICULTURE.....(1979) 60%

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\*CENTRAL GOVERNMENT FINANCES\*  
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TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     (1979) 326 (80) 379 (81) 369  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     (1979) 366 (80) 449 (81) 442  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     (1979) -40 (80) -70 (81) -73  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. (1974) 11.4% (75) 11.5% (76) 10.4%  
     AS % OF GNP..... (1977) 2.0% (78) 2.4% (79) 2.4%  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1983) 115 (84) 129 (85) 107  
     EQUIVALENT TO 0.9 MONTHS OF IMPORTS (1985)

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\*FOREIGN TRADE\*  
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MAJOR EXPORTS(1984)BANANAS ,COFFEE ,LUMBER  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983) 395 (1984) 409 (1985) 393  
     AS % OF TOTAL EXPORTS (1983) 65% (1984) 58% (1985) 49%  
 MAJOR IMPORTS(1984)MFRD. PRODUCTS ,MACHINERY ,TRANSPORT. EQ.  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 328 (1984) 354 (1985) 339  
     AS % OF TOTAL IMPORTS (1983) 50% (1984) 42% (1985) 37%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1983) -58(84) -134(85) -119  
 TRADING PARTNERS: UNITED STATES ,JAPAN ,GERMANY, FEDER  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 61.4%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 135  
     AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 16.3%

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\*SOCIAL DATA\*  
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POPULATION GROWTH RATE...(1970) 2.5% (1978) 3.6% (1986) 3.4%  
 POPULATION IN URBAN AREAS.....(1970) 29% (1986) 40%  
 TOTAL FERTILITY RATE.....(1970) 7 (1986) 6  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1981) 27.0%  
 POPULATION (1986) IN AGE GROUP:  
     (0-14YRS) 46.4% (15-64YRS) 50.9% (65+ YRS) 2.7%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 72  
 PEOPLE PER PHYSICIAN..... (1979) 3,123  
 MAJOR CAUSES OF  
 DISEASE (1978) INFLUENZA-GRIPPE,STREP. THRDAT ,MALARIA  
 DEATH.. (1979) INTESTINAL INFEC,PULMONARY CIRCUL,PNEUMONIA  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 95%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 44%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1982) TOTAL 95.1 MALE 99.9 FEMALE 97.8  
 SECONDARY..... (1982) TOTAL 26.3 MALE 24.0 FEMALE 24.7  
 POST SECONDARY.. (1980) TOTAL 6.4 MALE 7.9 FEMALE 4.9  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 11.3%

HONDURAS

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	44,308	40,854	40,362
Loan	15,587	14,602	12,300
Grant	28,721	26,252	28,062
Economic Support Fund	61,248	136,406 <u>1/2/</u>	100,000
Loan	0	0	0
Grant	61,248	136,406	100,000
Other*			
TOTALS	105,556	177,260	140,362
P.L. 480	17,234	15,394	14,659
Title I	13,900	12,000	12,000
Title II	3,334	3,394	2,659
TOTALS	122,790	192,654	155,021

Footnotes:

- 1/ The FY 1987 total includes \$65 million for the FY 1987 supplemental request. See separate supplemental annex for detail.  
 2/ The above total for ESF includes \$645,000 in local cost support.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	61.50	57.75	57.75
Foreign National	47	47	47
TOTALS	108.50*	104.75*	104.75*

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

\*Includes 19 U.S. and 11 Foreign National IG FTE workyears.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	28	23	51	185	425	610	225	480	705
Regional <sup>e</sup>	201	285	486	71	28	99	52		52
Third Country Participants									
Bilateral <sup>d</sup>	13	8	21	10	25	35	10	25	35
Regional <sup>e</sup>									
TOTALS	242	316	558	266	478	744	287	505	792

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.  
<sup>b</sup>Academic: degree seeking.  
<sup>c</sup>Technical: non-degree seeking.  
<sup>d</sup>Participants funded under bilateral programs.  
<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## HONDURAS

### Introduction

As reflected in virtually all social and economic indicators, Honduras is one of the least developed countries of Latin America. Honduras' per capita gross domestic product (GDP) was \$800 in 1986. Life expectancy is estimated at 62 years, and the infant mortality rate is estimated at 70 per 1,000 live births. Many primary school-age children do not complete the sixth grade. Few Hondurans (14.8%) have access to piped water or sanitation services, and 75% of the available housing units require either replacement or upgrading. A population growth rate of about 3% a year makes it difficult for Honduras to make gains in per capita income or to improve its relative standing in the region.

Honduras' border with three states suffering various levels of internal conflict and violence (Nicaragua, El Salvador, and Guatemala) and proximity to the southern border of the United States give her special strategic importance for U.S. policy and objectives in the region. Honduras is committed to democracy. It is a key player in the Contadora process and has insisted on the necessity of comprehensive, verifiable, and simultaneous implementation of the 1983 Contadora Document of Objectives.

Honduras' rate of real GDP growth reached 3% in 1984 and held steady at that rate for 1985 and 1986, following years of negative economic growth in the early 1980s. Employment grew moderately over the last three years. Nevertheless, with labor force growth outpacing real GDP growth, the unemployment rate has continued to rise. Similarly, real per capita income has declined or remained stagnant every year since 1980. Inflation, which had steadily declined over the previous three years, rose slightly in 1986 to 4.6% compared to 3.6% in 1985.

Although Honduras is predominantly a rural agricultural society, average yields of basic grains and export crops remain the lowest in Central America, due in large part to low levels of technology, lack of infrastructure, inefficient public institutions, and inefficient marketing services. There are only limited agro-industrial processing activities. Small and medium-size farmers have little access to formal credit to procure production inputs.

Export earnings are insufficient to meet the demands for imports on which Honduras is heavily dependent. A.I.D. estimates that each three dollars of domestic production require one dollar of imports. In the past, Honduras has relied almost entirely on traditional exports (particularly bananas and coffee) for foreign exchange generation. Fluctuations in the price of these commodities have caused wide variations in export earnings.

The unemployment rate is estimated to be between 15% and 25%. Underemployment affects another 20% to 30% of the labor force. During the 1986 to 1990 period, approximately 250,000 additional workers are projected

to enter the Honduran labor force, creating the potential for political destabilization if job creation rates do not accelerate.

Honduras' policies and programs regarding family planning, which exclude abortion and coerced sterilization, have reduced the population growth rate to an estimated 3%. Although this is still one of the highest rates in the hemisphere, it is a significant improvement from the alarming earlier rates of 3.4% to 3.5%. At a growth rate of 3%, the population will double in about 23 years.

An estimated 60% of the population is malnourished. Infectious diseases (including diarrhea, respiratory infection, and malaria) remain the leading cause of morbidity and mortality. Approximately 30% of the population has no regular access to child survival services.

A fundamental problem of education, at all levels, is the focus on quantity rather than quality. Over 90% of primary school-age children have access to schools, and enrollments are high. The majority of students, however, do not complete school. Moreover, even the small proportion of students who do graduate have very deficient academic preparation.

In the past decade, the Honduran policy toward shelter focused on government-built, conventionally finished and subsidized houses, affordable by and benefiting middle-income families. Moreover, there was no housing finance available to low-income families, and both the private and public construction programs excluded housing affordable to these families. The Government of Honduras (GOH) has changed its focus and now is stressing the shelter, water, and sanitation service needs of low-income groups.

Hondurans displaced from areas of conflict near the border are an increasing concern. A survey was undertaken late in 1986 in collaboration with the Honduran Permanent National Emergency Committee (COPEN) to determine the extent of the problem and to identify resources required to meet the needs of these people.

#### A.I.D. Development Strategy and Accomplishments to Date

The four goals of the Central America Initiative, in Honduras, as elsewhere, are economic stabilization, laying the basis for long-term growth, broadening the benefits of growth, and strengthening democratic institutions. These goals are being advanced in Honduras by A.I.D.'s support of ten specific objectives, discussed below.

A total of \$65 million in FY 1987 supplemental ESF funds is being requested, \$40 million for balance-of-payments assistance and \$25 million to help fund certain ongoing projects (see Table II for details). Justification for the supplemental request is being provided separately.

#### Economic Stabilization

1. Substantial improvement in macroeconomic performance: Real GDP grew by 3% in 1986, employment rose moderately, and inflation was contained to 4.6%. Although the fiscal and balance-of-payments current account deficits remain at relatively high proportions of GDP, both fell significantly as a

percentage of GDP in 1986. The fiscal deficit of the consolidated nonfinancial public sector dropped to 6.4% of GDP in 1986 compared to 8.8% for 1985. This fiscal improvement reflects the continued success of a major tax package introduced in 1984, as well as accompanying efforts to contain the growth of public sector expenditures. With respect to external performance, exports grew by a respectable 14.7% in 1986 after increasing 8.2% in 1985, while imports rose only a modest 4.9% from 1985 levels. These developments in export and import growth rates reflect measures the Central Bank has taken to liberalize the exchange rate regime, as well as lower petroleum prices. These measures were designed to expand the profitability of exports while simultaneously reducing the percentage of imports that benefit from the provision of foreign exchange at the official rate. As a result, the current account deficit as a percent of GDP dropped to 6.8% in 1986 from 9.6% in 1985.

A.I.D.'s Economic Support Fund (ESF) provided balance-of-payments support to a Honduran economic program that is projected to produce a continued improvement in macroeconomic performance, with respect to both stabilization and recuperation objectives. The program is expected to reduce the current account deficit in the balance of payments, lower the overall deficit of the consolidated nonfinancial public sector, maintain real GDP growth, contain inflation, and strengthen international reserves. The monetary program component establishes both quarterly ceilings on net domestic credit expansion and quarterly targets for an improvement in net international reserves, and includes a set of complementary structural adjustment measures designed to create sustainable improvement in economic performance beyond 1986. These structural measures aim to rationalize public sector expenditures, enhance export competitiveness, promote private investment and restore internal and external confidence in the Honduran economy. The FY 1987 Supplemental ESF funds requested will help accelerate both stabilization and recuperation activities. Implementation of economic stabilization measures will be supported through the Policy Planning Institutional Development project (522-0325), which will be initiated in FY 1987. In further support of this restructuring, A.I.D. initiated the Privatization of State-Owned Enterprises project (522-0286) late in FY 1986 to assist the GOH in returning productive enterprises to the private sector.

P.L. 480 Title I financed the importation of 110,000 metric tons of wheat, 100% of Honduras' total import requirements, and 5,000 metric tons of tallow. This financing assured that adequate supplies of wheat were available to supplement domestic basic grain production and provided the raw material needed for Honduras' soap industry. A.I.D.'s ongoing policy dialogue with the GOH and direct linkage of the P.L. 480 Title I program to self-help measures resulted in the government's programming of local currency generations in support of a series of programs and projects which assist Honduras to increase agricultural production and productivity levels.

#### Laying the Basis for Long-term Growth

2. Increasing agricultural production: During 1986, A.I.D.-supported activities increased the value of agricultural production in Honduras by close to \$27 million. The following projects made the most significant contributions to this increase: Small Farmer Coffee Improvement

(522-0176), Rural Technologies (522-0157), Export Development and Services (522-0207), Agricultural Research Foundation (522-0249), Natural Resources Management (522-0168), Small Farmer Livestock (522-0209), and Small Farmer Organization Strengthening (522-0252). As the assistance portfolio matures and new projects, such as Agricultural Productivity Enhancement (522-0292) and Small Business Development, (522-0241), come on stream, the impact of these efforts on agricultural production will increase.

A.I.D. estimates that the Honduran activities it supports will increase agricultural production by \$54 million in 1987 and \$92 million in 1988. An evaluation of the Rural Trails and Access Roads project (522-0164), through which 1,500 kilometers of rural roads were reconstructed, indicated that rural roads can encourage small farmers to plant additional areas in higher-value cash crops and attract additional buyers to the rural areas, thereby raising farm-gate prices by 10% to 15%. The Rural Trails and Access Roads II project (522-0214) will continue to support the expansion of Honduras' sparse rural road network. Road and bridge infrastructure, financed under the Mosquitia Relief and Development project (522-0278), has given some 25,000 refugees living in the isolated Mosquitia vehicular access to area markets. Canals repaired under the same project are being used for transportation of people and goods using locally made dugout canoes. For example, a cattle farmer now can butcher early in the morning and transport his beef by canoe to a market in four hours, a trip which previously took up to 30 hours on foot.

3. Generating export earnings: The Export Development and Services project (522-0207) is assisting Honduras to restructure its export promotion program, reduce the red tape involved in export procedures, implement incentive laws, ensure access to foreign exchange for exporters, and enact legislation to facilitate the establishment and use of private export processing zones. Through the support provided by this project and the Agricultural Research Foundation project (522-0249), an additional \$6 million in foreign exchange was earned from the export of nontraditional agricultural products such as cardamom, cocoa, plantains, ornamentals and shrimp. Export earnings from nonagricultural exports increased \$3 million. These results are additive to the \$17 million increase in export earnings from coffee.

4. Productive employment: A.I.D. is supporting a number of employment generation activities, including construction of productive infrastructure, creation of export processing zones, and development of commercial agricultural and irrigation activities, which are projected to generate 74,000 person-years of employment between 1986 and 1990. A.I.D. is also assisting micro-industries through the Small Business Development project (522-0205). In addition, ESF balance-of-payments support to Honduras should result in 226,000 person-years of employment between 1986 and 1990. The Human Resources Development Council (CADERH), under an operational program grant (522-0257), is improving the quality of skills training and making training more relevant and responsive to private sector needs.

#### Equity and Broad Participation in Development

5. Increasing contraceptive prevalence: Overall contraceptive prevalence increased from 27% in 1981 to 35% in 1984, resulting in a decline of the

population growth rate to a still very high level of 3%. In the public sector, A.I.D. is supporting the Ministry of Health's efforts to increase contraceptive prevalence by the provision of technical assistance, training, and contraceptives. In the private sector, A.I.D. is supporting the program of the Honduran Family Planning Association (ASHONPLAFA) through the Private Sector Population Program operational program grant (522-0286). A 1984 survey indicated that ASHONPLAFA was responsible for 53% of the oral contraceptive users and 70% of voluntary sterilizations. A.I.D. is assisting ASHONPLAFA to establish five new regional family planning centers, each to be staffed and equipped to deliver the full range of family planning services. A study on the use of oral contraceptive users revealed that about 50% percent of oral contraceptive buyers were men buying oral contraceptives for their wives, indicating that men are active participants in decisions regarding family planning. Based on these findings, ASHONPLAFA has focused an information and communication campaign on increasing male participation in family planning and is planning a voluntary vasectomy program.

6. Increasing life expectancy: The still unacceptably high estimated infant mortality rate of 70 per 1,000 reflected in recent surveys is a vast improvement over earlier levels, i.e., 118 per 1,000 in the early 1970s, 88 per 1,000 in 1980 and 78 per 1,000 in 1983. Over 70% of all children under five years of age have been immunized. The number of deaths attributable to diarrhea, the leading cause of infant and child mortality, declined by 50% in the 1981 to 1985 period. Over 90% of identified tuberculous patients have been treated. As a result of these improvements, the Ministry of Health estimates that life expectancy has increased to 62 years; however, accurate data on life expectancy will not be available until the 1988 census. With assistance provided under the Health Sector I project (522-0153), Honduras has made many important policy decisions in support of primary health care. It has developed a priority cluster of child survival programs: maternal and child health, including birth spacing and breast-feeding, growth monitoring and nutrition; diarrheal disease control; environmental health; and malaria control. Much remains to be done, however, in both the public and private sectors to see that these important policy changes are translated into an expanded service delivery system.

In the Mosquitia, an antimalarial medication campaign reached 9,000 persons. DPT vaccinations were provided to 2,000 Miskito Indian children, and six nutrition centers are providing 500 children with one balanced meal each day. In addition to supporting maternal and child health, school feeding, and food-for-work programs of the Cooperative for American Relief Everywhere (CARE) and Catholic Relief Services (CRS), P.L. 480 Title II commodities were used to feed Hondurans who were forced to leave the Nicaraguan border area.

7. Increasing the proportion of primary school students completing the sixth grade: A.I.D.'s education program is working to improve the quality of instruction and the cost effectiveness of educational services in Honduras, with emphasis on the primary school level. With A.I.D. assistance, enrollment in primary schools in Honduras grew from 601,000 in 1980 to 737,000 in 1984, an increase of 23% in four years. Enrollment is projected to reach 997,000 by 1991. In the Mosquitia, there are about

9,000 students enrolled in primary schools, an increase of 33% over a five-year period. A series of field studies and pilot projects have helped define the dimensions of primary school inefficiencies and were used to design the recently initiated Primary Education Efficiency project (522-0273), which will improve the quality of primary school instruction by providing new textbooks, radio classes, in-service teacher training, and a new standardized system of instructional objectives and tests. That project will also finance development by a Honduran private voluntary organization, AVANCE, of an innovative popular publication for new readers and will expand its national rural weekly newspaper, El Agricultor, which supports adult education and literacy.

8. Providing improved shelter, water and sanitation service solutions:

A.I.D. and the GOH are implementing a series of programs that will restore liquidity to the housing finance system and support a substantial increase in the production of shelter and on-site infrastructure during the 1987 to 1989 period. Policy dialogue, carried out primarily in the context of the Housing Guaranty programs, has resulted in the adoption of a new national shelter policy. As a result, provision of housing affordable to low-income families is being emphasized, and steps are being taken to involve the private sector, including private and voluntary agencies, in furnishing low-cost shelter to both urban and rural households. Housing Guaranty resources, complemented by local currency financing, are being used to meet the most critical housing needs in the short term. Simultaneously, these resources are being used to leverage Honduran and other donor financing for the housing sector and to continue the policy dialogue to establish the framework for addressing shelter sector needs over the long term. During the last five years, the Rural Housing Improvement project (522-0171) and other A.I.D. housing programs have financed nearly 18,000 low-cost shelter solutions in urban areas, 11,000 home improvements and 252,000 water and sanitation solutions in rural areas. Under the Rural Water and Sanitation project (522-0166), 300 rural water systems, 1,400 wells with hand pumps, and 58,000 latrines have been constructed. More than 1,000 communities have received programs in schools and community centers on the benefits of drinking pure water, using latrines, washing hands before eating, keeping wells and latrines clean, and maintenance of pumps and water systems. These programs are reinforced by the distribution of posters, calendars, photonovels, and comic books.

Other: A.I.D. support to the Federation of Private Voluntary Organizations of Honduras (FOPRIDEH) project (522-0266) has helped to consolidate the efforts of nonprofit organizations addressing development needs which are contemplated in the Central American Initiative goals. Also through the Special Development Activity Project (522-0169), 40 small self-help community grants were made to organizations such as Parent-Teacher Associations for school and furniture construction, and to citizen groups for village water, sanitation, or health center projects.

Strengthening Democratic Institutions:

9. Providing Honduran citizens with educational opportunities in the United States' democratic environment: A.I.D.'s objective of exposing Hondurans to educational opportunities in the United States has been supported through regional funding under the Central American Peace

Scholarships Program (522-1000). Funds for this program are being shifted to Honduras' bilateral program beginning in FY 1987. Thus far, 128 Hondurans have been sent for long-term academic training and 425 for short-term technical training. Fields of study emphasize priority areas for Honduras' development such as agriculture, education, health, and business administration. On the average, academic scholars had completed 15 years of study and short-term scholars six years of formal education before going to the United States for training.

10. Consolidating the legislative, judicial, and electoral and other democratic processes affecting the rights of citizens: A.I.D. assistance to Honduran democratic institutions, through the regionally funded Administration of Justice (597-0002) and Strengthening Democracy (597-0003) projects, provided commodity and logistic support to the National Elections Tribunal (TNE) for the 1985 national elections and support to the Honduran judicial and legislative systems. Assistance to the TNE helped Honduras to conduct fraud-free, nonviolent elections and to transfer power from one democratically elected government to another for the first time in over 50 years. Follow-on activities have included a legislative orientation seminar and observational travel for members of the Honduran Congress to the United States. The Honduran Congress is exploring the establishment of an administrative and legislative support center. A.I.D. will expand its assistance through the Strengthening Democratic Institutions project (522-0296), to be initiated in FY 1987.

Section 709 of the International Security and Development Cooperation Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following information on assistance to Honduras in FY 1986 is provided as partial fulfillment of that requirement:

A. Training. A.I.D. provided training in FY 1986 to 558 people from Honduras in the fields of agriculture (176), education (46), health (66), business (215), public administration (25), labor (20), and engineering (10).

B. The types of goods associated in FY 1986 with ESF-financed balance-of-payments assistance by A.I.D. to Honduras were as follows:

<u>Types of Goods</u>	<u>Value</u>
U.S. Raw Materials	\$37.5 million
U.S. Machinery, Spare Parts	\$15.8 million
TOTAL	\$53.3 million

C. Local currency associated with A.I.D. ESF-financed balance-of-payments assistance to Honduras was allocated by A.I.D. and the Government of Honduras for the following uses in FY 1986. (The equivalent of \$48.7 million in local currency was available for allocation at the beginning of FY 1986, and the equivalent of \$87.5 million was added during FY 1986.)

	<u>(\$ millions)</u>
Public sector (employment generation, rural roads, health and sanitation, education)	22.5
Counterpart for donor supported projects (A.I.D., World Bank, and Inter-American Development Bank)	34.8
Credit programs (rural technologies, nontraditional exports, agricultural cooperatives)	17.5
Private and voluntary organization support	<u>13.7</u>
Total	<u>88.5</u>

D. Reprogramming of funds for Honduras during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation Document: (\$ millions)

(\$000)	TOTAL	ARDN	PN	HE	EHR	SDA	ESF
-Estimated FY 1986 Obligations	104.5	26.7	4.1	5.8	4.5	2.0	61.2
-Actual FY 1986 Obligations	105.2	26.6	5.2*	5.8	4.2	2.0	61.2

\*Funds were increased for private sector population programs.

E. Funds and Programs provided to Honduras in FY 1986 through nongovernmental as contrasted to governmental channels:

	<u>Non-Governmental</u> (\$ millions)		<u>Government of Honduras</u> (\$ millions)	
DA	15.1	( 34%)	29.2	(66%)
ESF	0	0	61.2	(100%)
P.L. 480 Title I	0	0	13.8	(100%)
P.L. 480 Title II	3.3	(100%)	0	0
TOTAL	<u>18.4</u>	<u>(15%)</u>	<u>104.2</u>	<u>(85%)</u>

Although ESF and P.L. 480 resources were provided through government channels, the private sector was the major beneficiary of these funds and programs. ESF dollars provided foreign exchange which facilitated the import of U.S. raw materials and goods by Honduran business. Local currency associated with ESF and P.L. 480 sales supported expansion of private sector and nontraditional exports and the activities of private and voluntary agencies.

## FY 1988 Program

A.I.D. proposes \$100 million in Economic Support Funds (ESF), \$40.362 million in Development Assistance (DA), \$12.0 million in P.L. 480 Title I, and \$ 2.659 million in P.L. 480 Title II resources.

Economic Stabilization: (\$94.5 million in ESF, \$12 million in P.L. 480 Title I, and \$3.15 million in DA (SDA))

### 1. Substantial improvement in macroeconomic performance

Balance-of-payments assistance through the Economic Stabilization Facility (522-0283) and technical assistance through the Policy Planning and Institutional Development project (522-0325) are requested to support Honduran efforts to further improve macroeconomic performance in FY 1988. The program will build on progress already made toward rationalizing public sector operations, enhancing export competitiveness, and promoting private investment. Measures to be supported include tighter control of central government and decentralized agency budgets, continued transfer to the private sector of state-owned or controlled productive enterprises, and further tariff reform. P.L. 480 Title I resources are also requested to finance the importation of wheat needed to supplement domestically produced basic grains. Continued support is requested, under Privatization of State-Owned Enterprises (522-0289), for Honduras' efforts to divest itself of state-owned or controlled productive enterprises through the financing of technical and other assistance.

Local currency associated with the balance-of-payments and P.L. 480 Title I programs will support the expansion of private sector and nontraditional exports, the activities of private and voluntary agencies and other rural groups and entities whose activities support Honduran and U.S. development strategies, the local costs of development activities assisted by A.I.D. and other donors, and other Honduran development efforts.

Laying the Basis for Long-term Growth (\$22.2 million in DA: \$16.8 million ARDN, \$2.5 million EHR, and \$2.9 million SDA)

### 2. Increasing agricultural production

A.I.D. proposes to initiate two major activities to advance this objective in FY 1988. The Agricultural Productivity Enhancement project (522-0292) will increase agricultural incomes and productivity; bolster agricultural research, extension, and education efforts; and improve the management and protection of Honduras' natural resource base, building on the findings of evaluations of the terminating Natural Resources Management (522-0168) and Rural Technologies (522-0157) projects. These evaluations showed that soil conservation activities could double the production of basic grains by small farmers, at a benefit/cost ratio of 3.7, while protecting Honduras' eroding natural resource base. Appropriate technologies were shown to have increased by 19% the real income of beneficiary families cultivating a traditional farm of less than five hectares.

Continued support is proposed for the increased exportation of forest products by the private sector under the Forestry Development project (522-0246) to be initiated in FY 1987. Additional funding is proposed for the expansion of Honduras' irrigation systems under the Irrigation Development project (522-0268), for bolstering Honduras' farmer cooperatives and organizations through the Small Farmer Organization Strengthening project (522-0252), and for expanding private sector research on agronomic problems under the Agricultural Research Foundation project (522-0249).

### 3. Generating export earnings

Funds obligated in previous years will be used to advance this objective. Proposed new FY 1988 obligations are limited to Program Development and Support and Private and Voluntary Organization activities.

### 4. Productive employment

Funds are requested to continue the Human Resources Development Council (CADERH) operational program grant (522-0257), which is improving the quality of skills training and making training more relevant and responsive to private sector needs. The Small Business Development Support project (522-0241) will stimulate and expand small business development throughout Honduras. The project also will provide support for infrastructure services needed to attract agro-industry to secondary cities, for the establishment of Agribusiness Development Centers which will nurture the market-driven expansion, for the creation of agro-industries, and for credit lines. This project is being initiated in response to high rates of unemployment, local market contraction, and limited investment opportunities outside Honduras' two major metropolitan areas.

Equity and Broad Participation in Development (\$2.7 million in P.L. 480, Title II and \$13.2 million in DA: \$200,000 ARDN, \$4.0 million POP, \$4.25 million HE/CS, \$4.65 million EHR, and \$100,000 SDA).

### 5. Increasing contraceptive prevalence

Funds are requested for a new Health Sector II project (522-0216) in FY 1988. In addition to advancing the life expectancy objective discussed below, this project will support the Ministry of Health's efforts to increase the number of active users of contraceptives. A.I.D. also requests funds in support of the Honduran Family Planning Association (ASHONPLAFA) program through the Private Sector Population Program operational program grant (522-0286).

### 6. Increasing life expectancy

The proposed Health Sector II project will build on the accomplishments of the Ministry of Health, aided by the Health Sector I project (522-0153) over the last six years. In accordance with recommendations made in the recent Health Sector I evaluation, the new project will focus on those administrative and organizational systems whose development are essential to achieving a sustainable child survival program. P.L. 480 Title II resources are requested to continue support to the maternal and child

health, food-for-work, and refugee feeding programs of the Cooperative for American Relief Everywhere (CARE), as well as the maternal and child health and food-for-work programs of Catholic Relief Services (CRS).

7. Increasing the proportion of primary school students completing the sixth grade (\$4.65 million in DA and \$1.25 million in P.L. 480 Title II):

Funds are requested to continue the Primary Education Efficiency project (522-0273) in order to assist Honduras to increase the quality of its primary education system and to improve retention and graduation rates. P.L. 480 Title II resources are also requested to continue support for the school feeding program of CARE.

8. Providing improved shelter and water and sanitation service solutions

A.I.D. will continue implementation of the Housing Guaranty program and the Shelter Sector program (522-0324) which provides technical assistance to support that program. No funds are required in FY 1988.

Strengthening Democratic Institutions (\$5.5 million in ESF, \$1.9 million DA (ARDN)):

9. Providing over 1,500 Honduran citizens with educational opportunities in the United States' democratic environment:

A total of \$5.5 million in ESF is requested to advance this objective, for continued funding of the Central American Peace Scholarship program (522-1000).

10. Consolidating the legislative, judicial and electoral and other democratic processes affecting the rights of citizens (\$1.9 million DA, exclusive of regional funding):

In addition to advancing this objective with regional and bilateral funding provided in previous years, A.I.D. proposes to continue supporting the Honduran land titling program through the Small Farmer Land Titling project (522-0173), and through small self-help community activities. These activities will be carried out in close cooperation with the Peace Corps.

Mission Director: John Sanbrailo

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 89

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
522-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	79	80	---	5,165	4,573	900	823	203	568	212	500
522-0139 AGRICULTURAL RESEARCH	G	78	83	2,628 2,750	2,628	2,525	---	103	---	---	---	---
522-0150 AGRICULTURE SECTOR II	G	79	84	4,000 4,000	3,942	3,670	---	210	---	62	---	---
522-0150 AGRICULTURE SECTOR II	L	79	84	21,000 21,000	21,000	20,782	---	36	---	92	---	90
522-0157 RURAL TECHNOLOGIES	G	79	86	9,000 9,000	7,050	5,776	1,950	1,703	---	774	---	747
522-0164 RURAL TRAILS/ACCESS ROADS	G	80	85	730 730	730	483	---	163	---	84	---	---
522-0164 RURAL TRAILS/ACCESS ROADS	L	80	85	20,970 20,970	20,970	15,119	---	3,496	---	2,355	---	---
522-0168 NATURAL RESOURCES MANAGEMENT	G	80	87	3,900 3,900	2,700	2,128	1,000	638	200	800	---	133
522-0168 NATURAL RESOURCES MANAGEMENT	L	80	87	12,252 12,252	7,000	4,151	3,300	1,990	1,952	1,249	---	1,249
522-0171 RURAL HOUSING IMPROVEMENT	G	81	83	200 200	200	120	---	20	---	60	---	---
522-0171 RURAL HOUSING IMPROVEMENT	L	81	83	3,300 3,300	3,300	2,414	---	464	---	422	---	---
522-0173 SMALL FARMER TITLING AND SERVICES	G	82	88	3,000 2,500	2,500	1,064	---	553	---	470	500	613
522-0173 SMALL FARMER TITLING AND SERVICES	L	82	88	11,200 10,000	10,000	2,610	---	1,197	---	1,320	1,200	3,000

\*Refers to the planned project summary sheet

C=Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	FY85- EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
522-0175 SMALL FARMER COFFEE IMPROVEMENT	G	81	87	4,250 4,250	1,250	647	693	406	2,307	1,223	---	830
522-0176 SMALL FARMER COFFEE IMPROVEMENT	L	81	87	16,000 16,000	9,000	8,547	3,000	1,622	4,000	3,492	---	1,840
522-0177 COOPERATIVE DEVELOP. FACACH OPS	G	81	83	500 500	500	354	---	146	---	---	---	---
522-0207 EXPORT DEVELOPMENT AND SERVICES	G	84	90	2,400 2,400	1,000	333	1,400	454	---	500	---	750
522-0207 EXPORT DEVELOPMENT AND SERVICES	L	84	90	7,200 7,200	7,000	---	200	582	---	1,530	---	2,000
522-0209 SMALL FARMER LIVESTOCK	G	83	85	3,000 3,000	2,000	586	1,000	1,135	---	924	---	300
522-0209 SMALL FARMER LIVESTOCK	L	83	86	10,000 10,000	10,000	2,518	---	2,380	---	2,850	---	2,000
522-0214 RURAL TRAILS/ACCESS ROADS II	G	85	89	1,315 1,315	200	---	815	76	---	202	300	230
522-0214 RURAL TRAILS/ACCESS ROADS II	L	85	89	18,685 18,685	5,300	---	3,600	214	---	5,146	1,000	4,000
522-0241 SMALL BUSINESS DEVELOPMENT SUPPORT	*G	88	92	7,000 ---	---	---	---	---	---	---	1,000	500
522-0241 SMALL BUSINESS DEVELOPMENT SUPPORT	*L	88	92	13,000 ---	---	---	---	---	---	---	1,000	750
522-0246 FORESTRY DEVELOPMENT	G	87	90	5,000 ---	---	---	---	---	1,000	500	2,000	1,500
522-0146 FORESTRY DEVELOPMENT	L	87	90	15,000 ---	---	---	---	---	2,500	1,500	3,300	2,750

\*Refers to the planned project summary sheet

C=Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 88

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHO	-THROUGH FY85- OBLIG- EXPEN- ATIONS DITURES	-ACTUAL OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES	
522-0249 AGRICULTURE RESEARCH FOUNDATION	G	84	92	23,000 20,000	2,730	765	2,670	2,709	2,659	3,000	2,400	3,500
522-0251 SMALL SCALE LIVESTOCK - OPG	G	84	85	438 438	438	153	---	175	---	110	---	---
522-0252 SMALL FARMER ORGANIZATIONS STRENGTHENING	G	85	91	7,500 7,500	1,400	---	1,250	26	750	2,184	1,600	1,800
522-0252 SMALL FARMER ORGANIZATIONS STRENGTHENING	L	85	91	8,500 ---	---	---	---	---	2,000	400	1,000	1,000
522-0268 IRRIGATION DEVELOP	G	86	91	9,000 7,500	---	---	1,000	---	1,000	1,000	1,000	1,335
522-0268 IRRIGATION DEVELOP	L	86	91	15,000 3,500	---	---	2,500	---	1,500	295	---	1,300
522-0269 POLICY ANALYSIS AND TECHNICAL SUPPORT	G	85	86	2,500 2,500	1,100	---	1,400	139	---	1,200	---	1,151
522-0292 AGRICULTURAL PRODUCTIVITY ENHANCEMENT	*G	88	92	18,000 ---	---	---	---	---	---	---	1,000	300
522-0292 AGRICULTURAL PRODUCTIVITY ENHANCEMENT	*L	88	92	12,000 ---	---	---	---	---	---	---	1,000	300
522-0300 MODEL COOP DEVEL SERVICES (ACDI)	G	85	85	396 396	396	---	---	376	---	20	---	---
522-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G	87	90	1,010 ---	---	---	---	---	1,010	500	---	400
522-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	79	C	---	---	---	---	---	---	---	200	150

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C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 38

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT					297,374 200,786	129,499	79,318	26,678	21,636	21,081	34,832	18,712	35,028
GRANTS					108,767 72,879	35,929	23,177	14,078	9,355	9,129	14,131	10,212	14,749
LOANS					189,107 127,907	93,570	56,141	12,600	11,981	11,952	20,651	8,500	20,279
POPULATION PLANNING													
522-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		73	C	---	303	208	75	72	100	100	50	50
522-0153 HEALTH SECTOR I	G		80	87	3,194 2,619	1,519	670	1,100	566	575	600	---	450
522-0201 COMMERCIAL RETAIL SALES - OPS	G		83	85	1,205 1,205	1,205	1,151	---	54	---	---	---	---
522-0216 HEALTH SECTOR II	*G		88	91	3,000 ---	---	---	---	---	---	---	1,000	100
522-0240 LEADERSHIP POPULATION ED. OPS	G		83	83	320 320	320	142	---	173	---	---	---	---
522-0236 PRIVATE SECTOR POPULATION PROGRAM	G		85	88	11,010 9,810	1,950	236	4,061	1,624	2,049	2,574	2,950	2,200
522-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G		87	90	133 ---	---	---	---	---	133	70	---	113
TOTAL FOR ACCOUNT					18,912 13,954	5,297	2,407	5,236	2,494	2,907	3,344	4,000	2,913
GRANTS					18,912 13,954	5,297	2,407	5,236	2,494	2,907	3,344	4,000	2,913
LOANS					---	---	---	---	---	---	---	---	---

HEALTH

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHO	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG-	EXPEN-	OBLIG-	EXPEN-	OBLIG-	EXPEN-	OBLIG-	EXPEN-
					ATIONS	DITURES	ATIONS	DITURES	ATIONS	DITURES	ATIONS	DITURES
522-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	79	C	---	859	710	200	47	100	317	50	50
522-0153 HEALTH SECTOR I	G	80	87	10,798 12,048	6,589	5,003	3,200	2,720	1,009	2,000	---	1,075
522-0153 HEALTH SECTOR I	L	80	87	15,652 15,652	15,652	6,725	---	2,321	---	2,600	---	1,000
522-0166 RURAL WATER AND SANITATION	G	80	86	1,200 1,200	1,200	643	---	225	---	315	---	17
522-0166 RURAL WATER AND SANITATION	L	80	86	19,500 19,500	17,113	9,311	2,387	2,134	---	2,900	---	1,000
522-0216 HEALTH SECTOR II	*G	88	91	9,000 ---	---	---	---	---	---	---	1,000	500
522-0216 HEALTH SECTOR II	*L	88	91	6,000 ---	---	---	---	---	---	---	1,000	100
522-0303 COMMUNITY HEALTH SELF MOTIV ACT	G	85	85	400 400	400	---	---	133	---	160	---	107
522-0304 MOSQUITIA HEALTH CARE	G	85	85	75 75	75	---	---	57	---	18	---	---
522-0305 FUHRIL INST. STRENGTHENING	G	85	86	150 150	90	---	60	32	---	60	---	50
522-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G	87	90	354 ---	---	---	---	---	354	150	---	150
522-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	79	C	---	---	---	---	---	---	---	200	150

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				63,129 49,025	41,978	22,392	5,347	7,669	1,463	8,520	2,250	4,199
GRANTS				21,977 13,873	9,213	6,356	3,460	3,214	1,463	3,020	1,250	2,099
LOANS				41,152 35,152	32,765	16,036	2,387	4,455	---	5,500	1,000	2,100
CHILD SURVIVAL FUND												
522-0153 HEALTH SECTOR I	G	80	87	1,450 ---	---	---	---	---	1,450	1,200	---	250
522-0216 HEALTH SECTOR II	*G	88	91	2,000 ---	---	---	---	---	---	---	2,000	---
TOTAL FOR ACCOUNT				3,450 ---	---	---	---	---	1,450	1,200	2,000	250
GRANTS				3,450 ---	---	---	---	---	1,450	1,200	2,000	250
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
522-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	79	C	---	2,730	2,088	181	665	50	60	50	99
522-0167 RURAL PRIMARY EDUCATION	G	80	85	2,850 2,850	2,850	1,991	---	655	---	304	---	---
522-0167 RURAL PRIMARY EDUCATION	L	80	85	16,850 16,850	16,850	9,616	---	5,747	---	1,487	---	---
522-0174 DEVELOPMENT ADMINISTRATION	G	82	84	2,164 2,500	2,164	2,060	---	104	---	---	---	---
522-0234 ENVIRONMENTAL ED. II - OPG	G	83	83	75 75	75	32	---	43	---	---	---	---
522-0256 SEMAM INSTITUTIONAL STRENGTHENING, OPG	G	84	86	1,000 1,000	800	474	200	146	---	380	---	---

\*Refers to the planned project summary sheet

CLevel of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 88

PROJECT NO. AND TITLE	** L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
522-0257 HUMAN RESOURCE DEV COUNCIL (CADERM)-OPG	G	84	83	4,580 1,325	625	245	455	474	1,000	1,361	2,500	2,000
522-0273 PRIMARY EDUCATION EFF.	G	86	95	28,900 22,500	---	---	3,000	---	3,311	1,350	3,000	2,500
522-0273 PRIMARY EDUCATION EFF.	L	86	95	14,000 5,500	---	---	600	---	1,500	600	1,400	900
522-0287 ITEC INSTITUTIONAL STRENGTHENING	G	85	86	490 480	387	5	93	247	---	170	---	58
522-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G	87	90	592 ---	---	---	---	---	592	300	---	100
522-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	79	C	---	---	---	---	---	---	---	200	200
TOTAL FOR ACCOUNT				71,491 53,080	26,481	16,411	4,529	8,081	6,453	6,012	7,150	5,857
GRANTS				40,641 30,730	9,631	6,795	3,929	2,334	4,953	3,925	5,750	4,957
LOANS				30,850 22,350	16,850	9,616	600	5,747	1,500	2,087	1,400	900
SELECTED DEVELOPMENT ACTIVITIES												
522-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	79	C	---	1,893	1,532	418	396	100	304	200	175
522-0169 SPECIAL DEVELOPMENT ACTIVITIES	G	81	C	---	399	383	93	79	---	30	100	100
522-0204 CHAMBER OF COMMERCE - OPG	G	82	83	100 100	100	95	---	5	---	---	---	---
522-0205 SMALL BUSINESS DEVELOPMENT	G	84	87	800 600	600	61	---	124	200	315	---	200

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C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 38

PROJECT NO. AND TITLE	• L / G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
522-0206 SHELTER FOR THE URBAN POOR II	G	85	85	450 450	450	21	---	209	---	220	---	---
522-0207 EXPORT DEVELOPMENT AND SERVICES	G	84	90	5,100 5,100	2,000	139	---	291	1,550	1,558	1,300	1,500
522-0207 EXPORT DEVELOPMENT AND SERVICES	L	84	90	3,550 8,800	6,000	---	---	495	1,150	2,310	1,400	3,320
522-0263 FUNDEK PAN AM DEV. FOUNDATION	G	85	85	132 132	132	5	---	9	---	66	---	52
522-0266 FJPRIDEH INSTITUTIONAL STRENGTHENING	G	85	85	500 500	393	9	107	84	---	115	---	282
522-0269 POLICY ANALYSIS AND TECHNICAL SUPPORT	G	85	86	1,500 1,500	1,100	---	400	---	---	750	---	750
522-0289 PRIVATIZATION OF STATE-OWNED ENTERPRISES	G	86	89	3,900 4,000	---	---	1,000	---	1,100	1,336	2,650	1,500
522-0296 STRENGTHENING DEMOCRATIC INSTITUTIONS	G	87	87	1,700 ---	---	---	---	---	1,700	1,200	---	500
522-0324 SHELTER SECTOR PROGRAM	G	87	94	5,000 ---	---	---	---	---	1,600	---	---	800
522-0325 POLICY PLANNING & INSTITUTIONAL DEVELOPM	G	87	90	1,000 ---	---	---	---	---	100	10	500	200
522-9999 PRIVATE AND VOL ORGANIZATIONS - DPG'S	G	79	C	---	---	---	---	---	---	---	100	50

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES
TOTAL FOR ACCOUNT					33,732 21,182	13,067	2,245	2,018	1,692	7,500	8,214	6,250	9,429
GRANTS					25,182 12,382	7,067	2,245	2,018	1,197	6,350	5,904	4,850	6,109
LOANS					8,550 8,800	6,000	---	---	495	1,150	2,310	1,400	3,320
ECONOMIC SUPPORT FUND													
522-0207 EXPORT DEVELOPMENT AND SERVICES	G		84	90	1,550 ---	---	---	---	---	1,550	750	---	800
522-0249 AGRICULTURE RESEARCH FOUNDATION	G		84	92	4,500 ---	---	---	---	---	4,500	1,000	---	2,000
522-0268 IRRIGATION DEVELOP	G		86	91	6,000 ---	---	---	---	---	6,000	2,000	---	3,000
522-0273 PRIMARY EDUCATION EFF.	G		86	95	6,650 ---	---	---	---	---	6,650	2,000	---	3,000
522-0283 ECONOMIC STAB FACILITY PROGRAM	G		85	90	514,748 147,500	75,000	25,000	61,248	70,000	105,000	105,000	93,500	90,000
522-0289 PRIVATIZATION OF STATE-OWNED ENTERPRISES	G		86	89	1,900 ---	---	---	---	---	1,900	500	---	1,000
522-0296 STRENGTHENING DEMOCRATIC INSTITUTIONS	G		87	87	1,700 ---	---	---	---	---	1,700	1,200	---	500
522-0325 POLICY PLANNING & INSTITUTIONAL DEVELOPM	G		87	90	6,900 ---	---	---	---	---	5,900	1,000	1,000	2,500
522-0999 LOCAL COST SUPPORT	G		87	87	645 645	---	---	---	---	645	645	---	---
522-1000 CENTRAL AMERICAN PEACE SCHOLARSHIPS	G		87	90	18,311 ---	---	---	---	---	2,561	1,200	5,500	3,000

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

522 HONDURAS

CP 88

PROJECT NO. AND TITLE	* L / INITIAL / OBLIG	FY OF FINAL OBLIG	FY OF PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY89-	
				OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT			562,934 148,145	75,000	25,000	61,248	70,000	136,406	115,295	100,000	105,800
GRANTS			562,934 148,145	75,000	25,000	61,248	70,000	136,406	115,295	100,000	105,800
LOANS			---	---	---	---	---	---	---	---	---
COUNTRY TOTAL			TOTAL 1,051,492 435,172	291,322	147,773	105,556	111,772	177,260	177,417	140,362	163,476
			GRANTS 731,333 291,763	142,137	65,980	39,769	39,094	152,658	146,969	128,062	136,877
			LOANS 269,659 194,209	149,135	81,793	15,587	22,678	14,602	30,548	12,300	26,599

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PLANNED PROGRAM SUMMARY SHEET

Title Small Business Development Support Project		Funding Source DA	AG, RD & N 1,000 (G) 1,000 (L)	Health	PROPOSED OBLIGATION <i>(In thousands of dollars)</i>		
Number 522-0241		<input checked="" type="checkbox"/> NEW	ED. & HR	Sel. Act.	FY 88 1,000 (G) 1,000 (L)	Life of Project Funding 7,000 (G); 18,000 (L)	
<input checked="" type="checkbox"/> GRANT	<input checked="" type="checkbox"/> LOAN	<input type="checkbox"/> CONTINUING			Initial Obligation FY 88	Estimated Final Obligation FY 92	Estimated Completion Date of Project FY 93

Purpose: To stimulate and expand small business, especially agribusiness, throughout Honduras.

Project Description: Honduras is characterized by high rates of unemployment, small and distorted local markets, low levels of investment and entrepreneurial talent, depressed rural economies, and high levels of capital flight.

The proposed project will enhance local productive capacity of small enterprises and organize and support financial services for enterprises located in Tegucigalpa, San Pedro Sula, and important secondary cities throughout the country.

Technical assistance will be furnished through the private sector to support and mature the market driven expansion of existing industries, create new ones, and provide support for financially troubled but commercially viable business ventures. Technical assistance will be furnished in administration, accounting, finance, marketing, and product processing.

The financial support fund will address the constraints faced by the small business community in the financial markets (e.g., low collateral, high risk, high loan monitoring costs). The credit line will have a subordinate loan line for business activities, a risk sharing line, and market interest rates. It will finance both working and investment capital needs.

Relationship of Project to A.I.D. Country Strategy: This project will use private-sector-led development programs to promote small business expansion and reactivation of the rural economies. It will contribute to A.I.D.'s objectives of economic stabilization, increasing agricultural production, and export development.

Host Country and Other Donors: The GOH and the private sector are collaborating to increase nontraditional exports, privatize GOH productive enterprises and reform the legal basis for private sector investment, production and export. The expected changes in the import, export, agricultural development and other laws will occur prior to project start-up.

Beneficiaries: It is estimated that approximately 20,000 small businessmen, small farm families and rural unemployed residing in Tegucigalpa, San Pedro Sula, and in secondary growth pole areas will be assisted by this projects.

<u>Major Outputs:</u>	<u>All Years</u>
Secondary Cities Participating as "growth poles"	5
Industrial, Agro-Industrial, Commercial and Service Enterprise Established	200
Jobs Created (Thousands)	10
Addition to production (\$ MILLIONS)	30

<u>A.I.D. Financed Inputs:</u>	<u>Life-of-Project</u>
	<u>(\$000)</u>
Technical Assistance	7,000
Training	1,000
Commodities	2,000
Credit	15,000
Total	25,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	1,000 (G) 1,000 (L)	6,000 (G) 17,000 (L)	7,000 (G) 18,000 (L)	

PROGRAM: HONDURAS

PLANNED PROGRAM SUMMARY SHEET

<b>Title</b> Agricultural Productivity Enhancement		<b>Funding Source</b>	<b>AG, RD &amp; N</b> 1,000 (G) 1,000 (L)	<b>Health</b>	<b>PROPOSED OBLIGATION</b> <i>(In thousands of dollars)</i>		
<b>Number</b> 522-0292		<input checked="" type="checkbox"/> NEW	<b>ED. &amp; HR</b>	<b>Sel. Act.</b>	<b>FY 88</b> 1,000 (G) 1,000 (L)	<b>Life of Project Funding</b> 18,000 (G); 12,000 (L)	
<input checked="" type="checkbox"/> GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING		<b>Population</b>			<b>Initial Obligation</b> FY 88	<b>Estimated Final Obligation</b> FY 92	<b>Estimated Completion Date of Project</b> FY 93

Purpose: To increase agricultural sector productivity and incomes.

Project Description: The institutional and human resource base necessary to support sustained economic growth in the Honduras agricultural sector is inadequate. In addition, the natural resource base is rapidly being depleted due to destructive agricultural practices and the lack of appropriate land use policies.

The project will have two major components: (1) agricultural research and extension; and (2) agricultural education and training. Both components will improve the efficiency of the Honduran agricultural research, extension and education system. By means of this project, the Honduran Institute of Agricultural Technology (INTAGRO) will be supported as a decentralized research and extension service responsive to the technological needs of small and medium-sized farmers. Some project resources will be used to finance the construction of INTAGRO office and research facilities.

The research and extension component will develop, adopt and disseminate appropriate soil and water conserving production technologies for the main crops produced by small and medium sized farmers. In so doing, it will build upon the methodologies developed under the ongoing natural resources management and rural technologies project. Under the education and training component, a national agricultural education council will be established to strengthen the training programs of six Honduran agricultural institutions (three private and three public) to upgrade the quality of their instructors. The council will also help build the necessary linkages for research, extension and training activities.

Relationship of Project to A.I.D. Country Strategy: This project will assist the GOH to increase agricultural sector production and productivity, while simultaneously strengthening its institutional, human, and natural resource bases. It is directly linked to achievement of the A.I.D. goal of laying the basis for long-term growth, and the objective of increasing agricultural production.

Host Country and Other Donors: The project supports the GOH'S initiative to create both INTAGRO and the National Agricultural Education Council. No other donors are providing similar assistance.

Beneficiaries: The primary beneficiaries will be small and medium-sized farm families, who will realize an increase in productivity and income as a result of improved farming practices.

<u>Outputs:</u>	<u>All Years</u>
Intagro Created and Functioning	1
National Agricultural Education Council Created and Functioning	1
Agricultural Professionals Educated/Trained	1,000
Small and Medium-Sized Farm Families With Increased Productivity Levels and Incomes	X

<u>A.I.D. Financed Inputs:</u>	<u>Life-of-Project</u>
	(\$000)
Technical Assistance	7,000
Institutional Development/Operational Support	10,000
Training	5,000
Commodities	3,000
Construction	5,000
<b>Total</b>	<b>30,000</b>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				Ministry of Natural Resources and and Title XII Institution to be determined
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		<b>Future Year Obligations</b>	<b>Estimated Total Cost</b>	
Proposed Fiscal Year 1988	1,000 (G) 1,000 (L)	17,000 (G) 11,000 (L)	18,000 (G) 12,000 (L)	

PLANNED PROGRAM SUMMARY SHEET

Title Health Sector II		Funding Source DA	AG, RD & N	Health 1,000(G) 1,000(L) 2,000(G) CS	PROPOSED OBLIGATION (In thousands of dollars)			
Number 522-0216		<input checked="" type="checkbox"/> NEW	Population 1,000(G)	ED. & HR	Sel. Act.	Initial Obligation FY 88	Estimated Final Obligation FY 91	Estimated Completion Date of Project FY 92
<input checked="" type="checkbox"/> GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING						FY88 1,000(G) POP 2,000(G) CS 1,000(G) HE 1,000(L) HE	Life of Project Funding 14,000(G) 6,000 (L)	

**Purpose:** To expand the coverage and increase the efficiency of the Ministry of Health's child survival program and the primary health care system.

**Project Description:** This Project will build on the accomplishments of the Ministry of Health aided by the Health Sector I Project over the previous six years. In accordance with the recommendations of a recent Health Sector I evaluation, the new project will focus on developing administrative and organizational systems essential to achieving a sustainable child survival program. For example, the planning and management of immunization services will be decentralized, and the information and supervision systems will be improved to bring the Ministry's increasing operations research skills to bear on identifying the most cost-effective ways of delivering services. With regard to diarrheal disease control, emphasis will be given to increasing community access to oral rehydration salts (ORS) through both public and private sector channels. The procurement, distribution, storage and other control processes of providing ORS will also be improved.

Based on the results of a planned nutrition survey, the project will also address the problem of malnutrition, focusing on pregnant and lactating women and on children between the ages of six months and two years. Activities will include: (1) establishment of a growth monitoring system to facilitate improved supervision and evaluation; (2) support of family planning through the strengthening of logistics, supervision, and evaluation systems; (3) support of the acute respiratory infection program through development of basic management systems; and (4) funding of selected rural water and sanitation interventions. Other donors are expected to support the spraying component of the malaria control program; Health Sector II will provide support to consolidate gains made in the program's entomology and physical control activities emphasizing better targeting.

**Relationship of Project to A.I.D. Country Strategy:** The project is consistent with A.I.D.'s objective of increasing life expectancy through reductions of infant and child mortality rates as a result of improved access to a package of child survival activities.

**Host Country and Other Donors:** Child survival is the GOH's highest health priority. Other major health donors are UNICEF and the Pan American Health Organization (PAHO). UNICEF's assistance is focused on child survival at the service delivery level rather than the institutional sustainability level. PAHO's resources are directed to assistance in technical areas. An Inter-American Development Bank project is planned to complete and place in operation certain partially constructed hospitals and health centers.

**Beneficiaries:** The project will benefit the urban and rural poor, especially pregnant and lactating women and children between the ages of six months and two years.

Outputs:	All Years
Rural health centers with regular vaccine supplies	550
Percent increase in vaccinated infants	15
Percent increase in children treated with ORS	20
Percent of children with growth monitoring chart	X
Percent increase of new mothers exclusively breast feeding for first four months	15
Family planning users	30,000
Improved drinking water systems	X
Latrines installed	X

A.I.D. Financed Inputs:	Life-of-Project (\$000)
Technical assistance	3,000
Commodities	9,000
Training	4,000
Other costs	4,000
<b>TOTAL</b>	<b>\$20,000</b>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
Proposed Fiscal Year 1988	4,000(G) 1,000(L)	10,000(G) 5,000(L)	14,000(G) 6,000(L)	

Ministry of Health. Contractors to be determined.

PROGRAM: HONDURAS

PLANNED PROGRAM SUMMARY SHEET

Title Private Voluntary Organization		Funding Source DA	AG, RD & N 200 (G)	Health 200 (G)	PROPOSED OBLIGATION (In thousands of dollars)		
Number 522-9999		Population	ED. & HR 200 (G)	Sel. Act. 100 (G)	FY 88 700	Life of Project Funding Continuing	
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> CONTINUING	<input type="checkbox"/> NEW				Initial Obligation FY 79	Estimated Final Obligation FY Continuing	Estimated Completion Date of Project FY Continuing

**Project Purpose:** To increase the productivity and improve the quality of life of low income groups in Honduras, which will contribute to the Cental American Initiative (CAI) goals of increased equity and broader participation in development.

**Project Description:** The project will enhance productivity and quality of life for the urban and rural poor by consolidating the efforts of non-profit organizations addressing development needs related to CAI goals and not addressed through other A.I.D. assisted projects. Steps will be taken to assure these activities complement ongoing activities. Project resources will be used to support and coordinate the efforts of local and U.S. private voluntary organizations (PVOs) directly involved in improving delivery of basic agriculture, credit, education, and health services important for improving productivity of low income groups.

Although these activities are not envisioned as being one package, the OPGs will be coordinated to improve impact. A key element of this approach will be technical assistance required to institutionalize PVOs as effective private sector participants in Honduras' development efforts. The technical assistance will assist with: (1) design of PVO administrative systems; (2) development of training programs; and (3) specialized expertise in agricultural production, rural health care delivery, non-formal education, and private entrepreneurial development.

**Relationship of Project to A.I.D. Country Strategy:** The project will directly support a principal objective of the A.I.D. program in Honduras, i.e., to assist the Honduran private sector and, through non-profit organizations, to establish a solid base for short- and long-term economic growth. The project will directly assist Hondurans by stimulating the expansion of productive activities and

employment opportunities, and advance A.I.D.'s development objectives in Honduras.

**Beneficiaries:** The beneficiaries will be low-income people in both the rural and urban areas of Honduras.

**Host Country and Other Donors:** The GOH and other donors contribute to the activities of PVOs operating in Honduras through the provision of funding, personnel, equipment and commodities used in specific project efforts. A.I.D.'s project will be closely coordinated with such assistance to encourage cooperation and maximize development impact. Key implementing institutions will be seven U.S. and local private voluntary organizations involved in promoting the development of Honduras.

Major Outputs:	All Years
Increases in small farmer production	X
Established rural drinking water systems	X
Strengthened extension systems	X
Established and functioning nutrition surveillance system	X
Increased small business investor base	X
Entrepreneur training	X
Private Voluntary Organization program support	X
<b>A.I.D. Financed Inputs</b>	
	(\$000)
Technical Assistance	400
Training	100
Commodities	200
Total	700*

\*FY 88 Only

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
Proposed Fiscal Year 1988	700	Future Year Obligations Continuing	Estimated Total Cost Continuing	



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (525) PANAMA

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\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS,MID 1986) 2,227  
 PER CAPITA GNP..... (DOLLARS,1984) 1,980  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 2.6%  
 ANNUAL RATE OF INFLATION (1973-84) 6.7%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..(1976) 2.0%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 72.0 MALE 70.1 FEMALE 74.1  
     (1970) TOTAL 65.5 MALE 64.0 FEMALE 66.5  
 ADULT LITERACY RATE (1980) TOTAL 87% MALE 87% FEMALE 87%

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\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) 0.2%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 9%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 120  
 MAJOR CROP(S) ARABLE LAND YEAR  
     SUBSISTENCE: CORN ,BEANS-DRY ,RICE 35% (1985)  
     CASH: BANANAS ,RAW SUGAR ,COFFEE 20% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) BANANAS ,RAW SUGAR ,COFFEE  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,CORN ,DILSEEDS  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1980) 27%

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\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     (1982) 865 (83) 886 (84) 916  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     (1982) 1,148 (83) 1,114 (84) 1,175  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     (1982) -283 (83) -228 (84) -259  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. ( . ) . % ( . ) . % ( . ) . %  
     AS % OF GNP..... ( . ) . % ( . ) . % ( . ) . %  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1983) 207 (84) 216 (85) 98  
 EQUIVALENT TO 0.3 MONTHS OF IMPORTS (1985)

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\*FOREIGN TRADE\*

MAJOR EXPORTS (1984)PETRO PRODUCTS ,BANANAS , SHRIMP  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983) 161 (1984) 153 (1985) 193  
     AS % OF TOTAL EXPORTS (1983) 11% (1984) 10% (1985) 10%  
 MAJOR IMPORTS(1984)PETROLEUM PROD.,MFRD. GOODS ,MACH. & TRANS E  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 456 (1984) 450 (1985) 545  
     AS % OF TOTAL IMPORTS (1983) 22% (1984) 19% (1985) 22%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1983) -648(84) -824(85) -654  
 TRADING PARTNERS: UNITED STATES ,JAPAN ,VENEZUELA  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 73.3%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 519  
     AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 31.6%

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\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 2.8% (1978) 1.8% (1986) 2.1%  
 POPULATION IN URBAN AREAS.....(1970) 48% (1986) 58%  
 TOTAL FERTILITY RATE.....(1970) 5 (1986) 3  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1979) 61.0%  
 POPULATION (1986) IN AGE GROUP:  
     (O-14YRS) 37.0% (15-64YRS) 58.2% (65+ YRS) 4.7%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 25  
 PEOPLE PER PHYSICIAN..... (1981) 1,013  
 MAJOR CAUSES OF  
 DISEASE (1978) INFLUENZA-GRIPPE,STREP. THROAT ,MEASLES-ROUGEOLE  
 DEATH.. (1980) CEREBROVASCULAR ,COND. PERINATAL ,MYOCARDIAL INFAR  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 102%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 82%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1982) TOTAL 114 MALE 116 FEMALE 111  
 SECONDARY..... (1982) TOTAL 65.5 MALE 62.8 FEMALE 71.7  
 POST SECONDARY.. (1981) TOTAL 22.6 MALE 22.4 FEMALE 22.8  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 11.6%

PANAMA

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	18,798	19,334	19,343
Loan	7,490	3,709	5,432
Grant	11,308	15,625	13,911
Economic Support Fund	5,742	0	10,000
Loan	0		5,557
Grant	5,742		4,443
Other*			
<b>TOTALS</b>	24,540 <u>1/</u>	19,334	29,343
P.L. 480			
Title I			
Title II			
<b>TOTALS</b>	24,540	19,334	29,343

Footnotes:

1/ The total includes reobligation of \$1,835,000 deobligated in FY 1985 and \$263,000 deobligated in FY 1986 for a total reobligation of \$2,098,000 in FY 1986.

PERSONNEL DATA – MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	25	21.75	21.75
Foreign National	38	37	37
<b>TOTALS</b>	63	58.75	58.75

<sup>a</sup>Total full time equivalent workyears of employment. Include HIC, excess property, and IC personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	28	23	51	185	555	740	225	480	705
Regional <sup>e</sup>	144	285	429	57	28	85	51		51
Third Country Participants									
Bilateral <sup>d</sup>	13	8	21	10	25	35	10	25	35
Regional <sup>e</sup>									
<b>TOTALS</b>	185	316	501	252	608	860	286	505	791

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY. <sup>c</sup>Technical: non-degree seeking.

<sup>b</sup>Academic: degree seeking. <sup>d</sup>Participants funded under bilateral programs. <sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## PANAMA

### Introduction

Panama's development has followed a pattern dictated by its geography and the presence of the Panama Canal. The canal and related international commercial and financial activities dominate the country's economy. They give the economy its dual nature -- a high-income, internationally-oriented service sector adjoining the Canal, contrasted with a poorer, agriculturally-oriented economy comprising the rest of the country. Constraints on Panama's economy are its limited natural resources and agricultural potential, and its small domestic market. Furthermore, the open, dollar-based economy facilitates international commerce and finance, but is susceptible to capital flight and worldwide trends in trade, inflation and interest rates.

Panama faces continuing economic problems requiring financial discipline, additional policy reform and external assistance. An interventionist public sector philosophy has held sway since the early 1970s, resulting in a bloated public sector, distortion of the economy's price structure and resource allocation, substantial public sector deficits and the creation of a huge foreign debt. Financial instability has resulted from the growth of the public sector and the huge debt it has accumulated, neither of which can be supported by the stagnating productive sectors of the economy.

With the passage of reform legislation in early 1986, the stage has been set for an economic restructuring and greater reliance on market forces. Changes in the labor code provide incentives for increased productivity at lower costs. The Industrial Incentives Law will reduce tariffs, eliminate most import quotas and reduce protection levels, thus creating a more competitive economy. The Agricultural Incentives Law will encourage production of commodities for which Panama has a comparative advantage.

Panama's efforts are being supported by both the banking community and multilateral donors. An agreement was reached with foreign commercial banks in October 1985 for the rescheduling of \$580 million of 1985-1986 maturities. Panama's stand-by agreement with the International Monetary Fund (IMF), signed in July 1985, was suspended in early 1986 but is now back on track. The government is negotiating with the World Bank for a second structural adjustment loan.

Significant volumes of world trade pass through the Panama Canal and pipeline. The 1977 Panama Canal Treaties increased Panama's role in the operation and maintenance of the Canal. The U.S.-Panamanian partnership in operating the Canal has worked well, and this positive relationship will continue to be important as we move toward turning over complete control to Panama in the year 2000.

U.S. private investment in the country is the third largest in all of Latin America, greater than in all the neighboring countries combined. Also, a pipeline across Panama now transports Alaskan oil destined for the United States' east coast.

Panama's proximity to Central America's trouble spots and its improving but still weak economic situation provide some reason for concern for Panama's continued political and economic stability.

#### A.I.D. Development Strategy and Accomplishments to Date

A.I.D.'s basic goals in Panama, as throughout Central America, are those of the Central American Initiative: economic stabilization, laying the basis for long-term growth, equitable distribution of the benefits of growth, and strengthening democratic institutions. A.I.D.'s specific objectives in Panama are to: (1) assist the government in implementing its fiscal stabilization program; (2) assist in the transition to a leaner, more efficient public sector, including the divestiture of public enterprises; (3) encourage the transition from an economy based on import substitution to one based on efficient private sector production and exports; (4) induce private investment in the production of agricultural commodities for which Panama has an economic comparative advantage and a potential for export; (5) support policies and programs to conserve and rationally exploit natural resources and forests which are rapidly being depleted; (6) encourage the mobilization of local private resources for housing production; and (7) promote increased participation in local government and foster efficient planning and delivery of municipal government services.

#### Financial Stabilization

A.I.D.'s efforts to assist Panama in achieving financial stability have been principally through Economic Support Fund (ESF) budgetary support, coupled with policy dialogue to encourage implementation of economic policy reforms. These reforms are directed to fostering the growth of the private sector, reducing and making the public sector more efficient, and reducing the public sector deficit to more manageable levels.

Since December 1984, A.I.D. has provided ESF cash transfers amounting to \$55.7 million to assist the Government of Panama (GOP) in dealing with its difficult financial position. Without these funds, further cuts would have been required in an already under-funded investment budget.

Fiscal austerity began in 1983. By the end of 1985, the public sector annual deficit had been reduced from \$462 million in 1982 to about \$100 million. For 1986, the deficit was targeted at \$62.4 million. Thus far, the burden of austerity has fallen largely on public sector investment. The biggest factor in the reduction of the deficit was the decline in public sector capital investment, which fell 40% from the 1981-1984 average to \$248 million in 1985.

During FY 1986, the reform momentum was sustained. A draft National Housing Policy has been produced and is circulating within the government for review. A draft civil service bill has also been prepared and is circulating for comments within the government. Studies have been prepared

of nine state-owned enterprises that are candidates for divestiture. As part of its divestiture efforts, the GOP has sold a sugar mill, has disposed of the assets of the state's agricultural machinery enterprise, and is planning to divest the state's seed company and three additional state enterprises.

### Economic Growth

Private Enterprise. A.I.D.'s strategy is to support GOP policy reforms which increase private investment, production, and jobs in industry and services. This encompasses: (a) a systematic deregulation of government control of market activity; (b) increased reliance upon free market forces in both domestic and world markets; (c) development of the capacity to introduce improvements in productivity in both the public and private sectors (e.g., technology transfer, management improvements, skills training); and (d) strengthening the public sector in those areas which will contribute to promoting private sector development (e.g., investment and export promotion).

Through the Investment Council of Panama project (525-0239), A.I.D. is providing resources to assist in the promotion and improvement of the climate for private investment and increased job opportunities. Export market information is being provided to the private sector, and additional efforts are addressing the need to promote the establishment of new export-oriented foreign and domestic firms in Panama. The Small Business Development project (525-0240) is providing credit, technical assistance and management training for small and medium-sized entrepreneurs with labor-intensive enterprises.

In FY 1987, A.I.D. will initiate a Private Sector Export Finance project (525-0261), which will finance medium- and long-term investment credit for exporters in Panama through a private Panamanian development finance institution. This project fills an important gap in credit availability for export-oriented ventures. In FY 1987, the Product Development and Productivity Improvement project (525-0272) will provide assistance to improve the productivity and thus the competitive position of Panamanian firms, and will assist those firms in developing cost-effective methods of introducing and producing new products.

During the FY 1985/1986 period, the Investment Council of Panama reported success in promoting an estimated \$32 million in new investments in Panama, resulting in some 4,500 employment opportunities. In the case of the Small Business Development project (525-0240), many of the private banks participating in the program are taking advantage of the guarantee mechanism of the project and are using more of their own funds for lending purposes than had been anticipated. This has leveraged the A.I.D. resources, making the total dollar amount of funds invested greater than originally anticipated. During this period, \$787,000 in credit has been provided to 51 enterprises, creating approximately 110 job opportunities.

Agriculture. The potential for agricultural growth through enhanced productivity has not yet been adequately tapped in Panama. A "freeing" of the market, combined with improved institutional capacity to produce and transfer technology by both the public and private sectors, will stimulate

productivity and strengthen contributions of private sector agriculture and agro-industry to increase employment and enhance economic activity. A.I.D.'s strategy is to support: (1) government policy and institutional reforms which systematically provide open access by the private sector to operate in domestic and export markets and which free the market from price regulations; (2) carefully selected research, training and extension programs to intensify land and labor use with high productivity potential; and (3) improved management and use of natural resources. These three major and interrelated interventions will be conducted simultaneously.

A major first step toward policy reform in the agricultural sector was taken in March 1986 when the National Assembly approved reforms to the Labor Code and passed new Industrial and Agricultural Incentive Laws. This legislation set the stage for a freeing of the domestic market from price controls and a reduction in the barriers protecting Panamanian agriculture from foreign competition. Implementation of the legislation is being developed through a five-year plan, with major policy inputs through resources made available by the A.I.D.-supported Agricultural Policy Formulation and Management project (525-0247). The draft plan is now under review by both the public and private sectors.

Major institutional strengthening of technology generation and transfer processes, largely in the public sector, is being supported through the Agricultural Technology Development (525-0180) and the Agricultural Technology Transfer (525-0227) projects.

New production and storage technology for onions, developed with assistance provided through A.I.D.-supported projects, is being adopted by farmers. New pasture technology is being tested by beef producers. The Agricultural Cooperative Marketing project (525-0222) is assisting the strengthening of fledgling marketing processes through the development of improved market technologies and identification and exploitation of external markets. It has helped achieve a major breakthrough in using technical criteria for extending marketing loans. A.I.D. support for conservation and management of natural resources is provided through the institutional development of the Natural Renewable Resources Agency (RENARE) under the the Natural Resource Management project (525-0248). RENARE is expanding to a national level the work initiated in 1980 for the canal area under the Watershed Management project (525-0191). Support for the national project is conditional on the National Assembly passing a law transforming RENARE into an autonomous institute with its own budget and management control.

### Equity and Broad Participation in Development

Panama has been successful in spreading many of the benefits of past growth, as indicated by the level of primary and secondary education and the life expectancy of its population. However, given the current economic crisis faced by the GOP, the austerity measures required over the medium term will require careful setting of budget priorities to avoid reversing the gains achieved to date. A.I.D. assistance in this area focuses on increasing the supply of low-cost housing as a means of assuring wider benefits to the majority of the population.

Low-income housing production has in recent years been a public sector role. Production has been inefficient, costly, and inadequate for the needs. A.I.D. support has been focused on three principal elements: (1) assisting the government's efforts to prepare and promulgate a national housing policy which defines clearly the roles of the public and private sectors, with emphasis on utilization of the latter; (2) assisting in improving the administrative and financial management of the public sector to increase efficiency; and (c) stimulating the private sector to increase its role in housing finance to the maximum extent possible.

During FY 1986, Housing Guaranty programs (525-HG-010 and 525-HG-011) provided almost 2,500 new units and home improvement loans, generating direct and indirect employment estimated at 500 jobs. Most loans were for lots, services and home improvements which promote labor-intensive construction and local development. Accomplishments in the shelter sector also include: (1) implementation of a series of measures to strengthen the National Mortgage Bank (BHN), Panama's principal low-cost shelter finance institution, and the Ministry of Housing (MIVI); (2) a national debate on limiting the market intervention of MIVI to only the lowest-cost housing solutions; and (3) the design and authorization of a low-cost private sector housing program. A key accomplishment was the agreement between the Social Security Agency (CSS), BHN and the GOP to restructure BHN repayments to CSS of deposits made from 1973 to 1983. This agreement and its execution are critical to the financial stability of BHN.

In FY 1987, building on these changes, A.I.D. will implement a \$25 million Private Sector Low-Cost Housing Guaranty project (525-HG-013) to leverage private resources and increase private construction. The project should generate employment and income in the construction sector and stimulate manufacturing, transportation and finance. A.I.D. will also assist in the execution of the national housing policy currently being debated.

#### Strengthening Democratic Institutions and Processes

While solid gains have been made by Panama in the social services, its democratic institutions are still fragile. After many years of military-dominated government and only a brief recent exposure to democracy, Panamanian democratic institutions require careful nurturing to flourish. To strengthen Panama's democratic institutions, A.I.D. is providing support for the following activities:

Local Government. Local government programs managed by elected municipal officials will be assisted with resources provided by the Strengthening Local Government project (525-0282) in order to strengthen fledgling but promising democratic institutions and to encourage more local-level decision making. This project will assist popularly elected municipal government officials to plan, finance and provide municipal services. A series of training and technical assistance activities will be introduced to augment the capacity of local government to respond to the needs of their constituencies, to establish local government procedures that promote grass-roots political organization and to strengthen an independent municipal development institution to assist local governments to perform.

Scholarships. Training in the United States is being provided to large numbers of disadvantaged Panamanians with resources from the Central America Peace Scholarships project (597-0001). Currently 254 students are enrolled in academic training and 128 students are studying in a wide range of technical fields. Scholarships are also provided to key groups in Panamanian society which are likely to play leading roles in Panama's political and economic evolution. This exposure to democracy in the United States by large numbers of young Panamanians should have a profound and beneficial influence on democracy in Panama. Training under the project will be expanded during FY 1987 for an estimated 184 undergraduate and graduate scholarships, plus 231 candidates in specialized programs for managers and technical specialists from both the private and public sectors.

Free and Democratic Trade Unions. Continued support to trade unions is being provided through the Industrial Relations Services project (525-0275) to strengthen the collective bargaining process and increase the role of trade unions as constructive participants in a national dialogue on development policies.

Administration of Justice. With regional resources, A.I.D. is supporting public and private efforts to strengthen those institutions which are essential to the development of a fair, efficient and accessible system of justice. During FY 1985 and FY 1986, Panama participated in the Regional Administration of Justice project (596-0122) through training, conferences, workshops and technical assistance in specialized areas. Panama sent two representatives to the 1985 American Bar Association Annual Conference in Philadelphia, two Supreme Court justices to the Inter-American Judicial Conference, and two representatives to the 25th Inter-American Bar Association Convention, in Acapulco, Mexico. Six Panamanians participated in a conference for legislators in Guatemala City. Panama has also sent a lawyer to participate in the 1986-1987 graduate law program in public administration at the University of Costa Rica Graduate Law School. In February 1986, the Panamanian Bar Association sponsored the Second Central American Lawyers Conference with support from this project. To support Panama's efforts to enact a new Judicial Code in FY 1986, the project funded a technical assistance advisor to Panama's Judicial Commission.

International Security and Development Cooperation Act of 1985, Section 709

Section 709 of the International Security and Development Cooperation Act of 1985 requires that comprehensive reports be provided on assistance to Latin America and the Caribbean. The following supplemental information on assistance to Panama in FY 1986 is provided as partial fulfillment of that requirement:

A. Training: A.I.D. provided training during FY 1986 to a total of 501 participants from Panama in the fields of agriculture, technology transfer, agricultural technology development, private sector development, development planning and strengthening democratic values. General areas of studies were as follows: maritime field (47); business administration (60); engineering (47); farming for rural youth (90), agribusiness (2); agricultural sciences (45); computer sciences (24); electronics (12), vocational training (25); economics (7); education (13); multi-disciplinary

sciences (44); municipal training (12); labor (8); cooperatives (5); export promotion (11); industrial maintenance (20); other technical sciences (7); agriculture (22).

B. The types of goods and services associated in FY 1986 with ESF cash transfers by A.I.D. to Panama are as follows:

None for Panama in FY 1986. (ESF used for budget support).

C. Local Currency associated with A.I.D. assistance to Panama:

None in FY 1986. (U.S. dollar is the medium of exchange).

D. Reprogramming of Funds for Panama during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation document.

(000)	<u>TOTAL</u>	<u>ARDN</u>	<u>PN</u>	<u>EHR</u>	<u>SDA</u>	<u>ESF</u>
-Estimated FY 1986 Obligation (\$000)	22,942	8,122	100	1,446	7,532	5,742
-Actual FY 1986 Obligation (\$000)	24,540	7,950	100	946	9,802	5,742

E. Funds and programs provided to Panama in FY 1986 through non-governmental as contrasted to governmental channels: (\$000)

	<u>Non-Governmental</u>		<u>Government of Panama</u>	
DA	11,523	(61%)	7,275	(39%)
ESF	--		5,742	(100%)
TOTAL	<u>11,523</u>	<u>(47%)</u>	<u>13,017</u>	<u>(53%)</u>

FY 1988 Program

A.I.D. requests a total of \$10 million ESF and \$19.34 million DA for Panama in FY 1988, broken down as follows.

Financial Stabilization. (\$5.6 million in ESF) A.I.D. proposes to provide a \$5.6 million cash transfer for budget support and to encourage economic policy reform and the streamlining of public sector operations. The proposed program will assist the GOP to implement a state-enterprise divestiture program in order to (a) rationalize the functions of government by reducing public sector participation in commercial enterprises; and (b) reduce public sector employment.

Economic Growth (\$10.7 million in DA: \$6.0 million ARDN, \$800,000 EHR, \$3.8 million SDA). A.I.D. proposes to support the GOP's efforts to create employment and rekindle economic growth through the private sector. A.I.D. assistance will support economic policies and activities conducive to private sector growth. The proposed Private Enterprise Support project

(525-0280) with the Ministry of Commerce and Industry (MICI) will restructure and streamline the MICI to actively support exports, private sector output and employment. This project will support private sector initiatives through appropriate changes in administration, regulation, service and promotion activities and will promote economic growth through export-oriented services. Investment and export growth also will be promoted through the ongoing Private Sector Export Finance project (525-0261).

The Agricultural Policy Formulation and Management project (525-0247) will focus on activities which have been identified as having considerable potential for increasing national income through liberalization of GOP policies, revitalizing and restructuring of selected government organizations, and improving production and marketing techniques. Policy constraints and governmental procedures which restrict and impede agricultural development will be identified, and strategies for reducing or eliminating these constraints will be developed. The Natural Resource Management project (525-0248) will provide credit and technical assistance for private sector reforestation and improved public management of critical watershed areas, including the Panama Canal watershed.

Equity and Broad Participation in Development (\$15 million HG, \$2.28 million DA: \$1,428,000 ARDN, \$100,000 POP, \$450,000 EHR, and \$50,000 SDA). The Private Sector Low-Cost Shelter program (525-HG-013) will promote private sector financing and construction of low-cost units in Panama City and secondary cities. The program will be channeled through private savings and mortgage banks and private savings and loan associations. The project will help to reorient private sector resources to address the substantial low-income housing problem that has evolved due to rapid urbanization and an inadequate public sector response. Funds are also requested for continuation of the Agricultural Cooperative Marketing project (525-0222), and operational program grants to the Panajuru-Zamorano School (525-0285) and the Private Sector Scholarship Foundation (525-0258).

Strengthening Democratic Institutions and Processes (\$4.4 million ESF, \$6.6 million DA: \$600,000 ARDN, \$190,000 POP, \$367,000 HE, \$4.4 million EHR, and \$1.0 million SDA). Funds are requested for continuation of U.S. training under the Central America Peace Scholarship project (525-1000), which was regionally funded until FY 1987. Scholarships will provide undergraduate and graduate education in the United States as well as specialized programs for managers and technical specialists from private and public enterprises. Approximately 280 students will be enrolled in academic programs and about 230 students in technical fields of training.

Continued funding is also requested for the Strengthening Local Government project (525-0237) being initiated in FY 1987. Finally, A.I.D. requests continued support for the constructive role of the labor movement through a regional OPG to the American Institute for Free Labor Development (AIFLD). Additional efforts will be made to strengthen those institutions which are essential to the development of a fair, efficient and accessible system of justice.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

525 PANAMA

CP 88

PROJECT NO. AND TITLE	* L / G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
525-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	64	C	---	2,995	2,483	1,162	349	500	800	400	700
525-0180 AGRICULTURAL TECHNOLOGY DEVELOPMENT	G	79	85	3,900 2,200	2,000	1,248	200	669	1,200	283	500	500
525-0180 AGRICULTURAL TECHNOLOGY DEVELOPMENT	L	79	88	9,800 9,000	8,740	4,664	260	716	600	3,238	200	200
525-0185 RURAL GROWTH & SERVICE CENTERS	L	78	78	7,886 8,150	7,886	7,221	---	665	---	---	---	---
525-0186 INTEGRATED RURAL DEVELOPMENT	L	77	77	9,700 9,700	9,700	5,186	---	2,298	---	1,417	---	700
525-0191 WATERSHED MANAGEMENT	L	79	79	9,635 9,685	9,685	8,703	---	982	---	---	---	---
525-0222 AGRICULTURAL COOPERATIVE MARKETING	G	84	89	3,700 2,300	1,100	60	1,200	425	---	294	---	600
525-0222 AGRICULTURAL COOPERATIVE MARKETING	L	84	89	8,900 5,900	5,900	4	---	207	1,000	4,213	1,000	1,000
525-0227 AGRICULTURAL TECHNOLOGY TRANSFER	G	82	85	1,500 1,500	1,500	147	---	29	---	70	---	300
525-0227 AGRICULTURAL TECHNOLOGY TRANSFER	L	82	85	6,000 6,000	6,000	1,308	---	1,316	---	1,951	---	1,000
525-0240 SMALL BUSINESS DEVELOPMENT	L	84	87	500 500	---	---	---	---	500	150	---	300
525-0244 RURAL YOUTH ORGANIZATION-OPG	G	82	83	150 150	150	112	---	38	---	---	---	---

\*Refers to the planned project summary sheet

CLevel of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

525 PANAMA

CP 88

PROJECT NO. AND TITLE	L / G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- EXPEN- ATIONS DITURES	-ACTUAL FY86- OBLIG- EXPEN- ATIONS DITURES	-ESTIMATED FY87- OBLIG- EXPEN- ATIONS DITURES	-PROPOSED FY88- OBLIG- EXPEN- ATIONS DITURES				
525-0247 AG. POLICY FORMULATION AND MANAGEMENT	G	84	93	7,250 5,000	2,500	247	2,500	930	1,750	1,255	500	1,500
525-0248 NATURAL RESOURCE MANAGEMENT	G	87	93	13,400 ---	---	---	---	---	1,000	500	2,500	1,500
525-0248 NATURAL RESOURCE MANAGEMENT	L	87	93	22,300 ---	---	---	---	---	1,609	700	1,732	2,500
525-0257 NATURAL RESOURCES EDUCATION, DPS	G	84	88	1,200 1,000	1,000	73	---	431	---	410	200	270
525-0261 PRIVATE EXPORT FINANCE	G	86	92	300 300	---	---	---	---	300	100	---	200
525-0261 PRIVATE EXPORT FINANCE	L	86	92	2,081 2,081	---	---	2,081	---	---	1,000	---	900
525-0281 PANAJURU LOCAL SCHOOL - DPS	G	85	86	447 447	200	99	247	172	---	125	---	51
525-0285 PANAJURU - DANCRAND SCHOOL - DPS	G	86	89	1,200 ---	---	---	300	---	300	217	428	500
525-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	2,518 ---	---	---	---	---	718	400	600	600
TOTAL FOR ACCOUNT				112,417 63,913	59,356	31,555	7,950	9,227	9,477	17,123	8,060	13,321
GRANTS				35,555 12,897	11,445	4,469	5,609	3,043	5,768	4,454	5,129	6,721
LOANS				76,852 51,016	47,911	27,086	2,341	6,184	3,709	12,669	2,932	6,600

POPULATION PLANNING

525-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	81	0	---	108	69	100	51	100	120	100	100
--	---	----	---	-----	-----	----	-----	----	-----	-----	-----	-----

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

525 PANAMA

CP 88

PROJECT NO. AND TITLE	• L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
525-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	809 ---	---	---	---	---	219	115	190	250
TOTAL FOR ACCOUNT				809 ---	108	69	100	51	319	235	290	350
GRANTS				809 ---	108	69	100	51	319	235	290	350
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
525-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	1,505 ---	---	---	---	---	438	200	367	250
TOTAL FOR ACCOUNT				1,505 ---	---	---	---	---	438	200	367	250
GRANTS				1,505 ---	---	---	---	---	438	200	367	250
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
525-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	84	C	---	1,326	1,002	500	100	400	807	200	500
525-0225 SMALL ENTERPRENUERIAL DEVELOPMENT	G	80	82	790 795	790	700	---	90	---	---	---	---
525-0258 PRIVATE SECTOR SCHOLARSHIP FOUND., OPG	G	84	89	4,250 1,750	1,750	---	---	103	---	592	250	1,305
525-0275 INDUSTRIAL RELATIONS SERVICES	G	85	86	646 646	200	37	446	193	---	231	---	185
525-0280 PRIVATE ENTERPRISE SUPPORT	*G	88	90	5,000 ---	---	---	---	---	---	---	333	300

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

525 PANAMA

CP 88

PROJECT NO. AND TITLE	* L	FY OF INITIAL	FY OF FINAL	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	FY85- EXPEN- DITURES	-ACTUAL OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	FY87- EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	FY88- EXPEN- DITURES
525-0280 PRIVATE ENTERPRISE SUPPORT	*L	88	90	3,000	---	---	---	---	---	---	500	400
525-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	S	87	90	12,475	---	---	---	---	4,225	1,500	4,400	3,500
TOTAL FOR ACCOUNT				26,161 3,191	4,066	1,739	946	486	4,625	3,130	5,683	6,190
GRANTS				23,161 3,191	4,066	1,739	946	486	4,625	3,130	5,183	5,790
LOANS				3,000	---	---	---	---	---	---	500	400
SELECTED DEVELOPMENT ACTIVITIES												
525-0000 PROGRAM DEVELOPMENT AND SUPPORT	S	84	0	---	12,968	12,477	750	475	500	868	750	800
525-0101 SPECIAL DEVELOPMENT ACTIVITIES	S	84	0	---	941	940	100	64	100	100	100	100
525-0237 STRENGTHENING LOCAL GOVERNMENT	S	87	91	12,500	---	---	---	---	1,700	200	1,000	1,000
525-0239 CBI - NATIONAL INVESTMENT COUNCIL	S	83	83	200	200	108	---	23	---	69	---	---
525-0239 CBI - NATIONAL INVESTMENT COUNCIL	L	83	83	3,773	3,773	708	---	183	---	2,232	---	650
525-0240 SMALL BUSINESS DEVELOPMENT	S	84	87	3,000	2,000	1,082	1,000	339	---	606	---	600
525-0240 SMALL BUSINESS DEVELOPMENT	L	84	87	5,500	4,275	---	1,225	271	---	1,176	---	2,000
525-0250 DEVELOPMENT POLICY STUDIES	S	85	85	3,000	1,197	231	1,803	377	---	422	---	600
525-0252 SHELTER AND URBAN PLANNING	S	84	84	250	250	25	---	225	---	---	---	---

\*Refers to the planned project summary sheet

CLevel of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

525 PANAMA

PROJECT NO. AND TITLE	•	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES
525-0258 PRIVATE SECTOR SCHOLARSHIP FOUND. / JPO	G		84	85	750 750	750	598	---	152	---	---	---	---
525-0261 PRIVATE EXPORT FINANCE	G		86	92	3,000 1,000	---	---	1,000	---	---	175	---	400
525-0261 PRIVATE EXPORT FINANCE	L		86	92	23,919 15,919	---	---	3,924	---	---	1,000	2,000	3,000
525-0272 PRIVATE SECTOR PRODUCTIVITY IMPROVEMENT	G		87	90	7,000 ---	---	---	---	---	1,500	---	1,093	1,000
525-0287 PRIVATE SECTOR HOUSING	G		87	87	675 ---	---	---	---	---	675	200	---	200
TOTAL FOR ACCOUNT					63,567 33,392	26,354	16,169	9,802	2,109	4,475	7,048	4,943	10,350
GRANTS					30,375 8,200	18,306	15,461	4,653	1,655	4,475	2,640	2,943	4,700
LOANS					33,192 25,192	8,048	708	5,149	454	---	4,408	2,000	5,650
ECONOMIC SUPPORT FUND													
525-0282 FINANCIAL STABILITY & ECONOMIC RECOVERY	G		85	88	25,742 25,742	20,000	20,000	5,742	---	---	5,742	---	---
525-0282 FINANCIAL STABILITY & ECONOMIC RECOVERY	L		85	88	5,557 ---	---	---	---	---	---	---	5,557	5,557
525-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G		87	90	8,093 ---	---	---	---	---	---	---	4,443	2,000

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

525 PANAMA

PROJECT NO. AND TITLE	L / INITIAL G OBLIG	FY OF OBLIG	FY OF OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				39,392 25,742	20,000	20,000	5,742	---	---	5,742	10,000	7,557
GRANTS				33,835 25,742	20,000	20,000	5,742	---	---	5,742	4,443	2,000
LOANS				5,557 ---	---	---	---	---	---	---	5,557	5,557
COUNTRY TOTAL				TOTAL 243,851 126,238	109,884	69,532	24,540	11,873	19,334	33,478	29,343	33,013
				GRANTS 125,250 50,030	53,925	41,738	17,050	5,235	15,625	16,401	18,354	19,811
				LOANS 118,601 76,208	55,959	27,794	7,490	6,638	3,709	17,077	10,989	13,202

\*Refers to the planned project summary sheet

C Level of effort activity

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## PLANNED PROGRAM SUMMARY SHEET

<b>PROGRAM:</b>		Panama						
<b>Title</b>		<b>Funding Source</b>	<b>AG, RD &amp; N</b>	<b>Health</b>	<b>PROPOSED OBLIGATION</b> (In thousands of dollars)			
Private Enterprise Support					FY 88	Life of Project Funding		
					333 (G) 500 (L)	5,000 (G) 3,000 (L)		
<b>Number</b>	525-0280	<input checked="" type="checkbox"/> <b>NEW</b>	<b>Population</b>	<b>ED. &amp; HR</b>	<b>Sel. Act.</b>	<b>Initial Obligation</b>	<b>Estimated Final Obligation</b>	<b>Estimated Completion Date of Project</b>
<input checked="" type="checkbox"/> <b>GRANT</b>	<input checked="" type="checkbox"/> <b>LOAN</b>	<input type="checkbox"/> <b>CONTINUING</b>		333 (G) 500 (L)		FY 88	FY 90	FY 91

**Purpose:** To enable the Ministry of Commerce and Industry (MICI) to implement policies which promote the development of the Panamanian private sector.

**Project Description:** The Government of Panama (GOP), during most of the last two decades, structured its administrative organization to accommodate highly protectionist and statist policies. The MICI, which has been the chief regulatory body for the industrial and commercial sectors, has had an adversarial relationship with the private sector. Now, emerging GOP policies requiring increasing reliance on the private export sectors to promote growth. As currently structured, MICI cannot implement those policies. In order to promote private sector export oriented development MICI will have to redefine its functions. Without a properly oriented and competent agency to implement the new economic policies, Panama's growth and development efforts will be retarded.

The project will assist MICI to strengthen its capacity to provide support and services which promote export-oriented private sector endeavors as it de-emphasizes its regulatory function. It is anticipated that MICI will be reorganized and that legislation will be passed which will change MICI from a regulatory entity to a support and service agency. Current procedures to approve private foreign and domestic investments will be streamlined or possibly eliminated.

**Relationship of Project to A.I.D. Country Strategy:** The A.I.D. strategy in Panama seeks to: (1) identify markets for Panamanian exports and (2) foment competitive production in response to market forces. The project will further these objectives by facilitating export procedures, by mobilizing resources to assure production for direct and indirect assistance to producers, and by adjusting policies affecting factor costs outside the control of individual entrepreneurs.

This project responds to the National Bipartisan Commission on Central America recommendations by calling for promotion of trade opportunities to increase foreign exchange earnings.

**Host Country and Other Donors:** The GOP will implement legislative and administrative changes required to refocus and restructure MICI. It will provide office equipment and space, personnel, and other operating costs. Currently, other donors are not planning significant assistance to MICI.

**Beneficiaries:** The direct beneficiaries of this project will be Panamanian private enterprises and their employees. Indirect beneficiaries will be those obtaining jobs as a result of increased investment and expanded exports.

<b>Major Outputs:</b>	<b>All Years</b>
Ministry Organized	X
Organic Laws leading to increased private sector role in economy passed	X
Private sector investment approval procedures streamlined or eliminated	X

<b>A.I.D. Financed Inputs</b>	<b>Life of Project (\$000)</b>	
	<b>Grant</b>	<b>Loan</b>
Technical Assistance	2,500	--
Training	1,000	--
Equipment and Materials	--	2,000
Export Promotion Program	--	1,000
Other Costs	1,500	--
<b>Total</b>	<b>5,000</b>	<b>3,000</b>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30,				
Estimated Fiscal Year				
Estimated Through September 30,				
		<b>Future Year Obligations</b>	<b>Estimated Total Cost</b>	
Proposed Fiscal Year 1988	333 (G) 500 (L)	4667 (G) 2500 (L)	5,000 (G) 3,000 (L)	



## CENTRAL AMERICAN REGIONAL

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	53,286	42,046	41,275
Loan	9,600	6,149	5,751
Grant	43,686	35,897	35,524
Economic Support Fund	43,431	13,090 <sup>1/</sup>	20,000
Loan	0	0	0
Grant	43,431	13,090	20,000
Other*			
TOTALS	96,717 <sup>2/</sup>	55,136	61,275
P.L. 480			
Title I			
Title II			
TOTALS	96,717	55,136	61,275

Footnotes:  
<sup>1/</sup> The above total for ESF includes \$260,000 in local cost support.  
<sup>2/</sup> The total includes reobligations of \$150,000 deobligated in FY 1985 and \$3,400,000 deobligated in FY 1986 for a total reobligation of \$3,550,000 in FY 1986.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	14	14.5	14.5
Foreign National	19	17	17
TOTALS	33	31.5	31.5

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>									
Regional <sup>e</sup>	9	226	235	17	225	242	19	257	276
Third Country Participants									
Bilateral <sup>d</sup>									
Regional <sup>e</sup>				1	11	12	1	27	28
TOTALS	9	226	235	18	236	254	20	284	304

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.  
<sup>b</sup>Academic: degree seeking.  
<sup>c</sup>Technical: non-degree seeking.  
<sup>d</sup>Participants funded under bilateral programs.  
<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## CENTRAL AMERICA REGIONAL PROGRAM

### Introduction

In 1960, influenced by the lingering ideal of renewed Central American unity, the Treaty for Central American Social and Economic Integration was signed, leading to creation of a series of regional development institutions in the areas of finance, agricultural research, health, education and industrial technology. In addition to strengthening the regional sense of unity, these regional centers of excellence allowed important economies of scale in areas of mutual interest to the small, relatively poor countries involved. Within A.I.D., the Regional Office for Central America and Panama (ROCAP) was created to work with these regional institutions and with those development problems best served by a regional approach. Initial efforts were focused on the development of basic physical infrastructure. As the most urgent of these needs were gradually met, ROCAP and the regional institutions turned their attention to the longer-term problems of economic and social development.

Today the Central Americans are making a renewed effort to seek regional approaches to common development constraints. A regional parliament is being organized; a committee of the vice presidents of the various countries has been formed; the ministers of agriculture again are meeting on a regular basis; a regional private sector organization (FEDEPRICAP) is being reorganized and strengthened.

In keeping with the recommendations of the National Bipartisan Commission on Central America (NBCCA), which recognized the importance of regional approaches to the development of Central America, A.I.D.'s regional program reinforces and complements the bilateral programs in seeking to achieve the basic goals for the Central America Initiative (CAI). A.I.D. projects are funded and managed within the Central America regional program, rather than within a specific country's bilateral program, when the project:

- is implemented in more than one Central American country;
- supports and reinforces several bilateral country programs;
- launches pilot, innovative, or small-scale activities which potentially have usefulness in several countries, and which are intended, if successful, to be taken up by the bilateral programs;
- is best managed by and strengthens regional Central American institutions; and/or
- is more efficiently managed regionally than by an individual mission.

These regional projects are managed by either ROCAP, which is located in Guatemala, or by A.I.D./Washington. Generally, the ROCAP projects are those

involving the participation of the regional institutions formed by the Central American countries. A.I.D./Washington projects are those which require closer coordination with American contractors or grantees and/or with central A.I.D. offices, those which involve other U.S. Government agencies, and, especially, those associated with NBCCA recommendations that are unrelated to the regional institutions, such as elements of the Central American Peace Scholarships (CAPS) program.

For FY 1988, A.I.D. requests \$90 million for the Central America regional program, of which \$29.4 million is for ROCAP projects and \$31.9 million is for AID/Washington projects. In the narrative and the Table IIs which follow, ROCAP projects are identified by a 596 prefix number and AID/W projects are identified by a prefix of 597.

### A.I.D.'s Development Strategy and Accomplishments to Date.

As with the bilateral programs in the Central American region, the Central American Regional program pursues the four basic goals of the CAI: economic stabilization, laying the basis for long-term growth, broadening the benefits of growth, and strengthening democratic institutions and processes.

#### 1. Economic Stabilization

The Trade Credit Insurance Program (TCIP)(597-0004), managed in Washington through an agreement with the Export-Import Bank, supports economic stabilization and a resumption of growth in the region. This ESF-funded program was designed to encourage U.S. commercial banks to extend necessary amounts of short-term trade credit to Central American countries, despite concerns about security and economic conditions in the region. The TCIP was authorized at \$200 million in guarantee authority for FY 1985, \$250 million for FY 1986, and \$275 for FY 1987. Further authorization of \$200 million is requested for FY 1988. A reserve fund has been established for discharging any liabilities under TCIP guarantees. In FY 1985 and FY 1986 a total of \$20 million was obligated for that fund. In FY 1987 and FY 1988, we anticipate no new obligations for the reserve fund; however, small amounts from the ESF program of several Central American countries will be temporarily withheld until later in the year, in the event additional TCIP reserves are needed. The funds, if not required for the TCIP, will be obligated for the bilateral program later in the fiscal year. The program has had start-up and implementation difficulties which are being addressed. By the end of November 1986, confirmed letters of credit for the four participating countries had exceeded \$176 million. To date, there have been no claims made under TCIP guarantees.

#### 2. Economic Growth.

To encourage long-term growth in the region, the Central American regional program supports activities in agriculture, education, energy and industry. All these projects are managed by ROCAP.

#### Agriculture and Rural Development

A.I.D.'s strategy for growth in Central America depends heavily on increasing nontraditional agricultural and agribusiness exports. The

Export Agribusiness Development and Promotion project (596-0123) is expanding investment in new agribusiness exports. This successful project is being implemented through the Latin American Agribusiness Development Corporation (LAAD). LAAD has successfully promoted U.S. and Central American private investment in agribusiness since the 1970s despite the economic crisis in the region. It has mobilized tens of millions of dollars from private commercial markets, private investors and its own resources, as well as from A.I.D. The Nontraditional Agricultural Export Support project (596-0108) is working with key private sector export associations on resolving production, post-harvest handling, marketing and computer information constraints. Through this project, training programs geared to executive and mid-level management are being developed for nontraditional agricultural export projects by the Central American Institute of Business Administration (INCAE).

The Regional Agricultural Technology Networks project (596-0127), to begin in FY 1987, is intended to increase the production of locally-consumed food crops by addressing the institutional weaknesses of national agricultural research systems and the small resource base in Central American countries. Through the development of strong networks, with the International Research Centers taking a leadership role, the institutions in the region could better plan research, exchange scientific knowledge, and provide the basis for a more rapid and extensive application of improved technologies.

The Tree Crop Production project (596-0117) with the Tropical Agricultural Center for Research and Training (CATIE) builds on the experience of the earlier Fuelwood project (596-0089). Over 150 fast-growing species have been tested in a variety of ecological zones. Emphasis on demonstration plots, dissemination through national forestry and agricultural extension services, and concentration of efforts on small and medium-size farm plots will help counteract the region's deforestation problem and increase small-scale farmers' awareness of the benefits of agroforestry. Both on-farm and commercial uses of wood are being demonstrated.

Similar research and development on agricultural problems is taking place in the Pest Management (596-0110) and Watershed Management (596-0106) projects which are also being implemented by CATIE. The first has established a regional diagnostic center to control those pests which are major causes of low agricultural productivity and crop losses, and the second has created a research and training facility to conserve renewable natural resources and maximize their utilization for social and economic development.

#### Education and Human Resources

The Export Management Training project (596-0124) has helped INCAE establish a Center for Applied Economics and Policy Studies. The Center's seminars have helped stimulate a policy dialogue between public and private groups on the expansion of nontraditional exports.

Efforts are under way to strengthen CATIE's graduate studies program in agriculture and to create an undergraduate tropical agricultural college under the Regional Agricultural Higher Education project (596-0129) which

is both renovating CATIE's physical facilities and strengthening its teaching staff. A development office has been established for fund raising and to promote CATIE as a center for excellence in research and training. In addition, this project responds directly to the Central America Initiative objective of aiding higher education in the region.

### Economic Support Funds

A.I.D continues to work with the Central American Bank for Economic Integration (CABEI) to mobilize increased capital flows to Central America and stimulate the growth of extraregional exports. Since the initiation of ROCAP's Regional Economic Recovery project (596-0114) in FY 1985, CABEI has improved its liquidity, improved its management and institutional capabilities, and begun to mobilize new resources for the region to finance industrial growth and export-oriented production. Since the project began, CABEI's member countries in Central America have reduced arrearages and contributed new capital for a combined total of nearly \$78 million. Five countries have expressed their intention to join the bank when its charter is amended to admit extraregional members. A "Club Loan" with 34 international banks has been negotiated to allow for restructuring of CABEI's repayments to them over a ten-year period. These measures have restored confidence in the bank and increased its capacity to contribute significantly to Central American development.

The need to better identify, exploit and manage local energy resources, especially geothermal energy, is a technological area being addressed by the Energy Resources project (596-0134). Central America is one of the earth's regions richest in commercially exploitable geothermal resources. The Los Alamos National Laboratory is collaborating with national energy development institutions on field studies and the development of commercially feasible alternative energy sources. A major independent evaluation of this project in 1986 serves as the basis for a \$10 million amendment to the project, half of which is to be obligated in FY 1987. The amendment provides for continued efforts in national energy analysis, planning, the use of geothermal energy for electric generation and industrial process heat.

### 3. Broadening the Benefits of Growth.

In pursuit of this goal, the Central American Regional program is supporting activities in population, health and child survival, education, housing, and energy, as described below:

#### Population

A need exists throughout Central America to strengthen management of population organizations to become more effective providers of services, by training senior and mid-level personnel. A new FY 1987 project will support establishment of a regional population management training center, to be headquartered in Costa Rica, which will emphasize modern management techniques, using computer technology and videos for training purposes.

## Health and Child Survival

From the ROCAP portfolio, the Nutritional Institute of Central America and Panama (INCAP), through the Oral Rehydration Therapy, Growth Monitoring and Education project (596-0115) is helping the Central American countries to develop child survival plans and to carry out innovative child health programs.

From Washington, the Regional Child Survival/Immunization (597-0005) project is being carried out with the Pan American Health Organization (PAHO). The project aims to interrupt the indigenous transmission of the wild polio virus in the Central American region by the year 1990. PAHO, the Interamerican Development Bank, UNICEF, Rotary International, and A.I.D. are all collaborating on this effort.

The Health Technology Development and Transfer project (597-0006) has three components, all of which benefit the Central American Missions: a health services financing component, through a contract with State University of New York at Stonybrook; a management training in health component, through a Cooperative Agreement with AUPHA (Association of University Programs in Health Administration); and a clinical training component, through a Cooperative Agreement with the Interamerican College of Physicians and Surgeons.

The Essential Drugs and Malaria project (597-0007) continues to reduce mortality and morbidity from malaria and increase access to critically needed basic medicines for Central America and Panama.

## Education and Human Resources

The Central American Peace Scholarship (CAPS) program (597-0001) continues as the centerpiece of A.I.D.'s response to an NBCCA recommendation that a major program of training in the United States be launched, with emphasis on reaching the disadvantaged elements of Central American societies and countering the large number of Soviet Bloc and Cuban scholarships being made available to lower income persons in the region. Although the largest portion of FY 1987 funding for this project (\$15.9 million) will come from the EHRD account, lesser, but significant, amounts will be drawn from several other accounts: population, \$1 million; health, \$2 million; and Economic Support Funds, \$10.5 million. Through 1989, this project will provide both long- and short-term training in the United States for over 7,000 participants from Central America and Panama. About 2,000 participants will receive graduate and undergraduate training. An estimated 5,000 will receive short-term technical training, typically one to three months in duration. By the end of FY 1986, approximately 3,500 students were either long-term students in the United States or had completed their short-term training programs and returned home. While the students are being trained in developmental areas, they are selected primarily on the basis of leadership potential and economic need.

In FY 1986 \$4,000,000 was obligated under the CAPS project for an activity with Georgetown University designed to help place disadvantaged Central American students in over a dozen community colleges in the United States.

In FY 1987, \$6,000,000 will be obligated with Georgetown for an expansion of this program.

In FY 1985 and FY 1986, the CAPS funds for use by the bilateral missions were programmed within the Central American Regional (597) Washington budget. In FY 1987, the funds will be moved into the individual Missions' budgets. Overall supervision of the program will remain in Washington, as will some \$7 million of the CAPS funds, including the \$6 million for the Georgetown subproject.

The Regional Technical Aids Center (RTAC) II project (597-0007) was initiated in FY 1986. This project builds on the successes of the predecessor RTAC I project, which lasted over 20 years until 1977 and which, as part of its accomplishments, increased from 500 to over 3,000 the number of technical U.S. university textbooks translated into Spanish and published in Latin America; created 120 non-profit university bookstores through the region; translated and published over 2,000 "how-to" pamphlets; and dubbed over 2,000 technical films into Spanish, creating in-country film lending facilities.

The RTAC II project is responsive to an NBCCA Commission finding that inexpensive Soviet-Bloc textbooks have been increasingly used by Latin American university students as translated U.S. textbooks have become increasingly more expensive and correspondingly less available. Under the project, Spanish language textbooks by U.S. authors, published principally in Mexico, will be purchased at maximum discount prices. These books will then be donated to university bookstores and sold to students at a small mark-up. Textbook sales will begin in July and will reduce by 50% to 80% the current sales price for Spanish language textbooks by U.S. authors in Central America. In addition, non-commercial pamphlets on selected subjects will be translated and published for distribution to a wide range of host country institutions and for use in follow-on programs with returned A.I.D. scholarship students .

#### Selected Development Activities

The Shelter and Urban Development project (596-0143), beginning in FY 1987, will enable the Central American Bank for Economic Integration (CABEI) to expand to lower income groups in Central America its lending programs for housing and urban services. This project seeks to increase CABEI's ability to address on a long-term basis the region's serious needs for better housing and minimal public services through an emphasis on management and cost recovery from the beneficiaries. The construction of 10,000 houses for low-income families and improvements in water, sewers and community services for 145,000 families will be funded.

With the assistance of the National Rural Electric Cooperative Association, the Rural Electrification project (596-0146) will strengthen the institutional and technical bases needed to reach the 85% of rural Central Americans who now lack access to electricity.

#### 4. Strengthening Democracy

In recent elections, the Central Americans have expressed their strong desire and commitment to establishing and maintaining democratic

institutions and the processes which safeguard freedom and promote growth with equity. The success of democracy depends on the Central Americans, but A.I.D. is supporting local efforts to make democratic ideals a reality in the region.

#### Education and Human Resources

The Central American Free Labor Development (AIFLD) project (597-0008) continues to: (1) strengthen free and democratic trade unions; (2) foster self-reliance and independence among unions; and (3) make trade unionism a powerful force for democratic development and social change. The program brings together business and labor, North and Central Americans, and the public and private sectors to accomplish these objectives. The AIFLD program includes union leadership training, housing projects, community development and related social projects, the development of credit institutions for lower income workers, and assistance in farming cooperatives for marginal farmers in the production and marketing of crops.

#### Economic Support Funds

A major goal of the Strengthening Democracy project (597-0003) is the promotion of free and fair elections, a vital step in the democratic process. The Center for the Study of Electoral Processes (CAPEL), a regional entity that provides training, advisory services, research and education on elections, helped Guatemala organize and carry out training for the polling officials and party pollwatchers for the highly successful presidential and congressional elections in November 1986. At the grassroots level, the project supports civic education that trains low-income citizens to analyze community problems and mobilize public and private energies to improve the quality of life. To enhance training and research opportunities for Central American journalists, Florida International University, with A.I.D. assistance, has carried out a survey of training and research needs of Latin journalists. That university will also conduct an eight-week, pilot training program in the Miami area based on practical experience working with Spanish newspapers and television stations. For Central American legislators, A.I.D. also supports seminars and study tours that provide guidance in the theory and practice of modern legislative procedures as well as contact with fellow legislators from the United States and other countries of the free world.

Where the rule of law is weak, people lose confidence in democracy. To assist Central Americans in strengthening the rule of law, the Regional Administration of Justice project (597-0002) continues to provide services that help improve the administrative, technical, and legal performance of national justice systems in Central America. In this endeavor, the Latin American Institute for the Prevention of Crime and Treatment of Offenders (ILANUD), an organization dedicated to assisting the development of national programs in the criminal justice field and to strengthening independent judiciaries in order to assure the fair and impartial administration of justice, is playing an important role. With A.I.D. assistance, ILANUD has launched a broad program, including: consultancies on law reform and revision; pilot projects in criminal statistics and court administration; support for national law reform commissions; comprehensive assessments of justice systems; collections of basic legal materials for

core libraries; and long and short-term training for judges, prosecutors, legislators and other legal professionals.

#### FY 1988 Program

For FY 1988, A.I.D. requests \$61.3 million for the Central America Regional program, \$41.3 million in Development Assistance funds and \$20 million in ESF. Of this \$61.3 million, \$29.4 million is for ROCAP projects and \$31.9 million is for A.I.D./Washington projects.

For FY 1988, no funds are requested for the goal of economic stabilization. However, the Trade Credit Insurance Program (TCIP) (597-0016) will continue to back expanded extraregional exports. No new money will be obligated for the reserve trust fund unless the existing reserves have been drawn down.

A.I.D. is requesting a total of \$18.4 million DA and \$5.7 million ESF for FY 1988 in support of the the long-term economic growth goal. The DA request includes \$15.5 million ARDN and \$2.9 million EHR. Primarily, these funds would be used for the following projects. The Pest Management project (596-0110) with CATIE would receive \$2 million. CATIE's ability to diffuse knowledge through its educational programs and work with national training and extension organizations would be strengthened. For the Regional Agricultural Higher Education project (596-0129), under which funding would be provided for the creation of the new undergraduate tropical agricultural college to be built in Costa Rica, \$2.5 million ARDN and \$1.1 million EHR are requested. The college will serve to expand training in agricultural technology appropriate for the tropical zones of Central America. A \$3.0 million obligation to the Tree Cropping and Fuelwood Production project (596-0117) is planned in order to expand support for the work of international and national private sector service organizations involved in tree planting. The expansion of nontraditional exports will be the center of continuing activities with a \$3.2 million obligation for INCAE (596-0108), and \$2.3 million for the Agricultural Export Support (596-0108) project. For continuation of the Energy Resources project (596-0134) with the Los Alamos National Laboratory, \$5 million is requested. Another \$5 million is being requested within the Guatemala program for rural electrification.

To achieve the goal of increased equity and broader participation, A.I.D. is requesting a total of \$16.2 million in DA and \$5.3 million ESF for the Central America Regional program. Requested DA funding includes \$2.46 million HE/CS, \$1.75 million POP, \$7.0 million EHR, and \$4.9 million SDA. Funding of short-term and long-term training in the United States would be increased to a level of \$37 million for the Central American Peace Scholarships project (597-0001) (CAPS), of which \$29 million is in the bilateral programs and \$8 million in the regional request. The RTAC II project (597-0007) for production and distribution of Spanish-language textbooks would receive \$4.3 million. The Regional Child Survival/Immunization project (597-0005) would continue work with PAHO on the interruption of transmission of the wild polio virus with a \$400,000 obligation of child survival funds. An \$1.36 million increment to the Essential Drugs and Malaria project (597-0007) would continue work toward the reduction of morbidity and mortality from malaria and toward increasing

access to basic medicines. Several small PVO activities are planned for the population account. Through the Central America Shelter and Urban Development Project (596-0143), \$4.9 million would be obligated for low-income housing and urban services.

For work toward the goal of strengthening democracy, a total of \$3.5 million in DA (\$1.5 million EHR, \$2 million SDA) and \$9.0 million in ESF funds is requested for the Central America Regional program. Obligations of \$6 million and \$4.5 million respectively through the Strengthening Democracy (597-0003) and Regional Administration of Justice (597-0002) projects would support a variety of new and on-going activities. Support for democratic unionism would be continued in both the urban and rural areas through an obligation of \$1.5 million to the on-going AIFLD project (597-0008).

Mission Director: Nadine Plaster

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

596 ROCAP

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
596-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	75	C	---	8,866	8,847	350	212	225	250	225	200
596-0083 SMALL FARM PRODUCTION SYSTEMS	G	79	85	8,155 8,155	8,155	7,871	---	280	---	4	---	---
596-0089 FUELWOOD AND ALTERNATIVE ENERGY SOURCES	G	79	85	8,800 8,800	8,800	7,256	---	792	---	752	---	---
596-0090 COFFEE RUST AND PEST CONTROL	G	81	85	3,500 3,500	3,500	1,880	---	940	---	680	---	---
596-0094 CENTRAL AMERICAN AG SECRETARIAT	G	81	83	850 850	850	317	---	438	---	95	---	---
596-0106 WATERSHED MANAGEMENT	G	83	92	2,000 2,000	---	---	---	---	1,000	500	500	500
596-0108 AGRICULTURAL EXPORT SUPPORT	G	86	89	8,000 8,000	---	---	2,000	1	2,000	2,000	3,224	2,000
596-0110 PEST MANAGEMENT (CATIE)	G	84	88	6,750 6,750	1,700	599	1,550	1,422	1,500	2,000	2,000	2,000
596-0114 REG. ECONOMIC RECOVERY	L	85	86	9,800 9,800	6,800	---	3,000	---	---	4,000	---	5,800
596-0117 TREE CROP PRODUCTION	G	85	89	9,000 9,000	1,195	---	1,715	707	1,000	2,800	3,000	3,500
596-0123 EXPORT AGRIBUS DEVELOP. AND PROMOTION	L	86	88	15,000 15,000	---	---	6,600	---	6,149	6,000	2,251	5,000
596-0127 REG. AGRIC. TECHNOLOGY NETWORKS	G	87	92	10,000 ---	---	---	---	---	1,000	200	1,000	1,000
596-0129 REG. AGRIC HIGHER EDUC	G	85	92	13,600 13,600	200	---	---	22	---	100	2,500	350

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

596 ROCAP

CP 88

PROJECT NO. AND TITLE	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
596-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	37	90	77 ---	---	---	---	---	77	25	---	40
TOTAL FOR ACCOUNT				95,532 85,455	40,066	26,770	15,215	4,814	12,951	19,406	14,700	20,390
GRANTS				70,732 60,655	33,266	26,770	5,615	4,814	6,802	9,406	12,449	9,590
LOANS				24,800 24,800	6,800	---	9,600	---	6,149	10,000	2,251	10,800
POPULATION PLANNING												
596-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	37	90	25 ---	---	---	---	---	25	10	---	10
TOTAL FOR ACCOUNT				25 ---	---	---	---	---	25	10	---	10
GRANTS				25 ---	---	---	---	---	25	10	---	10
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
596-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	75	C	---	120	28	75	88	50	100	100	79
596-0115 ORT. GROWTH MONITORING AND EDUCATION	G	85	87	8,800 3,000	8,000	146	---	798	800	2,000	---	2,000
596-0116 FOOD ASSISTANCE SUPPORT	G	85	87	5,862 5,600	3,250	47	2,350	446	262	1,500	---	1,500
596-0136 ESSENTIAL DRUGS AND MALARIA	G	85	85	2,000 2,000	2,000	---	---	423	---	350	---	727
596-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	37	90	98 ---	---	---	---	---	98	40	---	40

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

596 ROCAP

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				16,760 15,600	13,370	221	2,425	1,755	1,210	4,490	100	4,346
GRANTS				16,760 15,600	13,370	221	2,425	1,755	1,210	4,490	100	4,346
LOANS				---	---	---	---	---	---	---	---	---
CHILD SURVIVAL FUND												
595-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	78	C	---	---	---	---	---	50	20	---	30
TOTAL FOR ACCOUNT				---	---	---	---	---	50	20	---	30
GRANTS				---	---	---	---	---	50	20	---	30
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
595-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	75	C	---	234	118	---	116	---	---	---	---
595-0124 EXPORT MANAGEMENT TRAINING	G	86	88	5,336 5,650	---	---	2,400	1,009	1,125	1,500	1,811	2,000
596-0129 REG. AGRIC HIGHER EDUC	G	85	92	2,800 ---	---	---	---	---	1,200	900	1,100	1,000
596-1000 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	87	90	3,400 ---	---	---	---	---	600	350	1,000	600

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column -- All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

596 POCIP

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT					11,536 5,650	234	118	2,400	1,125	2,925	2,750	3,911	3,600
GRANTS					11,536 5,650	234	118	2,400	1,125	2,925	2,750	3,911	3,600
LOANS					---	---	---	---	---	---	---	---	---
SELECTED DEVELOPMENT ACTIVITIES													
596-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		75	80	---	2,148	1,053	1,249	892	750	900	750	800
596-0095 REGIONAL INDUSTRY ENERGY EFFICIENCY	G		82	87	5,800 5,850	3,950	2,263	1,000	790	850	1,500	---	1,290
596-0100 WATERSHED MANAGEMENT	G		83	92	4,500 4,500	3,100	603	1,400	1,042	---	1,500	---	1,355
596-0114 RUR. ECONOMIC RECOVERY	L		85	86	5,200 5,200	5,200	---	---	---	---	3,000	---	2,200
596-0124 EXPORT MANAGEMENT TRAINING	G		86	88	150 150	---	---	150	---	---	50	---	100
596-0143 R.U.A. SHELTER AND URBAN DEVELOPMENT	G		87	89	4,000 ---	---	---	---	---	1,000	500	1,400	1,900
596-0140 R.U.A. SHELTER AND URBAN DEVELOPMENT	L		87	89	3,500 ---	---	---	---	---	---	---	3,500	---
596-0146 RURAL ELECTRIFICATION SUPPORT	G		87	87	5,000 ---	---	---	---	---	5,000	2,500	---	2,000
TOTAL FOR ACCOUNT					23,150 15,700	14,398	3,919	3,799	2,724	7,600	9,950	5,650	9,645
GRANTS					19,450 10,500	9,198	3,919	3,799	2,724	7,600	6,950	2,150	7,445
LOANS					3,700 5,200	5,200	---	---	---	---	3,000	3,500	2,200

\*Refers to the planned project summary sheet

G Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

596 ROCAP

CP 88

PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
ECONOMIC SUPPORT FUND												
596-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	75	C	---	1,664	425	200	1,250	---	189	---	---
596-0114 REG. ECONOMIC RECOVERY	G	85	86	35,000 35,000	35,000	---	---	18,673	---	10,000	---	6,327
596-0129 REG. AGRIC HIGHER EDUC	G	85	92	33,800 11,000	11,000	---	---	120	---	4,800	---	4,000
596-0131 COOPERATIVE HOUSING INITIATIVE	G	85	85	10,000 10,000	10,000	---	---	4,780	---	3,500	---	1,720
596-0134 CENTRAL AMERICA ENERGY RESOURCES	G	85	88	21,200 11,200	10,200	1,341	1,000	6,638	5,000	5,500	5,000	5,500
596-0137 BUSINESSWOMEN IN CENTRAL AMERICA	G	85	85	2,000 2,000	2,000	---	---	850	---	900	---	250
596-0138 TRAINING FOR DEMOCRACY	G	85	85	1,000 1,000	1,000	109	---	552	---	339	---	---
596-0999 LOCAL COST SUPPORT	G	87	87	260 ---	---	---	---	---	260	260	---	---
TOTAL FOR ACCOUNT				108,260 70,200	70,864	1,875	1,200	32,863	5,260	25,488	5,000	17,797
GRANTS				108,260 70,200	70,864	1,875	1,200	32,863	5,260	25,488	5,000	17,797
LOANS				---	---	---	---	---	---	---	---	---
COUNTRY TOTAL				TOTAL 260,263 192,605	138,932	32,903	25,039	43,281	30,021	62,114	29,361	55,818
GRANTS				226,763 162,605	126,932	32,903	15,439	43,281	23,872	49,114	23,610	42,818
LOANS				33,500 30,000	12,000	---	9,600	---	6,149	13,000	5,751	13,000

\*Refers to the planned project summary sheet

CLevel of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

597 CENTRAL AMERICAN REGIONAL

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL	FY OF FINAL	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG-	EXPEN-	OBLIG-	EXPEN-	OBLIG-	EXPEN-	OBLIG-	EXPEN-
	G		OBLIG	OBLIG		ATIONS	DITURES	ATIONS	DITURES	ATIONS	DITURES	ATIONS	DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION													
597-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		86	C	---	---	---	1,794	662	1,377	1,200	800	750
TOTAL FOR ACCOUNT					---	---	---	1,794	662	1,377	1,200	800	750
GRANTS					---	---	---	1,794	662	1,377	1,200	800	750
LOANS					---	---	---	---	---	---	---	---	---
POPULATION PLANNING													
597-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		86	C	---	---	---	539	172	500	400	150	100
597-0014 MANAGEMENT LOGISTICS SYSTEM CENTER	G		86	87	500 250	---	---	250	---	250	250	---	250
597-0015 POPULATION INFORMATION CENTER	G		86	87	830 650	---	---	650	---	180	780	---	50
597-0018 POPULATION MANAGEMENT CENTER	G		87	88	750 ---	---	---	---	---	400	350	350	400
597-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G		86	C	---	---	---	---	---	---	---	1,250	250
TOTAL FOR ACCOUNT					2,080 900	---	---	1,439	172	1,330	1,780	1,750	1,050
GRANTS					2,080 900	---	---	1,439	172	1,330	1,780	1,750	1,050
LOANS					---	---	---	---	---	---	---	---	---

HEALTH

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

597 CENTRAL AMERICAN REGIONAL

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
597-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	349	111	95	110	50	200
597-0005 CHILD SURVIVAL/ACCELERATED IMMUNIZATION	G	86	88	2,632 2,632	---	---	2,632	263	---	200	---	1,500
597-0006 TECH DEVELOPMENT/TRANSFER IN HEALTH	G	86	88	2,000 1,500	---	---	1,500	150	---	700	500	300
597-0007 ESSENTIAL DRUGS & MALARIA	G	86	89	7,360 6,500	---	---	2,716	364	1,500	1,700	1,360	2,000
TOTAL FOR ACCOUNT				12,492 10,632	---	---	7,197	888	1,595	2,710	1,910	4,500
GRANTS				12,492 10,632	---	---	7,197	888	1,595	2,710	1,910	4,500
LOANS				---	---	---	---	---	---	---	---	---
CHILD SURVIVAL FUND												
597-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	---	---	45	35	50	55
597-0005 CHILD SURVIVAL/ACCELERATED IMMUNIZATION	G	86	88	3,548 3,148	---	---	2,500	250	648	700	400	2,000
TOTAL FOR ACCOUNT				3,548 3,148	---	---	2,500	250	693	735	450	2,055
GRANTS				3,548 3,148	---	---	2,500	250	693	735	450	2,055
LOANS				---	---	---	---	---	---	---	---	---

EDUCATION AND HUMAN RESOURCES

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

597 CENTRAL AMERICAN REGIONAL

CP 33

PROJECT NO. AND TITLE	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LDP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
597-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	1,274	427	752	750	700	900
597-0001 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	85	90	50,430 86,000	27,538	4,488	10,192	9,616	7,000	20,500	1,700	10,250
597-0008 FREE LABOR DEVELOPMENT (AIFLD)	G	86	C	---	---	---	1,500	924	2,000	1,500	1,500	2,000
597-0011 REGIONAL TECH AIDS CENTER	G	86	89	10,000 10,000	---	---	800	160	1,500	750	4,304	3,500
TOTAL FOR ACCOUNT				60,430 96,000	27,538	4,488	13,766	11,127	11,252	23,500	8,204	16,650
GRANTS				60,430 96,000	27,538	4,488	13,766	11,127	11,252	23,500	8,204	16,650
LOANS				---	---	---	---	---	---	---	---	---
SELECTED DEVELOPMENT ACTIVITIES												
597-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	301	23	738	450	1,800	750
597-0003 STRENGTHENING DEMOCRACY	G	85	C	---	---	---	---	---	---	---	2,000	1,000
597-0008 FREE LABOR DEVELOPMENT (AIFLD)	G	86	C	---	---	---	---	---	300	150	---	150
597-0012 CENTRAL AMERICAN LAW SCHOLARSHIPS	G	86	86	2,300 2,300	---	---	2,300	290	---	810	---	1,200
597-0016 ASSISTANCE TO NDPS IN CENTRAL AMERICA	G	86	86	150 150	---	---	150	15	---	115	---	20

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

597 CENTRAL AMERICAN REGIONAL

CP 88

PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				2,450 2,450	---	---	2,751	328	1,038	1,525	3,800	3,120
GRANTS				2,450 2,450	---	---	2,751	328	1,038	1,525	3,800	3,120
LOANS				---	---	---	---	---	---	---	---	
ECONOMIC SUPPORT FUND												
597-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	261	70	530	450	700	900
597-0001 CENTRAL AMERICA PEACE SCHOLARSHIPS	G	85	90	39,379 39,379	2,100	520	27,329	1,883	---	10,000	5,300	15,000
597-0002 REG. ADMINISTRATION OF JUSTICE	G	85	88	19,720 11,720	10,000	507	1,720	2,448	3,500	4,500	4,500	6,500
597-0003 STRENGTHENING DEMOCRACY	G	95	C	---	4,904	159	2,870	3,152	3,800	6,000	4,500	5,000
597-0004 TRADE CREDIT INSURANCE PROGRAM	G	95	86	20,000 20,000	10,000	---	10,000	---	---	---	---	---
597-0008 FREE LABOR DEVELOPMENT (AIFLD)	G	86	C	---	---	---	51	---	---	26	---	25
TOTAL FOR ACCOUNT				79,099 71,099	27,004	1,186	42,231	7,553	7,830	20,976	15,000	27,425
GRANTS				79,099 71,099	27,004	1,186	42,231	7,553	7,830	20,976	15,000	27,425
LOANS				---	---	---	---	---	---	---	---	

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

597 CENTRAL AMERICAN REGIONAL

CP 88

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-		
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	
COUNTRY TOTAL			TOTAL		160,099 184,229	54,542	5,674	71,678	20,980	25,115	52,426	31,914	55,550
			GRANTS		160,099 184,229	54,542	5,674	71,678	20,980	25,115	52,426	31,914	55,550
			LOANS		---	---	---	---	---	---	---	---	---

\* Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date. For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.



## THE CARIBBEAN

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	100,273	91,900	91,600
Loan	19,240	3,000	6,150
Grant	81,033	88,900	85,450
Economic Support Fund	144,896	93,365 <u>2/</u>	135,000
Loan	1,800	0	6,900
Grant	143,096	93,365	128,100
Other*	216 <u>1/</u>	0	0
TOTALS	245,385 <u>3/</u>	185,265	226,600
P.L. 480	80,468	107,265	81,095
Title I	62,900 <u>4/</u>	91,400 <u>4/</u>	72,000 <u>4/</u>
Title II	17,568	15,865	9,095
TOTALS	325,853	292,530	307,695

Footnotes:

1/ International Disaster Assistance

2/ The above total for ESF includes \$1,720,000 in local cost support.

3/ The total includes reobligations of \$5,000,000 deobligated in FY 1985 and \$5,000,000 deobligated in FY 1986 for a total reobligation of \$10,000,000 in FY 1986.

4/ Includes Title III level of \$15 million in each fiscal year 1986, 1987, 1988.

## THE CARIBBEAN

### Overview

The United States has strong national interests in promoting political stability as well as strengthening democratic institutions and respect for human rights throughout the Caribbean. These objectives can best be achieved by sustainable economic growth and social development, especially through programs that expand the participation of the poor in the benefits of growth and development. A.I.D. assistance programs in the Caribbean include Haiti, the Dominican Republic, Jamaica, and the Caribbean Regional program which covers Antigua, Dominica, Grenada, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines. All of these countries but Haiti are functioning democracies, with Haiti, the poorest country in the Western Hemisphere, now in the midst of a difficult transition from dictatorship.

The Caribbean is still adjusting to weak demand for many of its traditional exports and a reduction in intra-regional trade. Although some structural adjustment measures have already been adopted, major additional adjustments are needed. As all Caribbean markets are small, economic growth will depend to a great extent on increasing export earnings, particularly to markets outside the region.

Through the Caribbean Basin Initiative (CBI), the United States has sought to promote the region's development. The CBI offers improved access to U.S. markets and is a key factor for economic growth. The first three years of operations of the CBI trade provisions have been encouraging. Non-traditional exports -- the principal focus of the CBI -- have increased, especially for Haiti, Jamaica and the Dominican Republic. However, because of unfavorable developments in traditional commodity markets, particularly bauxite and sugar, sales of traditional products have dropped and overall export levels have slipped.

The Caribbean countries, however, are making progress toward economic stabilization, and have good prospects for economic growth if sound macroeconomic policies are maintained and adequate external financial assistance is available. The transitional government in Haiti has undertaken a far-reaching program of economic policy reforms. Severe balance-of-payments problems persist in countries such as Jamaica and the Dominican Republic which have heavy foreign debt service burdens. The countries of the Eastern Caribbean have begun a structural adjustment process with assistance from A.I.D., the World Bank, and other donors.

A.I.D.'s strategy is to encourage necessary economic adjustments, and at the same time to provide financial assistance to moderate the negative impact of such adjustments, particularly on the poorest groups. Over the medium and long term, prospects for sustained increases in economic growth and employment depend on measures to encourage capital inflows, establish suitable environments for investment in agricultural diversification, non-traditional exports, and tourism. The private sector must be the engine of growth.

The positive results of A.I.D.-sponsored economic policy reforms can be seen in the countries of the region. The Dominican Republic has set a realistic exchange rate, responsive to supply and demand, which has stabilized its currency at a level conducive to export competitiveness. The public sector deficit has been cut sharply and, not coincidentally, the inflation rate has fallen. In Jamaica, inflation has also fallen and positive real interest rates have encouraged more efficient resource allocation. However, high public sector deficits and a controlled exchange rate continue to inhibit full economic recovery. Haiti has acted boldly and effectively, with tax reform, improved revenue performance, and expenditure controls. The public sector deficit has dropped sharply even as investment in development programs is being increased. Several state monopolies have been dismantled and low import tariffs are replacing import quotas and other such protectionist measures. With U.S. support, 1988 could be a year of strong economic recovery and growth in the Caribbean if traditional commodity prices are relatively favorable.

Haiti, one of the poorest countries in the world, is a special case within the Caribbean. With annual per capita income of \$320, approximately 80% of Haitians have average incomes of under \$150 per year. Therefore, in addition to assistance with broad economic problems, A.I.D.'s support to Haiti includes major assistance for food production for domestic consumption, and investments in education, health, child survival, and population planning. A.I.D. assistance in these sectors, while an important component of our programs in the other Caribbean countries, does not receive the same levels of funding as these activities do in Haiti.

A.I.D.'s goals in the region are to assist the Caribbean countries to:

- complete the process of economic stabilization in countries where this has not yet been accomplished;
- undertake structural adjustments that will result in sustained economic growth led by private sector investment, especially in agricultural diversification, other non-traditional export activities, and tourism;
- achieve broad participation by low income groups in the benefits of growth, especially through delivery systems that improve health status, promote child survival, and make family planning services more widely available; and
- strengthen democratic institutions and respect for human rights, both by working directly with such institutions and by achieving a substantial increase and broader participation in training, especially in the United States.

#### FY 1988 Program Highlights

In order to achieve these goals, shared by the democratic countries in the Caribbean, we are requesting \$135 million in FY 1988 Economic Support Fund (ESF) resources, \$91.6 million in Development Assistance (DA) and P.L. 480 funding of \$81.1 million.

- In Haiti, the Dominican Republic and Jamaica, ESF will provide balance-of-payments assistance in support of continuing economic policy reforms. In the smaller countries of the Eastern Caribbean, the emphasis will be on continued development of productive infrastructure and structural adjustment policy reform measures.
- DA projects will concentrate on private sector activities in agricultural diversification, development of small industries, improvement in efficiency of delivery of social services and training.
- In Haiti, DA projects will continue to expand basic education opportunities (primarily through non-governmental organizations), and to improve the health and nutritional status of the rural and urban poor, especially children.
- In FY 1988, A.I.D. will expand training programs in the Caribbean with emphasis on training in the United States, especially through the Presidential Training Initiatives for the Island Caribbean program.



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (517) DOMINICAN REPUBLIC

\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS, MID 1986) 6,789  
 PER CAPITA GNP..... (DOLLARS, 1984) 990  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 3.2%  
 ANNUAL RATE OF INFLATION (1973-84) 9.0%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..(1976) 6.3%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
 (1986) TOTAL 61.1 MALE 59.3 FEMALE 63.1  
 (1970) TOTAL 53.8 MALE 52.1 FEMALE 55.6  
 ADULT LITERACY RATE (1981) TOTAL 72% MALE 73% FEMALE 72%

\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
 (1976-1985) -1.4%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 15%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 168  
 MAJOR CROP(S) ARABLE LAND YEAR  
 SUBSISTENCE: RICE ,BEANS-DRY ,ROOTS AND TUBERS 26% (1985)  
 CASH: SUGARCANE ,COFFEE ,COCOA BEANS 47% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) RAW SUGAR ,COFFEE ,TOBACCO  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,CORN ,EDIBLE OIL  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1981) 45%

\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
 (1981) 995 (82) 827 (83) 1,001  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
 (1981) 1,176 (82) 1,073 (83) 1,217  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
 (1981) -181 (82) -247 (83) -216  
 DEFENSE EXPENDITURES,  
 AS % OF TOTAL EXPENDITURES.. (1982) 10.4% (83) 8.8% (84) 12.8%  
 AS % OF GNP..... (1982) 1.3% (83) 1.2% (84) 1.5%  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
 (\$MILLIONS, U.S.) (1983) 203 (84) 261 (85) 346  
 EQUIVALENT TO 2.5 MONTHS OF IMPORTS (1984)

\*FOREIGN TRADE\*

MAJOR EXPORTS(1984)SUGAR ,GOLD ALLOY ,FERRONICKEL  
 EXPORTS TO U.S.  
 (\$ MILLIONS, US, FOB) (1983) 541 (1984) 671 (1985) 852  
 AS % OF TOTAL EXPORTS (1982) 62% (1983) 79% (1984) 81%  
 MAJOR IMPORTS(1984)FOODSTUFFS ,PETROLEUM ,INDUST. RAW MAT  
 IMPORTS FROM U.S.  
 (\$ MILLIONS, US, CIF) (1983) 505 (1984) 472 (1985) 760  
 AS % OF TOTAL IMPORTS (1982) 52% (1983) 45% (1984) 39%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1982) -490(83) -497(84) -381  
 TRADING PARTNERS: UNITED STATES ,VENEZUELA ,JAPAN  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 50.3%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
 (\$ MILLIONS, U.S.)..... (1984) 146  
 AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 10.7%

\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 3.0% (1978) 2.8% (1986) 2.5%  
 POPULATION IN URBAN AREAS.....(1970) 40% (1986) 57%  
 TOTAL FERTILITY RATE.....(1970) 7 (1986) 4  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1983) 36.0%  
 POPULATION (1986) IN AGE GROUP:  
 (0-14YRS) 39.9% (15-64YRS) 57.2% (65+ YRS) 2.9%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 72  
 PEOPLE PER PHYSICIAN..... (1983) 1,386  
 MAJOR CAUSES OF DISEASE ( )  
 DEATH.. (1982) COND. PERINATAL ,PULMONARY CIRCUL ,INTESTINAL INFEC  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 95%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 59%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1981) TOTAL 63.8 MALE 62.3 FEMALE 65.6  
 SECONDARY..... (1981) TOTAL 73.8 MALE 73.0 FEMALE 74.8  
 POST SECONDARY.. (1981) TOTAL 44.8 MALE 45.3 FEMALE 45.2  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 2.1%

## DOMINICAN REPUBLIC

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	26,501	17,500	20,000
Loan	11,240	3,000	6,150
Grant	15,261	14,500	13,850
Economic Support Fund	40,000	20,000 <sup>1/</sup>	35,000
Loan	0	0	0
Grant	40,000	20,000	35,000
Other*			
TOTALS	66,501 <sup>2/</sup>	37,500	55,000
P.L. 480	14,389	31,713	21,294
Title I	12,900	30,000	20,000
Title II	1,489	1,713	1,294
TOTALS	80,890	69,213	76,294

## Footnotes:

<sup>1/</sup> The above total for ESF includes \$165,000 in local cost support.

<sup>2/</sup> The total includes reobligation of \$2,000,000 deobligated in FY 1986.

PERSONNEL DATA - MISSION DIRECT HIRE<sup>a</sup>

Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	19.5	20	20
Foreign National	31	30	30
TOTALS	50.5	50	50

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA<sup>a</sup>

Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	76	121	197	109	210	319	130	211	341
Regional <sup>e</sup>	14	18	32	25	9	34	3	5	8
Third Country Participants									
Bilateral <sup>d</sup>	9	36	45	15	30	45	10	20	30
Regional <sup>e</sup>		3	3						
TOTALS	99	178	277	149	249	398	143	236	379

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.

<sup>b</sup>Academic: degree seeking.

<sup>c</sup>Technical: non-degree seeking.

<sup>d</sup>Participants funded under bilateral programs.

<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## DOMINICAN REPUBLIC

### Introduction

The Dominican Republic, with a projected per capita gross domestic product (GDP) of \$900 in 1986, is just beginning to recover from a severe economic crisis which produced a 6.5% decline in per capita GDP in 1983 and 1984. A.I.D. assistance, along with an International Monetary Fund (IMF) standby program which the Government of the Dominican Republic (GODR) successfully completed in April 1986, was instrumental in encouraging the government to adopt several important economic policy reforms, including the establishment of a unified, market-determined exchange rate, the reduction or elimination of costly subsidies on basic commodities and services, and the implementation of a series of monetary and fiscal adjustments. As a result of these measures, an important degree of economic stability was achieved by mid-1986. Sharply lower prices for imported petroleum and lower world interest rates combined with these sensible policies caused the market-determined exchange rate to appreciate by some 10% from average 1985 levels and to stabilize. These factors contributed to a reduction in net price inflation for the first half of 1986 to less than 1%. The improved alignment of relative prices, as well as increased investor confidence, has served both to broaden the country's export base and stimulate renewed economic activity.

However, during the period immediately preceding the May 1986 elections and the transition period which followed, there was some lessening in the GODR's political resolve to maintain its economic austerity program. The GODR is again facing short-term fiscal and balance-of-payments problems. In addition, the Dominican Republic's economic difficulties reflect basic structural problems which must be addressed in order to permit long-term, sustained economic growth to take place. These problems include: (1) dependence on a few primary exports with widely fluctuating world prices; (2) predominance of inefficient, capital-intensive domestic industries which enjoy substantial tariff protection but provide insufficient new jobs for the expanding workforce; (3) failure of agricultural production to achieve its potential because of price disincentives, inefficiently managed public lands, insufficient infrastructure, and inadequate support for small farmers who produce primarily for the domestic market; (4) inadequate policy incentives for the promotion of non-traditional exports; (5) shortage of trained managers and technicians; and (6) scarce resources for financing public sector social programs.

The U.S. national interest is promoted and supported by a democratic Dominican Republic with an open, growing economy and continuing positive relations with the United States. The GODR consistently has supported the United States on key issues in international fora. As a functioning democracy in which human rights are respected, the Dominican Republic shares common ideals with the United States. Strong cultural and educational ties link the two countries. Thousands of Dominicans have studied in the United States and continue to maintain professional contacts with U.S. institutions. The Dominican Republic is a leading importer of U.S. goods in the Caribbean, and a growing exporter. Total U.S. private investment in the

country is estimated at more than \$500 million. The Dominican Republic has been designated as a beneficiary country under the Caribbean Basin Initiative (CBI).

#### A.I.D. Development Strategy and Accomplishments to Date

It is important to U.S. interests that the Dominican Republic successfully manage its immediate financial problems, continue implementation of its economic adjustment program leading to recovery and self-sustaining growth, expand the private sector's role in development, and improve the investment and trade climate. A.I.D.'s strategy and policy dialogue with the GODR are directed toward achieving financial stability in the short term, and economic recovery over the longer term, including: private sector investment and increased exports of non-traditional products; agricultural diversification; and development of supporting institutional, physical, and social infrastructure.

Economic Support Fund (ESF). A principal objective of ESF assistance is to provide balance-of-payments support while the GODR is undertaking difficult adjustment measures to solve short-term external and internal financial imbalances. From September 1982 through September 1986, \$83 million in loans and \$135 million in grants have been provided to the GODR through the Private Enterprise Sector Development project (517-0171). These resources have enabled the GODR to: (1) carry out crucial economic reforms, such as the unification of the exchange rate; (2) successfully conclude an IMF standby program; (3) remove price subsidies on a number of domestically produced food commodities, particularly on rice; (4) eliminate a number of export restrictions; and (5) permit the leasing of state sugar lands to private producers of non-traditional crops, which will facilitate implementation of an export-oriented growth strategy. An additional \$20 million in ESF is planned for FY 1987 to encourage future policy changes such as the elimination of the government's monopoly role in the marketing of basic commodities, shifting those market activities to the private sector; streamlining public sector operations to generate a current account surplus to augment productive public investment; and development of an aggressive program of sugar diversification to reduce the country's dependence on traditional exports which are subject to sharp world market price fluctuations.

Agriculture, Rural Development and Nutrition. A.I.D.'s related strategy for agricultural diversification is directed at reducing the GODR's dependence on three traditional crops by increasing the production and export of non-traditional crops. The Dominican Republic has long depended on a sugar-based agricultural economy, and sugar still accounts for 35% of total export earnings. However, because of drastically reduced U.S. import quotas and continued low international prices, much land now devoted to sugar production should be used to produce higher value crops with better long-term market prospects. Emphasis is being given to fresh fruits and vegetables. These commodities are being successfully produced by small farmers under contract with agribusinesses who handle the packing, shipping, and marketing functions. The centerpiece of the A.I.D. effort to stimulate diversification into non-traditional crops with export potential is the

recently approved \$18.06 million Agribusiness Promotion project (517-0186). Under this activity, \$15.56 million in loan funds are being provided for credit channelled through the Central Bank to commercial and development banks for financing production of non-traditional, agro-industrial products. Financing is provided to private borrowers at commercial rates of interest and is creating an efficient model for increasing private sector access to credit. In the ten months since this financing was established within the Central Bank, 41 loan sub-projects have been approved and over \$21 million in A.I.D. loan and counterpart funds have been made available. Estimates indicate that these projects will generate around \$230 million in foreign exchange earnings over the next five years and could provide employment for as many as 35,000 persons. The project also encourages direct foreign investment in the Dominican Republic. Of the sub-projects approved to date, 14% of investor equity is foreign-based. The grant element of the project provides \$2.5 million through the Joint Agricultural Consultative Committee for technical assistance to U.S. and Dominican organizations who wish to help promising agribusiness ventures to find foreign partners, locate markets, or conduct feasibility studies of potential new areas for investment. Thus far, 15 Dominican firms have been matched with U.S. buyers, 50 U.S. firms have been advised on likely Dominican partners for joint ventures, 3 joint ventures are under way, and 5 new investments are under study.

In FY 1987, agricultural projects will focus even more tightly on stimulating commercial farming enterprises to diversify production. These efforts are closely linked to the development of agribusinesses outlined above. The Commercial Farming Systems project (517-0214) will help combine private and public sector resources for technology development. This \$14 million project will address the major bottlenecks to the expansion of non-traditional export agriculture in the Dominican Republic. A \$5 million FY 1987 Sugar Diversification project (517-0236) will provide assistance in the development and implementation of a major effort to shift production from sugar to non-traditional crops. This project will assist investors who wish to lease or purchase lands owned by the government sugar company. Technical assistance will be offered to small farmers who wish to diversify their production from sugar into crops with improved export potential. Feasibility studies by new investors will also be financed. Long-term credit will be provided from local currency associated with the \$24.5 million FY 1986 Section 416 sugar quota reduction offset program.

The Rural Savings Mobilization project (517-0179) has generated \$3 million in savings through 23 branches of the Agricultural Bank and the number of new savings accounts has almost doubled in the past year, growing from 18,000 to 34,500. Building on this successful project, A.I.D. will expand financial services to smaller clients living in rural areas, with emphasis given to those areas of the country with the highest concentration of non-traditional crop production. The Commercial Farming Systems project will include a component for credit through agribusinesses to outgrowers of non-traditional crops.

A.I.D. will continue to support GODR efforts to improve maintenance and rehabilitation of rural access roads through the Rural Roads Maintenance II

project (517-0177) where over 1,600 miles of rural roads have been repaired and 185 miles have been completely rehabilitated. These roads provide improved access to agricultural inputs by farmers and transportation of agricultural products to both export and domestic markets. Conservation and more efficient generation of electrical energy are being achieved through the Energy Conservation and Resource Development project (517-0144). Administrative, managerial, and technical skills of private and public sector personnel, including those in tourism, are being upgraded through the Graduate Management Training project (517-0157).

Health and Population Planning. Because the GODR faces severe budget limitations on expenditures for public social programs, A.I.D.'s strategy emphasizes alternate approaches to improving and expanding these services while reducing the public sector's cost burden. The objective of our activities is to provide greater coverage of needed health care and voluntary family planning services by reinforcing the private sector's capacity to meet these needs. A pilot project offering family planning services was recently completed after having trained 1,225 promoters who work in rural areas. The government-operated National Council for Population and the Family (CONAPOFA) expanded its services at its clinics to include evening hours and provided assistance to almost 11,500 women, some 3,000 of whom were new acceptors. With A.I.D. grant funds, CONAPOFA has trained key staff in the United States and has done important surveys on attitudes toward family planning and population issues. In addition, the Institute for Population and Development Studies currently has five studies under way, among them a study on the relationship between health and family planning. These studies provide the basis for improved program targeting and more effective information and education activities.

As a result of the successful pilot project, A.I.D. approved \$5.6 million for the Family Planning Services Expansion project (517-0229) late in FY 1986. The new activity will be jointly implemented by CONAPOFA and a private, non-profit family planning organization, PROFAMILIA. The two institutions, one public, the other private, have agreed to a division of labor which will allow them to offer family planning services over a much greater area of the major urban and selected rural areas.

Continued improvement in earnings from the tourist industry, which provides 40% of the country's foreign exchange earnings, could be threatened unless malarial mosquito infestation in north coastal areas is brought under control. To combat the spread of malaria in the most affected areas, in FY 1986 A.I.D. began a Vector Control Program (517-0235) that made \$1.5 million available for training malaria eradication control personnel in the use of ecologically sound methods of controlling mosquitos and the application of other vector control techniques. OPG's will support child survival activities, including oral rehydration therapy, promotion of breast feeding, immunization against endemic diseases, and reduction of infectious respiratory ailments.

Education and Human Resources Development. The activities financed under this account also support the private sector-oriented program direction, by meeting the need for managers and technicians in agriculture, agribusiness,

and industry. An ongoing Human Resources Development project (517-0127) provides funding to some 28 participating institutions which offer careers in 52 technical areas. Over 3,200 loans have been provided to low-income students, and a job placement center has been established to assist in identifying technical skills which are in demand and in locating jobs for graduates. The \$6.5 million Graduate Management Training project (517-0157) provides instruction in Business Administration and Public Administration. So far, 50 students have received MBA or MPA degrees. In recognition of the fact that tourism is the country's largest foreign exchange earner, a component for training in hotel management and tourism was recently added to this project.

Late in FY 1986, A.I.D. signed an agreement with the National Council of Businessmen of the Dominican Republic for a Development Training project (517-0216). The \$7 million grant will train professional, technical, and managerial personnel for export-oriented industrial and agricultural enterprises. Short-term training will be given to some 250 participants, and funding made available for 8 PhDs and 55 Masters degrees. A component of the project will link the National Council of Businessmen, the Partners of the Americas, and the Michigan Partners and provide scholarships in Michigan for long-term training at the graduate level and in short courses.

Selected Development Activities. The objectives of A.I.D. assistance provided under this account are to encourage the expansion of private investment in industry and agriculture, develop a broader base of non-traditional exports, and stimulate the growth of small businesses. The two major continuing activities are the Export and Investment Promotion project (517-0190) and the Small Industry Development project (517-0150). The first project is implemented through a private, non-profit organization, the Investment Promotion Council, whose purpose is to coordinate promotion of investments and exports. The Council provides grants to organizations such as the Association of Dominican Exporters and the American Chamber of Commerce to improve their services to potential U.S. investors. The Council hosts from four to eight investment missions per month from the United States, Germany, Korea, Taiwan, and Scandinavia. The Council has provided assistance to 50 foreign companies interested in establishing operations in the Dominican Republic, including Korean investment in a free zone, and commercial missions from Florida, Colombia, Japan, China, and Italy. Also, the Council recently financed a study on how to improve the policies of, and financing for, free trade zones.

The Small Industry Development project with the Central Bank provides credit and technical assistance to small businesses. Six regional technical assistance centers have been established and offer training and other business advisory services to 335 Dominican firms. Finally, a \$499,000 Microbusiness Development operational program grant (OPG) project (517-0208) has made available funding for technical advice and operational expenses to the Association for the Development of Microenterprises (ADEMI). To date, ADEMI has made loans totaling \$2.7 million to about 8,000 small businesses in Santo Domingo and nearby cities.

Section 709 of the International Security and Development Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following supplemental information on assistance to the Dominican Republic in FY 1986 is provided as partial fulfillment of that requirement:

A. Training: In FY 1986, A.I.D. provided academic and technical training to 277 participants in the following fields of study: agriculture (134); export promotion and agribusiness (49); vocational and technical education (24); natural resources (23); energy (17); family planning (13); management(10); and health (7).

B. The types of goods associated during FY 1986 with ESF cash transfers by A.I.D. to the Dominican Republic are as follows:

<u>Types of Goods</u>	<u>Value</u>
U.S. Raw Materials	\$24.4 million
U.S. Intermediate and Capital Goods	<u>0.3 million</u>
TOTAL	\$24.7 million

C. Local currency associated with A.I.D. assistance to the Dominican Republic was allocated by A.I.D. and the GODR for the following uses in FY 1986. (There was a total of \$25.1 million in local currency available for allocation at the beginning of FY 1986, and an equivalent of \$40 million was added during FY 1986.)

Economic Stabilization	\$ 9.8 million
Private Sector Export Promotion	18.4 million
Productive Infrastructure	25.3 million
Agricultural Diversification	6.5 million
Trust Fund and Other	<u>5.1 million</u>
TOTAL	\$65.1 million

D. Reprogramming of funds for the Dominican Republic during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation document:

(\$000)	Total	ARDN	PP	HE	CS	EHRD	SDA	ESF
- Estimated FY 1986 Obligations	64,500	9,100	2,450	1,300	-	4,531	7,119	40,000
- Actual FY 1986 Obligations	66,501	9,097	2,449	1,249	-	6,531	7,175	40,000

E. Funds and Programs provided to the Dominican Republic in FY 1986 through non-governmental as contrasted to governmental channels:

	<u>Non-governmental</u>	<u>Government of the Dominican Republic</u>
DA	\$18.454 million ( 70%)	\$ 8.047 million ( 30%)
ESF	- 0 -	40.000 million (100%)
P.L. 480 Title I	- 0 -	12.900 million (100%)
P.L. 480 Title II	1.489 million (100%)	- 0 -
Section 416	<u>- 0 -</u>	<u>8.600 million (100%)</u>
TOTAL	\$19.943 million (22%)	\$69.547 million (78%)*

\*Although ESF and P.L. 480 Title I resources were provided through government channels, the private sector was the major beneficiary of these funds and programs. ESF dollars provided foreign exchange which facilitated the import of U.S. raw materials and goods needed by Dominican businesses. P.L. 480 Title I included imports of wheat and vegetable oil which were sold for distribution through private commercial channels. Also, the equivalent of \$60 million in local currency associated with these ESF and P.L. 480 Title I resources are being applied to private sector activities, as summarized in paragraph C. above.

FY 1988

A.I.D. requests \$35 million in ESF, \$20 million in Development Assistance (DA), and \$21.3 million in P.L. 480 to support the GODR's efforts to maintain economic stability and to implement structural reforms needed for sustained non-inflationary economic growth. ESF balance-of-payments support will continue to facilitate implementation of structural reforms necessary to diversify the Dominican Republic's economic base, and promote private sector export growth. In addition to the GODR's continued commitment to economic adjustments already adopted, the GODR is expected to implement further measures to reduce government price controls for basic commodities and to further expand the role of the private sector in the domestic marketing of these commodities; implement an aggressive program of sugar diversification designed to reduce the country's dependence on traditional exports subject to world market price fluctuations; and develop a policy framework and program to permit the privatization of inefficient state enterprises.

Agriculture, Rural Development and Nutrition. Some \$8 million is requested, of which \$5.85 million is for the ongoing Commercial Farming System project (517-0214) and \$1.75 million is for the Sugar Diversification project (517-0236), both started in FY 1987. Program Development and Support funds (517-0000) totaling \$400,000 will be used for evaluations, studies, and future project development.

Population Planning. A.I.D. requests \$1.55 million, of which \$1.5 million is to complete funding of the Family Planning Services project (517-0229), and \$50,000 is for Program Development and Support funds for population studies, conferences and evaluations of centrally-funded activities.

Health. Some \$1.45 million is requested, including \$1.3 million to begin the Self-Financing Health Care project (517-0230) which will support creation of a private health maintenance organization for basic health services. Also, \$150,000 is requested for Program Development and Support for health sector studies and new project development.

Child Survival. Some \$500,000 is requested for the Self-Financing Health Care project (517-0230) for child survival activities, including oral rehydration therapy, promotion of breast feeding, immunization against endemic diseases, and reduction of infectious respiratory ailments.

Education and Human Resources. A.I.D. requests \$2.25 million, of which \$620,000 is for the Development Training project (517-0216), \$1.1 million is for the Presidential Training Initiative for the Island Caribbean project (517-0640), \$380,000 for training activities under the Export and Investment Promotion project (517-0190), and \$150,000 for Program Development and Support for evaluations, sector studies involving the role of academia and the private sector, and general program support.

Selected Development Activities. Some \$6.25 million is requested for two new projects to expand private investment in the industrial and agricultural sectors, to both develop a broader base of non-traditional exports and to reduce government expenditures on subsidies to state-owned businesses. This includes \$3.3 million proposed for the Privatization of State Enterprises project (517-0237) to identify alternatives to public sector ownership and operation of some 51 enterprises in which the government holds either a majority or a minority position through its holding company (CORDE). Grant funds will provide technical assistance to CORDE to analyze specific investment opportunities, to identify potential investors interested in purchasing individual companies, and to assist new management in the initial stages of acquisition. Other alternatives, such as management contracts, leasing, and joint public and private ventures, will also be explored. Loan funds will provide medium and long-term working capital and investment credits to private borrowers to finance the costs of rehabilitating and operating individual companies. Also, \$2 million is requested for the new Industrial Production Technology project (517-0238), whose purpose is to assist small and medium-sized firms to obtain new technological information and access new processes designed to improve their industrial design, the quality control of their output and their product standards. Some \$550,000 is requested for a new Artisanal Promotion OPG to increase exports of handicraft items manufactured by small enterprises which would also receive technical assistance in product design and marketing services through a link-up with an American retail organization. Finally, \$50,000 is requested for continued support to the Special Development Activities Fund (517-0050), which finances small rural self-help projects with Peace Corps volunteers' participation; and \$350,000 is requested for Program Development and Support (517-0000) for project development costs, evaluations, and studies related to private sector activities.

P.L. 480 Program. Some \$20 million is proposed under Title I for the importation of wheat and vegetable oil. Local currency associated with the sale of these commodities is programmed jointly by A.I.D. and the GODR for

projects designed to alleviate agricultural problems and increase production. The program is an excellent instrument for policy dialogue to encourage the GODR to modify counterproductive policies such as price controls and subsidies on farm products. The \$1.3 million proposed for Title II will provide foodstuffs to be distributed by the Cooperative for American Relief Everywhere (CARE) for maternal and child health programs, including oral rehydration therapy (ORT) activities.

Mission Director: Henry H. Bassford

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

517 DOMINICAN REPUBLIC

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- EXPEN- ATIONS DITURES	-ACTUAL FY86- OBLIG- EXPEN- ATIONS DITURES	-ESTIMATED FY87- OBLIG- EXPEN- ATIONS DITURES	-PROPOSED FY88- OBLIG- EXPEN- ATIONS DITURES				
AGRICULTURE, RURAL DEV. AND NUTRITION												
517-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	62	C	---	9,387	9,238	297	323	320	400	400	400
517-0125 RURAL DEVELOPMENT MANAGEMENT	G	81	86	1,600 1,600	1,100	955	500	128	---	450	---	67
517-0126 NATURAL RESOURCES MANAGEMENT	G	81	84	500 500	500	364	---	105	---	31	---	---
517-0126 NATURAL RESOURCES MANAGEMENT	L	81	84	10,500 10,500	10,500	4,361	---	1,245	---	2,000	---	2,500
517-0130 RURAL FEEDER ROADS	L	79	80	10,000 10,000	10,000	9,769	---	---	---	231	---	---
517-0144 ENERGY CONSERVATION AND RESOURCES DEV	G	82	84	3,114 3,114	3,114	2,789	---	231	---	94	---	---
517-0144 ENERGY CONSERVATION AND RESOURCES DEV	L	82	84	5,268 5,268	5,268	1,910	---	2,961	---	397	---	---
517-0150 SMALL INDUSTRY	G	82	82	595 595	595	203	---	---	---	150	---	214
517-0150 SMALL INDUSTRY	L	82	82	3,500 3,500	3,500	2,001	---	552	---	600	---	347
517-0156 AGRICULTURE POLICY ANALYSIS	G	84	84	500 500	500	79	---	118	---	290	---	13
517-0159 ON - FARM WATER MANAGEMENT	L	83	83	12,000 12,000	12,000	643	---	1,345	---	2,000	---	2,500
517-0160 AGRICULTURAL SECTOR TRAINING	L	83	83	3,450 3,450	3,450	437	---	187	---	450	---	750
517-0173 FORESTRY MANAGEMENT	G	84	85	2,000 2,000	2,000	---	---	---	---	250	---	750

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

517 DOMINICAN REPUBLIC

CP 88

PROJECT NO. AND TITLE	• L / G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHO	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
517-0177 RURAL ROADS MAINTENANCE (PVO)	L	83	86	15,000 15,000	12,800	2,349	2,200	1,955	---	3,000	---	4,000
517-0179 SAVINGS MOBILIZATION I	G	83	85	950 950	950	334	---	106	---	510	---	---
517-0186 AGRI-BUSINESS PROMOTION	G	85	86	2,500 2,500	1,740	---	760	28	---	750	---	1,500
517-0186 AGRI-BUSINESS PROMOTION	L	85	86	15,560 15,560	10,220	---	5,340	11,220	---	4,340	---	---
517-0214 COMMERCIAL FARMING SYSTEMS	G	87	89	4,000 ---	---	---	---	---	1,500	---	2,000	400
517-0214 COMMERCIAL FARMING SYSTEMS	L	87	89	10,000 ---	---	---	---	---	3,000	---	3,850	2,000
517-0236 SUGAR DIVERSIFICATION	G	87	88	5,000 ---	---	---	---	---	3,275	---	1,750	300
TOTAL FOR ACCOUNT				106,037 87,037	87,624	35,432	9,097	20,504	8,095	15,943	8,000	15,741
GRANTS				20,759 11,759	19,886	13,962	1,557	1,039	5,095	2,925	4,150	3,644
LOANS				85,278 75,278	67,738	21,470	7,540	19,465	3,000	13,018	3,850	12,097
POPULATION PLANNING												
517-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	82	C	---	333	162	149	217	50	125	50	50
517-0229 FAMILY PLANNING SERVICES	G	86	88	5,600 2,300	---	---	2,300	---	1,800	350	1,500	750

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

517 DOMINICAN REPUBLIC

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT					5,600 2,300	333	162	2,449	217	1,850	475	1,550	800
GRANTS					5,600 2,300	333	162	2,449	217	1,850	475	1,550	800
LOANS					---	---	---	---	---	---	---	---	---
HEALTH													
517-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		62	C	---	817	762	249	117	1,105	800	150	500
517-0120 HEALTH SECTOR II	L		79	79	8,000 8,000	8,000	7,035	---	557	---	408	---	---
517-0153 HEALTH SYSTEMS MANAGEMENT	G		84	85	1,500 1,500	1,500	---	---	1	---	450	---	600
517-0174 HEALTH AND NUTRITION EDUCATION - OPG	G		83	84	495 495	495	261	---	---	---	100	---	134
517-0230 SELF-FINANCING HEALTH CARE	*G		88	89	2,500 ---	---	---	---	---	---	---	1,300	300
517-0230 SELF-FINANCING HEALTH CARE	*L		88	89	5,000 ---	---	---	---	---	---	---	---	---
517-0232 CARE - RURAL WATER OPG	G		85	85	430 430	430	---	---	48	---	150	---	175
517-0235 VECTOR CONTROL	G		86	87	1,500 1,500	---	---	1,000	---	500	500	---	500
517-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G		78	C	---	---	---	---	---	2,750	500	---	1,500

\*Refers to the planned project summary sheet

C=Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

517 DOMINICAN REPUBLIC

CP 88

PROJECT NO. AND TITLE	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				19,425 11,925	11,242	8,058	1,249	723	4,355	2,908	1,450	3,709
GRANTS				6,425 3,925	3,242	1,023	1,249	166	4,355	2,500	1,450	3,709
LOANS				13,000 8,000	8,000	7,035	---	557	---	408	---	---
CHILD SURVIVAL FUND												
517-0230 SELF-FINANCING HEALTH CARE	*G	88	89	500 ---	---	---	---	---	---	---	500	200
TOTAL FOR ACCOUNT				500 ---	---	---	---	---	---	---	500	200
GRANTS				500 ---	---	---	---	---	---	---	500	200
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
517-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	62	C	---	872	719	150	123	180	200	150	175
517-0127 HUMAN RESOURCES DEVELOPMENT	G	81	81	1,150 1,150	1,150	607	---	221	---	175	---	147
517-0127 HUMAN RESOURCES DEVELOPMENT	L	81	81	4,250 4,250	4,250	1,090	---	531	---	700	---	700
517-0157 GRADUATE MANAGEMENT TRAINING	G	83	87	6,500 6,500	6,119	1,861	381	593	---	1,200	---	1,200
517-0160 AGRICULTURAL SECTOR TRAINING	L	83	83	1,550 1,550	1,550	---	---	---	---	250	---	250
517-0163 RADIO SANTA MARIA - OPG	G	82	85	425 425	425	238	---	85	---	102	---	---
517-0190 EXPORT INVESTMENT PROMOTION	G	86	88	2,500 2,500	---	---	1,500	---	620	850	380	1,400

\*Refers to the planned project summary sheet

CLevel of effort activity

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For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

517 DOMINICAN REPUBLIC

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-		
						OBLIGATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	
517-0216 DEVELOPMENT TRAINING	G		86	89	7,000 7,000	---	---	4,500	---	500	1,500	620	1,300	
517-0640 PTIIC	G		87	88	2,200 ---	---	---	---	---	1,100	300	1,100	1,000	
TOTAL FOR ACCOUNT					25,575 23,375	14,366	4,514	6,531	1,558	2,400	5,277	2,250	6,172	
GRANTS					19,775 17,575	8,566	3,424	6,531	1,027	2,400	4,327	2,250	5,222	
LOANS					5,800 5,800	5,800	1,090	---	531	---	950	---	950	
SELECTED DEVELOPMENT ACTIVITIES														
517-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		62	C	---	---	1,426	1,151	486	353	515	750	350	450
517-0050 SPECIAL DEVELOPMENT ACTIVITIES	G		62	C	---	---	1,100	1,090	39	42	85	55	50	50
517-0144 ENERGY CONSERVATION AND RESOURCES DEV	G		82	86	2,600 2,600	1,600	816	1,000	752	---	750	---	282	
517-0144 ENERGY CONSERVATION AND RESOURCES DEV	L		82	86	6,550 6,550	6,550	---	---	949	---	3,000	---	2,601	
517-0150 SMALL INDUSTRY	G		82	84	255 255	255	111	---	---	---	75	---	69	
517-0150 SMALL INDUSTRY	L		82	84	1,500 1,500	1,500	---	---	---	---	1,500	---	---	
517-0164 HOUSING APPROPRIATE TECHNOLOGY - JPS	G		83	85	478 478	478	355	---	77	---	46	---	---	
517-0186 AGRI-BUSINESS PROMOTION	L		85	86	1,740 1,740	540	---	1,200	---	---	1,740	---	---	
517-0190 EXPORT INVESTMENT PROMOTION	G		85	87	3,500 3,500	1,850	---	1,450	201	200	1,500	---	1,600	

\*Refers to the planned project summary sheet

CLevel of effort activity

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For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

517 DOMINICAN REPUBLIC

CP 88

PROJECT NO. AND TITLE	* L / INITIAL OBLIG	FY OF FINAL OBLIG	FY OF PLANNED AUTHD	-THROUGH FY85- OBLIG- EXPEN- ATIONS DITURES	-ACTUAL FY86- OBLIG- EXPEN- ATIONS DITURES	-ESTIMATED FY87- OBLIG- EXPEN- ATIONS DITURES	-PROPOSED FY88- OBLIG- EXPEN- ATIONS DITURES			
517-0201 MICROBUSINESS DEVELOPMENT - OPS	G	84	85	499 499	499 298	---	142 59	---	---	
517-0210 BI-NATIONAL CENTER - OPB	G	84	84	250 250	250 78	---	---	172	---	
517-0218 ODE REVENUE COLLECTION	G	86	86	500 500	---	---	500	---	200	
517-0218 ODE REVENUE COLLECTION	L	86	86	2,500 2,500	---	---	2,500	---	500	
517-0237 PRIVATIZATION OF STATE ENTERPRISES	*G	83	91	3,000 ---	---	---	---	---	---	
517-0237 PRIVATIZATION OF STATE ENTERPRISES	*L	88	91	15,000 ---	---	---	---	---	---	
517-0238 INDUSTRIAL PRODUCTION TECH	*G	83	91	6,000 ---	---	---	---	---	---	
517-9999 PRIVATE AND VOL ORGANIZATIONS - OPB'S	G	78	C	---	---	---	---	---	---	
TOTAL FOR ACCOUNT				44,372 20,372	16,042 3,899	7,175 2,516	800 10,347	6,250 7,252		
GRANTS				17,082 3,082	7,458 3,899	3,475 1,567	800 3,607	3,950 2,651		
LOANS				27,290 12,290	8,590 ---	3,700 949	---	6,740 2,300	4,601	
ECONOMIC SUPPORT FUND										
517-0171 PRIVATE ENTERPRISE SECTOR DEVELOPMENT	G	82	90	225,000 135,000	95,000 95,000	40,000 40,000	19,835 19,835	35,000 35,000		
517-0999 LOCAL COST SUPPORT	G	87	87	165 ---	---	---	---	165	---	

\*Refers to the planned project summary sheet

224

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

517 DOMINICAN REPUBLIC

CP 85

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				225,165 135,000	95,000	95,000	40,000	40,000	20,000	19,835	35,000	35,000
GRANTS				225,165 135,000	95,000	95,000	40,000	40,000	20,000	19,835	35,000	35,000
LOANS				---	---	---	---	---	---	---	---	---
COUNTRY TOTAL				TOTAL 426,674 280,009	224,613	147,065	66,501	65,518	37,500	54,735	55,000	69,874
				GRANTS 295,306 178,641	134,485	117,470	55,261	44,016	34,500	33,669	48,850	51,226
				LOANS 131,368 101,368	90,128	29,595	11,240	21,502	3,000	21,116	6,150	17,648

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

PROGRAM: DOMINICAN REPUBLIC

PLANNED PROGRAM SUMMARY SHEET

Title Self-Financing Health Services		Funding Source CS 500 (G)	AG, RD & N	Health 1,300 (G)	PROPOSED OBLIGATION (In thousands of dollars)		
Number 517-0230		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	FY 88 CS 500(G) HE 1,300(G)	Life of Project Funding HE 2,500(G) CS 500(G) HE 5,000(L)
<input checked="" type="checkbox"/> GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING						Initial Obligation FY 88	Estimated Final Obligation FY 89
							Estimated Completion Date of Project FY 91

PURPOSE: To create a self-financing, private sector health maintenance organization (HMO) capable of providing basic health services to low income workers and their families, and/or residents of marginal neighborhoods of the city of Santo Domingo.

PROJECT DESCRIPTION: While public health services are the main source of health care for most Dominicans, the public health sector is over-extended and under-capitalized, and is unable to improve its services at the present time. This project will develop a private sector response to provide an alternate source of health service that will not increase the recurring cost burden of the public sector. Health services will be provided to individuals and families who work in small businesses, and the self-employed. The implementing agency will be a private health provider or consortium establishing service centers in target neighborhoods, and providing referral services to secondary and tertiary specialized health care institutions. The implementing agency will be responsible for all manpower and logistical support to the delivery system. Once sufficient actuarial data have been collected, and to assure continuity of services after A.I.D. funding ends, the project will experiment with several payment mechanisms based on different forms of payment.

The project will finance: (1) technical assistance to improve the implementing agency's management; (2) a marketing program to expand the new services; (3) training of implementing agency staff; (4) provision of health equipment needed to upgrade the facilities of the implementing agency.

RELATIONSHIP TO A.I.D. COUNTRY STRATEGY: The country development strategy calls for the social sectors, including

health, to play a supportive role to A.I.D.'s principal development objectives which center on promotion of new sources of employment through agro-industries, agriculture diversification, and the promotion of export and investment in small- and medium-sized industries.

HOST COUNTRY AND OTHER DONORS: The full operating costs of this project will be borne by the beneficiaries at the end of A.I.D.'s contribution. The institutions to implement the project will provide the bulk of needed operating capital.

BENEFICIARIES: Direct beneficiaries will be the approximately 40,000 persons who will enroll in this health care program. The program will accept subscribers from all economic levels. It is expected that about 30% of the members will come from the minimum wage category.

<u>Major Outputs:</u>	<u>All Years</u>
- Organizations providing HMO services	2
- Industrial and community groups receiving health services	35
- Industrial trained in HMO systems	50
- Clinics upgraded to provide services	6
- People enrolled in HMO system	40,000
 <u>A.I.D. -Financed Inputs:</u>	 <u>Life-of-Project</u>
	(\$000)
Technical Assistance	2,800
Training	800
Equipment, supplies, improvement of health delivery systems	4,400
Total	8,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-	-	-	
Estimated Fiscal Year 1987	-	-	-	
Estimated Through September 30, 1987	-	-	-	
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	1,800	6,200	8,000	

PROGRAM: Dominican Republic

PLANNED PROGRAM SUMMARY SHEET

Title Privatization of State Enterprises		Funding Source	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
					FY 88	1,000(G) 2,300(L)	Life of Project Funding 3,000 (G) 15,000 (L)
Number 517-0237	<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sal. Act. 1,000(G) 2,300(L)	Initial Obligation FY 88	Estimated Final Obligation FY 91	Estimated Completion Date of Project FY 93
<input checked="" type="checkbox"/> GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING							

Purpose: To assist in the implementation of privatization of the state-owned enterprises.

Project Description: The GODR owns a majority share of 32 industrial, agricultural, and commercial enterprises, and a minority portion of an additional 19 enterprises through a holding company (CORDE). These enterprises are producing a variety of products, from cigars and cigarettes to cement, leather, and paint. CORDE also owns the national airline. Many CORDE companies continue operations that are otherwise uneconomical because of government subsidies and monopoly privileges. Consequently, competition from the private sector has been limited and there has been little incentive to reduce costs, improve productivity, or increase sales.

The project will assist the GODR to implement a policy of privatization of state-owned enterprises and services, and to provide the resources necessary to successfully undertake privatization of the CORDE companies through outright sale, leasing, management contracts or joint public/private ventures. Grant technical assistance will be provided to CORDE to analyze opportunities for sale to private investors, to identify interested investors, and to assist new management in the initial stages of acquisition.

Loan funds will provide working capital and investment credits to private borrowers to finance the costs of rehabilitating and operating individual companies.

Relationship of Project to A.I.D. Country Strategy: This project will further reinforce many policy initiatives already undertaken with the GODR by reducing its role in the economy, decreasing or eliminating revenue transfers, and eliminating subsidies. It will contribute to attaining the goal of A.I.D.'s strategy of establishing the bases for sustained long-term growth by improving the efficiency and competitiveness of the productive sectors of the economy.

Host Country and Other Donors: The host country will contribute about \$6 million in local currency to support the project. Credit resources that impact on export promotion and promotion of investment are likely to be supplemented by the World Bank and the Inter-American Development Bank.

Beneficiaries: The initial benefits for the country will be the reduction in the amount of governmental subsidies provided to inefficient state enterprises. It will help eliminate unfair competition to private firms by curtailing monopoly privileges currently provided to CORDE companies and in the long run should lead to more growth and jobs in the economy.

<u>Major Outputs:</u>	<u>All Years</u>
- Divestiture of CORDE companies	X
- Privatization of CORDE companies through mgt. contracts	X
- Dissolution of inefficient and redundant companies	X

<u>A.I.D. Financed Inputs:</u>	<u>Life-of-Project</u>
	(In \$000)
Working capital and investment credit	15,000 (L)
Technical assistance	3,000 (G)
TOTAL	18,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies	
	Obligations	Expenditures	Unliquidated		
Through September 30, 1986	-				To be determined
Estimated Fiscal Year 1987	-				
Estimated Through September 30, 1987	-				
		Future Year Obligations	Estimated Total Cost		
Proposed Fiscal Year 1988	3,300	14,700	18,000		

PROGRAM: Dominican Republic

PLANNED PROGRAM SUMMARY SHEET

Title Industrial Production Technology		Funding Source	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
					FY 88 2,000	Life of Project Funding 6,000	
Number 517-0238	<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act. 2,000	Initial Obligation FY 88	Estimated Final Obligation FY 91	Estimated Completion Date of Project FY 93
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING							

**Purpose:** To increase access to new technological information and processes by improving the availability and delivery of those services.

**Project Description:** Sustained industrial growth in the Dominican Republic will increasingly depend upon the demand for Dominican products in foreign markets. Key to increased production output and continued economic development is the improvement of in-country technological capabilities. Thus far, the Dominican Republic has utilized mainly imported technology.

The project will assist local manufacturers in obtaining the technological information and expedite the process of shifting from an import substitution mode to an international exporting. The project will help the Dominican industrial sector to obtain information on new industrial processes, upgrade technologies, and improve industrial design, standards, and quality control testing. Specifically, project funds will be used to: (a) establish linkages with U.S. institutions and research institutes through local private sector business associations; (b) provide technical assistance to develop an in-country system of technological and informational services for the manufacturing sector; (c) provide a capability for limited applied research to test and implement quality control techniques; and (d) train personnel in the local institutions in order to upgrade their capabilities to advise local businesses.

**Relationship of Project to A.I.D. Country Strategy:** This project will support the objective of expanding private investment in the industrial and agriculture sectors, and developing a broader base of non-traditional exports by working directly with industries and private associations in order to upgrade the technologies available to local firms and improve access to information concerning new industrial processes.

**Host Country and Other Donors:** Dominican research institutions and/or universities will contribute approximately \$2.5 million in local currency equivalent to this project. The activity will complement the programs of UNIDO (U.N. Industrial Development Organization) and the German development agency as well as credit components of Inter-American Development Bank projects such as the proposed \$80 million Agroindustrial Project.

**Beneficiaries:** The direct beneficiaries will be the private sector firms which will be able to operate more efficiently and to produce higher quality products. It is expected that about 1,000 Dominican businesses will be assisted during the life of the project. Other beneficiaries will include the business associations and institutions through which this project is implemented. The general population stands to benefit from increased employment obtained from a growing and more competitive industrial base over time.

<u>Major Outputs:</u>	<u>All Years</u>
- Companies with improved access to technology	750 - 1000
- Individuals trained in Management Information and Technology Transfer Systems	30 - 50
- Center for Technical Assistance to Industries established	1

<u>A.I.D. Financed Inputs:</u>	<u>Life-of-Project</u> (In \$000)
- Technical assistance	5,000
- Training	200
- Commodities and laboratory equipment	800
- TOTAL	6,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-	-	-	
Estimated Fiscal Year 1987	-	-	-	
Estimated Through September 30, 1987	-	-	-	
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	2,000	4,000	6,000	

PROGRAM: Dominican Republic

PLANNED PROGRAM SUMMARY SHEET

Title Private Voluntary Organization		Funding Source	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)			
Number 517-9999		<input type="checkbox"/> NEW	Population	ED. & NR	Sel. Act.	Initial Obligation	Estimated Final Obligation	Estimated Completion Date of Project
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> CONTINUING					550	FY 78	FY Continuing	FY Continuing
					FY 88		550	Life of Project Funding Continuing

**Purpose:** To strengthen the capacity and mobilize the expertise of U.S. and Dominican private and voluntary organizations (PVOs) in development programs.

**Project Description:** The private sector of the Dominican Republic has traditionally supported private voluntary organizations that are involved in social and economic development activities. As a result, there are several PVOs that can complement government activities with their own resources. Since 1978, A.I.D. has registered 21 Dominican PVOs since 1978, many of which are receiving and providing direct support in conjunction with our programs. Since 1983, PVOs have received over \$4 million in local currency generated from ESF and PL-480 Title I programs. Another allocation of \$1.3 million in local currency is planned for the FY 1987 program. A.I.D. provides operational program grants (OPGs) to organizations which can undertake low-cost developmental activities that have high impact. This approach has been successful in activities involving fresh water fish culture, vocational training for women, and rural credit. Among the current programs are the very successful Microbusiness Development project, the Applied Nutrition Education Program, and the CARE Rural Water project. A.I.D. is proposing two new activities for FY 1988. One is a Child Survival OPG which will provide funds for: diarrheal disease control through oral rehydration therapy (ORT); infectious respiratory ailments; and for activities that replicate the Applied Nutrition Education program. The other proposed activity is to assist a private foundation in the promotion of artisanal handicrafts for export, by assisting small firms with product design, quality control, and marketing to U.S. outlets.

**Relationship of Project to A.I.D. Country Strategy:** PVOs complement A.I.D.'s private sector development strategy objectives by developing small scale enterprises, generating employment, promoting exports and industrial production, and engaging in private sector health care.

**Host Country and Other Donors:** In many cases, A.I.D. funds represent less than half of the total OPG project costs and never more than 75% of the resources devoted to the project. The remainder is covered by the PVOs themselves and, in some instances, by grants from the Government of the Dominican Republic (GODR). A number of Peace Corps Volunteers also work with Dominican PVOs.

**Beneficiaries:** Beneficiaries of the OPG projects are the rural and urban poor through employment, increased incomes, and participation in national economic development activities.

**Major Outputs:** All Years

- Child survival activities including
  - ORT X
  - Nutrition Education X
- Artisanal promotion and product exports X

**A.I.D. Financed Inputs:** Life-of-Project (\$000)

- Selected Development Activities 550
- TOTAL 550

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-			To be determined
Estimated Fiscal Year 1987	-			
Estimated Through September 30, 1987	-			
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	550	Continuing	Continuing	



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (521) HAITI

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\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS,MID 1986) 6,078  
 PER CAPITA GNP..... (DOLLARS,1984) 320  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 1.0%  
 ANNUAL RATE OF INFLATION (1973-84) 7.9%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..( . ) . %  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 54.7 MALE 54.0 FEMALE 55.3  
     (1970) TOTAL 48.0 MALE 47.6 FEMALE 48.3  
 ADULT LITERACY RATE (1971) TOTAL 21% MALE 26% FEMALE 17%

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\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) -0.9%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....( . ) . %  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 376  
 MAJOR CROP(S) ARABLE LAND YEAR  
     SUBSISTENCE: CORN ,SORGHUM ,RICE 55% (1985)  
     CASH: COFFEE ,SISAL ,MANGOES 30% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) COFFEE ,SISAL ,MANGOES  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,SOYBEANS ,RICE  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1980) 57%

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\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     (1979) 165 (80) 185 (82) 223  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     (1982) 270 (83) 284 (84) 337  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     (1979) -45 (80) -68 (82) -47  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. ( . ) . % ( . ) . % ( . ) . %  
     AS % OF GNP..... ( . ) . % ( . ) . % ( . ) . %  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1983) 15 (84) 19 (85) 6  
 EQUIVALENT TO 0.5 MONTHS OF IMPORTS (1984)

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\*FOREIGN TRADE\*

MAJOR EXPORTS(1984)MANGOES ,COFFEE ,LT. INDUST. PRO  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983) 320 (1984) 359 (1985) 369  
     AS % OF TOTAL EXPORTS (1981) 208% (1982) 197% (1983) 185%  
 MAJOR IMPORTS(1984)CONSU. DURABLES,FOODSTUFFS ,INDUSTRIAL EQ.  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 402 (1984) 461 (1985) 435  
     AS % OF TOTAL IMPORTS (1981) 135% (1982) 142% (1983) 146%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1982) -122(83) -139(84) -129  
 TRADING PARTNERS: UNITED STATES ,FRANCE ,JAPAN  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 27.3%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 17  
     AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 4.0%

-----  
\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 2.1% (1978) 1.7% (1986) 1.8%  
 POPULATION IN URBAN AREAS.....(1970) 20% (1986) 29%  
 TOTAL FERTILITY RATE.....(1970) 6 (1986) 5  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1977) 19.0%  
 POPULATION (1986) IN AGE GROUP:  
     (O-14YRS) 39.5% (15-64YRS) 56.5% (65+ YRS) 4.1%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 97  
 PEOPLE PER PHYSICIAN..... (1979) 8,202  
 MAJOR CAUSES OF  
 DISEASE (1978) INFLUENZA-GRIPPE,AMOEBIASIS ,TYPHOID & FEVERS  
 DEATH.. (1980) INTESTINAL INFEC.TUBERCULOSIS ,COND. PERINATAL  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 85%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 12%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
     PRIMARY..... (1981) TOTAL 77.8 MALE 84.2 FEMALE 71.5  
     SECONDARY..... (1981) TOTAL 14.3 MALE 15.6 FEMALE 13.4  
     POST SECONDARY.. (1979) TOTAL 0.7 MALE 1.0 FEMALE 0.4  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 9.5%

HAITI

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	24,572	37,000	32,000
Loan	0	0	0
Grant	24,572	37,000	32,000
Economic Support Fund	21,321	29,165 <u>2/</u>	30,000
Loan	0	0	0
Grant	21,321	29,165	30,000
Other*	166 <u>1/</u>	0	0
TOTALS	46,059	66,165	62,000
P.L. 480	28,363	32,003	25,801
Title I	15,000 <u>4/</u>	18,000 <u>4/</u>	18,000 <u>4/</u>
Title II	13,363	14,003	7,801
TOTALS	74,422	98,168 <u>3/</u>	87,801

Footnotes:

1/ International Disaster Assistance

2/ The above total for ESF includes \$710,000 in local cost support.

3/ Total increased to \$104,968,000 with \$7,800,000 of Title II ocean freight.

4/ Includes Title III level of \$15 million in each fiscal year, 1986, 1987, 1988.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	24.50	26.50	26.50
Foreign National	36	36	36
TOTALS	61.50	62.50	62.50

<sup>a</sup>Total full time equivalent workyears of employment. Include HIC, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	4	37	41	38	185	223	50	149	199
Regional <sup>e</sup>	20	49	69	18	72	90	17	90	107
Third Country Participants									
Bilateral <sup>d</sup>		4	4		12	12		13	13
Regional <sup>e</sup>		2	2		15	15		20	20
TOTALS	24	92	116	56	284	340	67	272	339

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.  
<sup>b</sup>Academic: degree seeking.  
<sup>c</sup>Technical: non-degree seeking.  
<sup>d</sup>Participants funded under bilateral programs.  
<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## HAITI

### Introduction

Haiti is one of the poorest countries in the world, with annual per capita income at \$320. Approximately 80% of Haitians have average incomes of under \$150 per year. Unemployment ranges up to 49% of the labor force, mal-nutrition is widespread, and infant mortality is high. Several fundamental development problems constrain growth: limited natural resources with severe soil erosion in formerly forested areas; very high population density; 80% illiteracy; weak public sector institutions; a weak industrial base; and limited and deteriorating physical infrastructure. In late 1985, demonstrations began which culminated in President Jean-Claude Duvalier's flight into exile in February 1986. After nearly three decades of dictatorship, new opportunities now exist for freedom and progress for the impoverished Haitian people.

The National Governing Council (CNG), which assumed power after the fall of Duvalier's regime, appears sincere in its commitment to the Haitian people to install a democratic government. Since assuming power, the CNG has undertaken a number of measures designed to assure a smooth transition to democracy. The CNG has made equally forceful moves to rectify many of the economic and fiscal practices of the fallen regime which favored a ruling elite to the detriment of the poor majority. Under the leadership of a dynamic new Minister of Finance, the new government has taken several initiatives to liberalize the economy and promote private sector investment. For example, the highly regressive export tax on coffee has been reduced, a measure that had been urged for years by the donor community. The Government of Haiti (GOH) has stated its intention to abolish the remainder of the tax by October 1987. The archaic system of quotas on imported commodities is being eliminated and a rational system of tariffs erected in its place. A new income tax law, recently introduced, eliminates high marginal personal tax rates in favor of new broader-based lower marginal rates. The GOH has placed a renewed emphasis on tax administration and the level of reported receipts has already begun to rise. Furthermore, the Ministry of Finance, with A.I.D. assistance, has begun a series of audits of parastatal enterprises, designed to improve financial management and to eliminate many of the corrupt practices which previously prevailed.

The new government is also concerned about the economic implications of inefficient parastatal agencies, and is taking decisive actions to eliminate their monopolies. Recently, the Ministry of Finance eliminated all subsidies to the cooking oil monopoly and to an extremely expensive sugar mill. These and similar actions are encouraging for the economic outlook over the short and medium term. It is expected, however, that the need for foreign donor assistance, which has accounted for approximately 65% of the GOH's investment budget over the past decade, will increase and become even more critical for achieving economic stability and development.

A friendly government and populace in Haiti are important to U.S. interests in the Caribbean region, due to Haiti's strategic location vis-a-vis Cuba and the Panama Canal and its proximity to the United States. High levels of unemployment, particularly the lack of economic opportunity in rural areas, have created strong migration pressure, manifested often in illegal immigration to this country. The United States maintains a favorable balance of trade with Haiti. U.S. private investments have played a predominant role in the growth of the light manufacturing sector, which increased its net exports from \$13 million in 1970 to \$106 million in 1984. Social and economic improvements achieved through U.S. development assistance have helped attract and maintain U.S. business investments which, in turn, generate increased employment. The United States also has humanitarian and social interests in Haiti. Poverty and illiteracy among 80% of the population, and malnutrition and disease that produce the lowest life expectancy of any nation in this hemisphere, argue strongly for substantial U.S. foreign assistance.

#### A.I.D. Development Strategy and Accomplishments to Date

The period of civil disorder preceding the overthrow of the Duvalier regime included labor disputes, airport closures, and intermittent looting of businesses and residences, and created a severe balance-of-payments crisis in FY 1986. After the fall of the Duvalier government, A.I.D. requested supplemental assistance in the forms of an Economic Support Fund (ESF) grant to allow purchase of essential imports and an emergency monetized Title II program to assure continued supplies of wheat flour. Local currency associated with both programs is being used to create jobs, improve urban and rural infrastructure, and promote literacy.

A.I.D. is encouraging a more collaborative relationship in all areas between the private sector including businesses, private and voluntary organizations, cooperatives, and community groups, and the government. This strategy recognizes the current limitations of the Haitian public sector and the demonstrated ability of the private sector to effectively function in the countryside and improve the economic and social conditions there. To assist Haiti in addressing its problems, A.I.D. focuses on five central objectives:

1. undertaking economic adjustment measures to solve internal and external financial imbalances, and improving budgeting and control of public funds;
2. increasing food production for domestic consumption, shifting marginal lands to tree crops, accelerating reforestation, and establishing viable extension, credit and soil conservation practices in selected watersheds;
3. providing sound foundations for sustained growth in the private sector (which will increase employment) and promoting the development of capital markets and other support institutions;
4. strengthening the human resource base by expanding improved basic education opportunities, primarily through non-governmental organizations (NGOs); and

5. improving the basic health and nutritional status of the rural and urban population (especially children), and increasing access to family planning methods.

Economic Recovery Program. ESF balance-of-payments assistance in FY 1986 and FY 1987 is linked to GOH adoption and continued implementation of trade liberalization, tax reform, and the financial management and accountability reforms cited above. This policy reform package helped to stabilize the economy in 1986. Continuation of this program, together with assistance proposed by the International Monetary Fund (IMF) and World Bank loans, should pave the way for a resumption of economic growth in 1987. Growth is essential to sustain progress made by the CNG and to support the establishment of a democratic government. The GOH has established monetary and fiscal targets for 1987 which are compatible with the country's economic recovery and renewed economic growth in 1987.

Agriculture, Rural Development and Nutrition. A.I.D. places high priority on activities to modify agricultural production practices on Haiti's fragile lands to increase production and income, and improve the environment. In FY 1986 the activities of several major ongoing projects focused on targeted watershed areas. The Agro-Forestry Outreach project (521-0122), a successful seedling distribution and forestry extension program, has helped farmers plant over 20 million trees through the end of FY 1986. The project has been extended through 1989 to reach 150,000 more farm families and plant 22.5 million additional trees. Two other private sector projects aimed at fruit tree production financed the training of tree propagation technicians, who produced 105,000 grafted fruit trees and began distributing them in hillside areas. In the southern and southwestern regions, the Agricultural Development Support II project (521-0092) is introducing improved varieties of food plants and continuing on-farm testing of perennial species, to enable farmers to conserve soil and increase productivity. Project data banks on agricultural production surveys and natural resources are providing information for improved planning at the national, regional and project levels. A major new five-year project, Targeted Watershed Management I (521-0191), was initiated in FY 1986 to extend soil-conserving and fertility-augmenting land management practices in a major southern watershed. The project will apply lessons learned from these field efforts to national level land management planning. The Local Resources Development I and II projects (521-0156 and 521-0192) continue to address the problem of hillside agriculture on the central plateau and in the west. Under cooperative agreements with Save the Children Federation and Partnership for Productivity International, these two projects will improve the environment through reforestation, introduction of new plant species and structures which improve the soil and increase water retention capacity, and ultimately increase farm income by increasing agricultural production.

Under the Interim Swine Repopulation project (521-0170) over 440 multiplication centers are breeding more than 5,000 sows. About 25,000 piglets were produced in FY 1986 and distributed to small farmers. This project will be extended until the end of FY 1988 to accelerate pig production, and assure the provision of feed, health, and swine management practices at the peasant farm level.

Health, Child Survival, and Population Planning. Projects help to improve the basic health status of the population and reduce pressure on scarce land. In FY 1986, A.I.D. extended the Rural Health Delivery Systems project (521-0091) for two additional years to continue support to national oral rehydration therapy (ORT) and an expanded program for immunization activities. The GOH malaria control program, which is supported by A.I.D. under the Management of Malaria project (521-0142), was restructured in FY 1986 for more efficient delivery of health care services. The CNG is utilizing the existing network of rural malaria workers to distribute family planning commodities and oral rehydration salts, as well as antimalarials. The first Private Sector Family Planning project (521-0189) began in FY 1986. The project will provide institutional support to more than 60 rural Haitian private and voluntary organizations (PVOs) to expand and increase the effectiveness of family planning service delivery programs.

The ORT program slowed due in large part to the political turmoil experienced in 1986 and greater emphasis by the government on the immunization program. As a result, A.I.D. will place greater efforts on ORT in both its private and public sector health interventions. Two in-depth private and public sector health evaluations were conducted in FY 1986. The private sector evaluation has been completed, and indicates that significant reductions in infant mortality are achievable by using and refining the existing A.I.D. supported urban and rural preventive health outreach models. The public sector evaluation, although incomplete, shows strong preliminary indications that A.I.D.'s emphasis on decentralization and rural health outreach has had a positive impact. These evaluations represented A.I.D.'s first attempts in Haiti to cluster projects for evaluation purposes, and will be the basis for development of a health sector strategy employing an efficient combination of public and private sector institutional capabilities.

Education and Human Resources Development. A comprehensive education sector assessment completed in FY 1985 concluded that resources spent for basic education would have very high rates of return. Further, basic education should impact on a number of objectives such as improving health and nutrition, creating jobs, and improving the efficiency and quality of education. Consequently, in late FY 1986 A.I.D. began the Incentives to Improve Primary Education project (521-0190). This activity focuses on the major constraints facing primary education: high drop-out and repetition rates; inadequate school facilities; undernourished students; lack of learning materials; under-training of teachers; and the high cost of education to parents. Other activities include the local-currency funded literacy campaign, and the Presidential Training Initiatives for the Island Caribbean (PTIIC).

Selected Development Activities. Projects under this account, augmented by other A.I.D. resources, contribute to the objective of increased employment through private sector-led growth. To generate employment and foreign exchange, the A.I.D. private sector program concentrates on the development of activities in three sub-sectors: intermediate credit institutions, non-traditional exports, and investment and export promotion. Major activities in FY 1986 included:

- creating and providing technical assistance to the Private Sector Task Force, composed of the five major private sector associations, to address a number of emergency constraints to business confidence resulting from the change in government; assist the Agricultural Producers Association with the production and export of vegetables; and complete the first two agribusiness joint-venture projects under an investment brokering program;
- establishing the Haitian Industrial Development Center project (521-0186) to improve export and investment promotion services to a wide range of businesses;
- providing management training and management consulting services to the business community through the Management and Productivity Center (521-0185);
- providing additional ESF assistance to expand the successful operations of the Development Finance Corporation project (521-0154); and
- initiating mortgage lending activities for housing construction through the Haitian Mortgage Bank project (521-0163).

The above activities will continue in FY 1987. Also, technical assistance to the Agricultural Producers Association will expand crop production and employment. Investment brokering activities will continue to be used to consummate additional agribusiness joint-venture projects. A new project beginning in FY 1987, Training for Development (521-0203), will provide training for more than 100 Haitian technicians, administrators, medical personnel and business professionals in the United States over the next five years.

P.L. 480. In FY 1986, the government made satisfactory progress in policy reforms called for in the \$15 million P.L. 480 Title III agreement. Local currency associated with the sale of commodities is used to fund mutually agreed-upon developmental activities in agriculture, health, public works and education. Progress in certain activities was slower than anticipated, largely due to the civil disorders during the second and much of the third quarters of FY 1986. However, in recent months implementation has accelerated. About \$7.7 million in Title II commodities were channeled through four private and voluntary agencies to meet both development and humanitarian needs. More than 700,000 people from Haiti's lower-income strata benefited from school feeding, maternal and child health and food-for-work activities in the first quarter of the fiscal year. During much of the next two quarters, civil disorders related to the change in government caused a suspension of food distribution for varying lengths of time as food delivery trucks and warehouses were attacked and damaged. By the end of the third quarter of the fiscal year, however, food distribution had resumed reaching up to 50% of the targeted recipients. In FY 1987, the PVO's involved began implementing their programs under newly developed, three to four-year operational plans to increase the development impact of Title II programs, integrating them more fully with A.I.D. objectives, making them more compatible with GOH development priorities, and improving management. In FY 1987, voluntary agencies will distribute approximately \$6.9 million of Title II commodities, representing about the same commodity levels as in FY 1986.

Section 709 of the International Security and Development Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following supplemental information on assistance to Haiti in FY 1986 is provided as partial fulfillment of that requirement:

A. Training: In FY 1986, A.I.D. provided academic and technical training to 112 participants in the following fields of study: agriculture (22); labor development (19); public administration (16); public health/demography (15); democratic institutions (9); education (8); engineering/energy (6); electronics/computer science (4); economic development/planning (4); and other fields (9).

B. The types of goods associated during FY 1986 with ESF cash transfers by A.I.D. to Haiti are as follows:

<u>Types of Goods</u>	<u>Value</u>
U.S. Petroleum Products	\$18.0 million
TOTAL	\$18.0 million

C. Local currency associated with A.I.D. assistance to Haiti was allocated by A.I.D. and the GOH for the following uses in FY 1986. (There was a total of \$21 million in local currency available at the beginning of FY 1986, and an equivalent of \$27.2 million was added during FY 1986.)

Agriculture	\$10.1 million
Infrastructure	\$ 5.9 million
Employment	\$ 5.3 million
Health Services	\$ 4.0 million
Support for the PL 480 Program and Disaster Relief	\$ 3.0 million
Education/Literacy	\$ 1.2 million
Planning/Management	\$ 0.6 million
TOTAL	\$30.1 million

D. Reprogramming of funds for Haiti during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation document:

(\$000)	Total	ARDN	PP	HE	CS	EHRD	SDA	ESF
- Estimated FY 1986 Obligations	25,127	8,226	3,138	4,142	2,400	2,250	2,100	2,871
- Actual FY 1986 Obligations	45,893*	10,226	3,454	4,142	2,400	2,250	2,100	21,321*

\*ESF assistance was increased by \$18,450,000 in FY 86 after the fall of the Duvalier government. This includes \$18,000,000 to assist the interim

government with its foreign exchange gap (Congressional Notification dated 6/26/86), and \$450,000 to provide technical assistance to the new government (Technical Notification dated 3/10/86).

E. Funds and Programs provided through non-governmental as contrasted to governmental channels:

	<u>Non-governmental</u>	<u>Government of Haiti</u>
DA	\$18.433 million ( 75%)	\$ 6.139 million ( 25%)
ESF	\$ 3.085 million ( 14%)	\$18.236 million ( 86%)
PL 480 Title I/III	\$ -0-	\$15.000 million (100%)
PL 480 Title II	<u>\$13.363 million (100%)</u>	<u>\$ -0-</u>
TOTAL	\$34.881 million (47%)	\$39.375 million (53%)

FY 1988

A.I.D. proposes \$30 million in ESF, \$32 million in development assistance, and \$25.8 million in P.L. 480 for Haiti in FY 1988. Within ESF, an additional \$25 million is requested to continue balance-of-payments support under the Economic Recovery Assistance project (521-0200). Also, \$1.75 million is required to continue the Technical Consultancies and Training project (521-0167); a final \$1.65 million is required to complete funding of the Haitian Mortgage Bank project (521-0263); and a final \$600,000 is requested to complete the Development Finance Corporation project (521-0154). Some \$1 million is required for the new Non-Governmental Organization Support to Hillside Agriculture project (521-0197). This project will help NGOs to implement a number of project activities supportive of A.I.D.'s development strategy, particularly in the areas of soil conservation, watershed management and rural employment generation.

Agriculture, Rural Development and Nutrition. A total of \$14 million is requested to support several ongoing programs and to undertake one new initiative, the Local Organization Development project (521-0199), which is supportive of A.I.D.'s strategy to transform the destructive annual crop production patterns currently employed by peasants into sustainable-yield, soil conserving farming systems. Incremental funding is required for: Agricultural Development Support II (521-0092), Agroforestry Outreach (521-0122), Secondary Roads Development (521-0149), Community Water Systems Development (521-0155), and the Targeted Watershed Management I project (521-0191).

Health, Child Survival, and Population Planning. Some \$8.15 million is requested to support ongoing projects and to initiate one new activity. Incremental funding is required for Private Sector Family Planning (521-0189) and Management of Malaria (521-0143) projects. The new Targeted Community Health Outreach project (521-0172) will address continuing constraints to health service delivery, building on accomplishments and lessons learned from other health projects and two major health evaluations conducted in FY 1986. The new project will focus on strengthening the capacity of public and private sector health institutions to jointly plan, implement and evaluate services on a decentralized basis.

Education and Human Resources. A total of \$5.3 million is requested in funding to support three ongoing projects; the Management and Productivity Center project (521-0183) providing management training and other services to Haitian entrepreneurs, Incentives to Improve Primary Education project (521-0190) and the Presidential Training Initiative for the Island Caribbean project (521-0640).

Selected Development Activities. Some \$4.55 million is requested to support five ongoing activities: Special Development Activities (521-0062), Investment and Export Promotion (521-0186), Crafts Export Center (521-0179), Technical Consultants and Training (521-0167), and Training for Development (521-0203) which started in FY 1987.

As in previous years, Program Development and Support funds will be used to provide consultants and conduct studies, analyses and workshops to support ongoing project implementation, and to design new projects.

P.L 480 Program. Some \$18 million is proposed under Title I, including \$15 million of Title III assistance. Local currency associated with the sale of these commodities will be jointly programmed by A.I.D. and the GOH for projects to alleviate agricultural problems and increase production. The \$7.8 million proposed for Title II will be distributed by PVOs in maternal and child health programs, elementary school lunches, and community development projects.

Mission Director: Gerald Zarr

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

521 HAITI

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG	EXPEN- DITURES	OBLIG	EXPEN- DITURES	OBLIG	EXPEN- DITURES	OBLIG	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
521-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	73	C	---	3,198	3,059	350	368	250	300	250	250
521-0078 INTEGRATED AGRICULTURAL DEVELOPMENT	G	76	85	9,290 9,290	9,290	7,888	---	786	---	616	---	---
521-0078 INTEGRATED AGRICULTURAL DEVELOPMENT	L	76	85	2,800 2,800	2,800	1,888	---	682	---	230	---	---
521-0092 AGRICULTURAL DEVELOPMENT SUPPORT II	G	78	88	4,308 3,808	2,462	799	846	1,020	500	1,200	500	1,000
521-0121 STRENGTHENING RURAL CREDIT SERVICES	G	81	87	4,150 4,150	3,650	2,772	100	715	400	663	---	---
521-0122 AGROFORESTRY OUTREACH - PVO	G	81	90	27,000 11,500	8,867	6,082	2,533	3,596	5,400	3,500	5,007	4,000
521-0149 SECONDARY ROADS DEVELOPMENT	G	83	88	12,500 12,500	8,450	2,395	---	2,797	1,000	2,000	2,050	3,000
521-0155 COMMUNITY WATER SYSTEM DEVELOPMENT	G	84	87	6,000 6,000	1,905	1,225	700	797	1,800	1,500	1,893	1,600
521-0156 LOCAL RESOURCE DEVELOPMENT	G	85	85	1,000 1,000	1,000	50	---	125	---	824	---	---
521-0167 TECHNICAL CONSULTANCIES AND TRAINING	G	83	88	800 ---	---	---	---	---	800	400	---	400
521-0170 INTERIM SWINE REPOPULATION	G	83	87	6,650 5,000	3,803	2,325	1,197	1,434	1,650	1,200	---	1,500
521-0191 TARGETED WATERSHED MANAGEMENT	G	86	93	25,000 15,000	---	---	1,500	---	3,200	2,000	3,000	3,000

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

521 HAITI

CP 88

PROJECT NO. AND TITLE	• L / INITIAL G OBLIG	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
521-0192 LOCAL RESOURCES DEVELOPMENT II	G	86	86	500 500	---	---	500	36	---	364	---	100
521-0193 STRENGTHENING COFFEE COOP. II (CLUSA)	G	85	86	1,000 1,000	500	25	500	130	---	845	---	---
521-0199 HILLSIDE CROP DEVELOPMENT	*G	88	93	9,000 ---	---	---	---	---	---	---	1,000	200
521-0201 COFFEE SECTOR ASSISTANCE	G	86	86	2,000 2,000	---	---	2,000	2,000	---	---	---	---
521-0640 PTIIC	G	87	88	600 ---	---	---	---	---	300	150	300	300
TOTAL FOR ACCOUNT				112,598 74,548	45,925	28,508	10,226	14,487	15,300	15,792	14,000	15,350
GRANTS				109,798 71,748	43,125	26,620	10,226	13,805	15,300	15,562	14,000	15,350
LOANS				2,800 2,800	2,800	1,888	---	682	---	230	---	---
POPULATION PLANNING												
521-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	73	C	---	177	166	135	82	100	100	100	100
521-0124 FAMILY PLANNING OUTREACH	G	81	88	16,281 14,215	9,598	6,922	333	2,001	3,000	2,000	3,350	1,500
521-0189 POPULATION FOR DEVELOPMENT	G	86	87	3,250 3,250	---	---	3,016	104	234	1,800	---	1,100
521-0203 TRAINING FOR DEVELOPMENT	G	87	91	1,500 ---	---	---	---	---	207	50	250	200

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

521 HAITI

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	FY85- EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	FY87- EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	FY88- EXPEN- DITURES
TOTAL FOR ACCOUNT				21,031 17,465	9,775	7,088	3,454	2,187	3,541	3,950	3,700	2,900
GRANTS				21,031 17,465	9,775	7,088	3,454	2,187	3,541	3,950	3,700	2,900
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
521-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	73	C	---	374	264	94	153	150	100	100	120
521-0091 RURAL HEALTH DELIVERY SYSTEM	G	79	87	19,756 17,500	17,500	13,750	1,756	1,909	500	2,000	---	2,097
521-0143 MANAGEMENT OF MALARIA	G	82	88	13,000 8,000	7,050	4,865	950	1,919	5,000	2,000	---	2,000
521-0159 URBAN HEALTH & COMMUNITY DEV II OPG	G	84	86	3,100 3,100	1,758	749	1,342	603	---	1,000	---	748
521-0172 TARGETED COMMUNITY HEALTH OUTREACH	*G	88	92	13,000 ---	---	---	---	---	---	---	1,300	250
521-0203 TRAINING FOR DEVELOPMENT	G	87	91	2,000 ---	---	---	---	---	350	150	350	350
TOTAL FOR ACCOUNT				50,856 28,600	26,682	19,628	4,142	4,584	6,000	5,250	1,750	5,565
GRANTS				50,856 28,600	26,682	19,628	4,142	4,584	6,000	5,250	1,750	5,565
LOANS				---	---	---	---	---	---	---	---	---
CHILD SURVIVAL FUND												
521-0172 TARGETED COMMUNITY HEALTH OUTREACH	*G	88	92	950 ---	---	---	---	---	---	---	950	250

\*Refers to the planned project summary sheet

C=Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

521 HAITI

CP 88

PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
521-0194 MOBILIZING MOTHERS FOR CHILD SURVIVAL	G	85	88	10,150 5,400	3,000	91	2,400	1,122	3,000	2,000	1,750	2,187
TOTAL FOR ACCOUNT				11,100 5,400	3,000	91	2,400	1,122	3,000	2,000	2,700	2,437
GRANTS				11,100 5,400	3,000	91	2,400	1,122	3,000	2,000	2,700	2,437
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
521-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	73	C	---	691	632	250	250	250	100	150	150
521-0138 SINEC - OPG	G	80	85	---	2,297	1,976	---	321	---	---	---	---
521-0183 PRIVATE ENTERPRISE MANAGEMENT CENTER	G	85	80	3,300 2,300	450	---	800	515	750	800	1,300	1,200
521-0188 NGO SUPPORT V	G	87	87	700 ---	---	---	---	---	700	350	---	350
521-0190 INCENTIVES TO IMPROVE PRIMARY EDUC	G	86	90	15,000 15,000	---	---	1,200	92	1,800	1,800	3,050	2,000
521-0640 PTIIC	G	87	88	1,600 ---	---	---	---	---	800	400	800	800
TOTAL FOR ACCOUNT				20,600 17,300	3,438	2,608	2,250	1,173	4,300	3,450	5,300	4,500
GRANTS				20,600 17,300	3,438	2,608	2,250	1,173	4,300	3,450	5,300	4,500
LOANS				---	---	---	---	---	---	---	---	---

SELECTED DEVELOPMENT ACTIVITIES

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

521 HAITI

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY35-		-ACTUAL FY65-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
521-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		73	C	---	1,686	1,430	550	628	300	280	300	300
521-0062 SPECIAL DEVELOPMENT ACTIVITIES	G		68	C	---	1,794	1,753	300	242	200	230	300	300
521-0151 CHAMBELLAN COMMUNITY DEVELOPMENT - OPS	G		81	84	---	361	308	---	53	---	---	---	---
521-0154 DEVELOPMENT FINANCE CORPORATION	G		33	38	2,820 ---	---	---	---	---	2,100	1,000	720	1,500
521-0179 CRAFTS EXPORT CENTER	G		85	88	2,000 1,000	950	77	50	433	500	700	500	700
521-0186 INVESTMENT AND EXPORT PROMOTION	G		86	90	7,700 7,700	---	---	1,200	---	1,659	1,500	2,230	1,500
521-0203 TRAINING FOR DEVELOPMENT	G		87	91	2,000 ---	---	---	---	---	100	50	500	500
TOTAL FOR ACCOUNT					14,520 8,700	4,793	3,563	2,100	1,356	4,859	3,810	4,550	4,800
GRANTS					14,520 8,700	4,793	3,568	2,100	1,356	4,859	3,810	4,550	4,800
LOANS					---	---	---	---	---	---	---	---	---
ECONOMIC SUPPORT FUND													
521-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		73	C	---	---	---	111	111	---	---	---	---
521-0154 DEVELOPMENT FINANCE CORPORATION	G		83	88	7,400 10,000	5,000	4,346	1,800	1,769	---	600	600	300
521-0163 HAITIAN MORTGAGE BANK	G		84	88	2,750 1,750	1,100	72	---	340	---	688	1,650	700

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

521 HAITI

CP 58

PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LDP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87-		-PROPOSED FY88-		
									OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	
521-0167 TECHNICAL CONSULTANCIES AND TRAINING	G	83	88	5,141 3,100	2,000	899	936	1,087	1,455	950	1,750	1,500	
521-0181 NGO SUPPORT II	G	84	84	4,259 4,596	4,259	1,298	---	1,843	---	1,118	---	---	
521-0182 NGO SUPPORT III	G	85	85	3,400 3,400	3,400	246	---	1,546	---	1,200	---	408	
521-0185 NGO SUPPORT IV	G	86	86	474 474	---	---	474	---	---	474	---	---	
521-0197 NGO SUPPORT TO HILLSIDE AGRIC	*G	88	88	1,000 ---	---	---	---	---	---	---	1,000	300	
521-0200 ECONOMIC RECOVERY ASSIST/CASH TRANSFER	G	86	89	100,000 18,000	---	---	18,000	12,000	27,000	33,000	25,000	25,000	
521-0999 LOCAL COST SUPPORT	G	87	87	710 ---	---	---	---	---	710	710	---	---	
TOTAL FOR ACCOUNT				126,134 41,320	15,759	6,861	21,321	18,696	29,165	38,740	30,000	28,208	
GRANTS				126,134 41,320	15,759	6,861	21,321	18,696	29,165	38,740	30,000	28,208	
LOANS				---	---	---	---	---	---	---	---	---	
COUNTRY TOTAL				TOTAL	356,839 193,333	109,372	68,352	45,893	43,610	66,165	72,992	62,000	63,760
GRANTS				354,039 190,533	106,572	66,464	45,893	42,923	66,165	72,762	62,000	63,760	
LOANS				2,800 2,800	2,800	1,888	---	682	---	230	---	---	

\*Refers to the planned project summary sheet

C Level of effort activity

FY of first obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

PROGRAM: Haiti

## PLANNED PROGRAM SUMMARY SHEET

Title Targeted Community Health Outreach		Funding Source CS 950	AG, RD & N	Health 1,300	PROPOSED OBLIGATION (In thousands of dollars)		
Number 521-0172		Population	ED. & HR	Sel. Act.	FY 88	CS 950 HE 1,300	Life of Project Funding CS 950 HE 13,000
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING					<input checked="" type="checkbox"/> NEW	Initial Obligation	Estimated Final Obligation
					FY 88	FY 92	FY 93

**Purpose:** To provide cost-effective primary health care coverage to rural communities and to improve the quality of services at secondary care institutions.

**Project Description:** This project will help the Ministry of Health (MOH) implement its national strategy of focusing Ministry and private resources on six priority programs: oral rehydration therapy (ORT), vaccinations and immunizations, growth surveillance, family planning and control of tuberculosis and malaria. Prior assistance from A.I.D. and other donors has funded a major expansion of the Ministry's infrastructure - most notably in constructing health dispensaries in over 150 isolated and underserved rural communities. Managing this extended and complex system will require increased decentralization and improvement of health reporting systems, training of personnel, improvement of accounting and inventory systems and increased attention to alternative revenue source and financial management.

The project will focus on the effective planning, management and organization of public, private and community resources to systematically address priority health problems. Technical assistance and training for the peripheral units of the MOH will reinforce the process of decentralizing management and authority.

Organizational strategies used in Haiti's successful ORT program will be incorporated into the delivery of other health interventions. Malaria program volunteers, school teachers, small stores and pharmacies will participate in the promotion and sale of oral rehydration salt, contraceptives and weaning foods, and assist in special public health campaigns.

The project will also facilitate the transition from a malaria control strategy which emphasizes vector control using expensive insecticides to a malaria control strategy which is integrated into the overall primary health care program and emphasizes mortality

prevention by assuring availability of chloroquin at the village level.

**Relationship of Project to A.I.D. Country Strategy:** The project is consistent with the A.I.D. health strategy in Haiti to complete the establishment of a viable rural primary health care system, targeted on reducing infant mortality.

**Host Country and Other Donors:** The GOH will contribute 25% of project costs through local currency generated under the PL-480 Program. Assistance from the IDB, UNDP and PAHO, and bilateral grants from Japan and Canada will complement targeted U.S. assistance in health.

**Beneficiaries:** Some two million people are expected to benefit from this project. The primary beneficiaries will be children under five years of age. Mothers and other working adults will also benefit from increased access to basic health-care services.

Major Outputs	All Years
Oral rehydration sachets distributed	2,500,000
Population vaccinated	
0-1 yr	70%
1-4 yrs	60%
Pop. 0-5 yrs under nutrition surveillance	50%
Health centers/hospitals productivity increased	X
<b>A.I.D. Financed Inputs</b>	<b>Life-of-Project (\$000)</b>
Training & Research	3,500
Equipment & Supplies	500
Technical assistance	4,000
Local costs	3,000
Construction	2,000
<b>Total</b>	<b>13,000</b>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-			
Estimated Fiscal Year 1987	-			
Estimated Through September 30, 1987	-			
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	2,250	11,700	13,950	

**PLANNED PROGRAM SUMMARY SHEET**

**PROGRAM:** Haiti

<b>Title</b>		<b>Funding Source</b>	<b>AG, RD &amp; N</b>	<b>Health</b>	<b>PROPOSED OBLIGATION</b> <i>(In thousands of dollars)</i>			
Non-Governmental Organization (NGO) Support to Hillside Agriculture		ESF 1,000			FY 88                      1,000                      Life of Project Funding                      1,000			
<b>Number</b>	521-0197	<input checked="" type="checkbox"/> <b>NEW</b>	<b>Population</b>	<b>ED. &amp; HR</b>	<b>Sel. Act.</b>	<b>Initial Obligation</b>	<b>Estimated Final Obligation</b>	<b>Estimated Completion Date of Project</b>
<input checked="" type="checkbox"/> <b>GRANT</b>	<input type="checkbox"/> <b>LOAN</b>	<input type="checkbox"/> <b>CONTINUING</b>				FY 88	FY 88	FY 90

Purpose: To increase the economic opportunities and basic services made available to the rural poor through support to non-governmental organizations (NGOs).

Project Description: Under previous NGO programs, participating organizations have demonstrated their ability to positively impact on Haitian rural development. NGOs are, for example, developing better varieties of livestock, improving rural health outreach programs, rehabilitating rural infrastructure, and providing vocational training. Several previous activities financed under NGO support projects have subsequently developed into major projects. Similar results are anticipated for the FY 1987 program. The FY 1988 NGO Support VI program will continue A.I.D.'s emphasis on providing support to NGOs with a demonstrated capacity to provide services and implement development activities effectively. The program will directly assist NGOs in the implementation of technically sound and economically viable activities, largely in rural areas. These activities will draw on the outreach capacity of NGOs, and effectively transfer technology and information. Moreover, by providing assistance to NGOs to implement these activities, the institutional capability of the NGO's to design and implement effective development projects will be enhanced. In FY 1988, priority consideration will continue to be accorded to activities such as improved fruit tree production, soil conservation, erosion control, rural health care, artisan production, rural infrastructure, community water systems development, and vocational training.

Relationship of Project to A.I.D. Country Strategy: This program conforms to the USAID/Haiti strategy of channeling assistance through private organizations and promoting private enterprise, developing and improving private institutional resources and capabilities, promoting the transfer of

technology through the NGO mechanism, and financing NGO activities which contribute to achieving A.I.D.'s priority development objectives in Haiti.

Host Country and Other Donor: Participating NGOs will fund at least 25% of the cost of each subproject.

Beneficiaries: This program will directly benefit two major target groups: the rural poor and participating NGOs. Activities will be concentrated in rural areas where assistance is most urgently required. Small-scale farmers, day laborers, and other segments of the rural population will actively participate in and benefit from the NGO activities.

<u>Major Outputs</u>	<u>All Years</u>
Rural Development Projects	X
Strengthened NGOs	X
 <u>A.I.D. Financial Inputs</u>	 <u>Life-of-Project (\$000)</u>
Institutional Support to NGOs	1,000

<b>U. S. FINANCING (In thousands of dollars)</b>				<b>Principal Contractors or Agencies</b>
	<b>Obligations</b>	<b>Expenditures</b>	<b>Unliquidated</b>	
Through September 30, 1986	-			To be determined
Estimated Fiscal Year 1987	-			
Estimated Through September 30, 1987	-			
		<b>Future Year Obligations</b>	<b>Estimated Total Cost</b>	
Proposed Fiscal Year 1988	1,000	-	1,000	

PROGRAM: Haiti

PLANNED PROGRAM SUMMARY SHEET

Title Hillside Crop Development		Funding Source	AG, RD & N 1,000	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 521-0199		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	FY 88 1,000	Life of Project Funding 9,000
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING						Initial Obligation FY 88	Estimated Final Obligation FY 93
							Estimated Completion Date of Project FY 93

Purpose: To assist local organizations to increase the benefits derived from the promotion and adaption of soil conserving technologies on Haiti's hillsides.

Project Description: The appropriate technologies which will be transferred under the Targeted Watershed Management I (521-0191) and the Hillside Farming Outreach (521-0189) projects are designed to extend soil conserving and fertility enhancing farming technology to primary hillside farms in selected watersheds. The Local Organization Development I project will assist groups of the same farmers to fully capitalize on the improved technology and to transform it into income for their members by providing them with the financial (credit) and organizational means to do so. Through a cooperative agreement with a U.S. based PVO specializing in cooperative development, a small farmer organizational development resource center will be established to develop and assist farmers' organizations in those target watersheds where USAID's other hillside farming projects are working. The resource center will be equipped to serve the following information and/or organizational needs of these small farmer organizations: intermediate-term and long-term credit for equipment and facilities; national and international market assessments; cooperative organizational development (accounting, personnel management, etc.); cooperative education and members promotion; and transport services improvement. In serving these needs, the PVO, through the resource center, will build on the successful results of Haiti's past efforts to develop small farmer organizations, such as coffee and cocoa cooperatives, swine secondary multiplication centers, agroforestry nursery groups, and hillside farming groupements.

Relationship of Project to A.I.D. Country Strategy: The project will be a key component of the Mission strategy of reducing natural resource degradation and the related decline

in agricultural production by focusing on improving hillside agriculture practices. It also supports the A.I.D. policies of institutional development and channeling assistance through the private sector.

Host Country and Other Donors: In-kind contributions equivalent to 25% of project costs will be provided by participating PVO's. Once organizational change is well underway in the targeted watersheds, it is expected that other donors working in other watersheds will buy into this project's resource center in order to gain organizational development services for their hillside beneficiaries.

Beneficiaries: The primary beneficiaries will be the 210,000 hillside residents of the priority watershed areas. The organizational expertise, capital and marketing knowledge developed under the project should ultimately benefit all hillside farmers, and all Haitians through expanded production and increased disposable income for farmers.

<u>Major Outputs:</u>	<u>All Years</u>
- Small farmer organizations served	100
- Medium and long-term loans	300
- Members trained in financial management and accounting	200

<u>A.I.D. Financed Inputs</u>	<u>Life-of-Project(\$000)</u>
Credit	2,500
Market Studies	500
Cooperative Promotion and Education	3,500
Managerial Skills Development	2,500
Total	9,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-			
Estimated Fiscal Year 1987	-			
Estimated Through September 30, 1987	-			
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	1,000	8,000	9,000	

Jamaica

FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (532) JAMAICA

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\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS, MID 1986) 2,427  
 PER CAPITA GNP..... (DOLLARS, 1984) 1,150  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) -0.4%  
 ANNUAL RATE OF INFLATION (1973-84) 16.6%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION.. ( ) %  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
 (1986) TOTAL 75.5 MALE 73.7 FEMALE 77.3  
 (1970) TOTAL 66.4 MALE 64.9 FEMALE 68.4  
 ADULT LITERACY RATE (1981) TOTAL 73% MALE 67% FEMALE 78%

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\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
 (1976-1985) -2.8%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 6%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 484  
 MAJOR CROP(S) ARABLE LAND YEAR  
 SUBSISTENCE: ROOTS AND TUBERS ,PULSES ,CORN 30% (1985)  
 CASH: SUGARCANE ,COFFEE ,SPICES 35% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) RAW SUGAR ,COFFEE ,SPICES  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,CORN ,RICE  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1980) 37%

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\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
 (1979) 652 (80) 776 (81) 938  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
 (1979) 959 (80) 1,191 (81) 1,343  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
 (1979) -307 (80) -415 (81) -405  
 DEFENSE EXPENDITURES,  
 AS % OF TOTAL EXPENDITURES.. (1975) 2.1% (76) 2.4% (77) 2.3%  
 AS % OF GNP..... (1975) 0.8% (76) 1.0% (77) 1.0%  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
 (\$MILLIONS, U.S.) (1983) 63 (84) 97 (85) 161  
 EQUIVALENT TO 0.8 MONTHS OF IMPORTS (1984)

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\*FOREIGN TRADE\*

MAJOR EXPORTS(1984)ALUMINA ,BAUXITE ,SUGAR  
 EXPORTS TO U.S.  
 (\$ MILLIONS, US, FOB) (1983) 231 (1984) 362 (1985) 192  
 AS % OF TOTAL EXPORTS (1982) 41% (1983) 38% (1984) 51%  
 MAJOR IMPORTS(1984)FUELS ,MACHINERY ,TRANSP&ELEC. EQ  
 IMPORTS FROM U.S.  
 (\$ MILLIONS, US, CIF) (1983) 508 (1984) 545 (1985) 484  
 AS % OF TOTAL IMPORTS (1982) 49% (1983) 52% (1984) 55%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1982) -441(83) -439(84) -296  
 TRADING PARTNERS: UNITED STATES ,UNITED KINGDOM ,VENEZUELA  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 105%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
 (\$ MILLIONS, U.S.)..... (1984) 285  
 AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 21.8%

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\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 1.3% (1978) 1.0% (1986) 1.2%  
 POPULATION IN URBAN AREAS.....(1970) 42% (1986) 45%  
 TOTAL FERTILITY RATE.....(1970) 5 (1986) 3  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1983) 51.0%  
 POPULATION (1986) IN AGE GROUP:  
 (0-14YRS) 36.5% (15-64YRS) 56.8% (65+ YRS) 6.7%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 19  
 PEOPLE PER PHYSICIAN..... (1979) 2,832  
 MAJOR CAUSES OF  
 DISEASE (1978) MEASLES-ROUGEOLE,TYPHOID FEVER ,INFLUENZA-GRIPPE  
 DEATH.. ( ) , ,  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 116%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 92%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1982) TOTAL 105 MALE 100 FEMALE 101  
 SECONDARY..... (1982) TOTAL 88.1 MALE 73.8 FEMALE 69.1  
 POST SECONDARY.. (1980) TOTAL 4.7 MALE 6.6 FEMALE 1.4  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 0.7%

JAMAICA

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	25,500	14,500	18,600
Loan	8,000	0	0
Grant	17,500	14,500	18,600
Economic Support Fund	58,000	25,000 <sup>2/</sup>	45,000
Loan	0	0	0
Grant	58,000	25,000	45,000
Other*	50 <sup>1/</sup>		
<b>TOTALS</b>	<b>83,550 <sup>3/</sup></b>	<b>39,500</b>	<b>63,600</b>
P.L. 480	35,076	38,549	30,000
Title I	32,600	38,400	30,000
Title II	2,476	149	0
<b>TOTALS</b>	<b>118,626</b>	<b>78,049</b>	<b>93,600</b>

Footnotes:

- <sup>1/</sup> International Disaster Assistance
- <sup>2/</sup> The above total for ESF includes \$240,000 in local cost support.
- <sup>3/</sup> The total includes reobligations of \$5,000,000 deobligated in FY 1985 and \$3,000,000 deobligated in FY 1986 for a total reobligation of \$8,000,000 in FY 1986.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	26.25	25.75	25.75
Foreign National	19	17	17
<b>TOTALS</b>	<b>45.25</b>	<b>42.75</b>	<b>42.75</b>

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	20	76	96	43	189	232	74	185	254
Regional <sup>e</sup>	31	103	134	41	48	89	28	50	78
Third Country Participants									
Bilateral <sup>d</sup>		3	3		5	5			
Regional <sup>e</sup>									
<b>TOTALS</b>	<b>51</b>	<b>182</b>	<b>233</b>	<b>84</b>	<b>242</b>	<b>326</b>	<b>102</b>	<b>235</b>	<b>337</b>

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.

<sup>b</sup>Academic: degree seeking.

<sup>c</sup>Technical: non-degree seeking.

<sup>d</sup>Participants funded under bilateral programs.

<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## JAMAICA

### Introduction

Jamaica's economy has been undergoing a major structural transformation since Prime Minister Seaga assumed office late in 1980. The import substitution strategy of the 1960s and 1970s had created an economic base which was inefficient and uncompetitive in the international market. Moreover, the strategy used scarce foreign exchange for the production of goods consumed in sheltered local and regional economies.

In spite of progress in removing obstacles to trade and promoting private sector investment in export expansion, Jamaica continues to experience severe balance-of-payments difficulties. Since 1980 there has been a dramatic contraction of the external market for bauxite and alumina, the island's principal foreign exchange earner. Mineral sales account for 65% of total export earnings but dropped about 50% during this period. The loss in income has contributed substantially to a growing foreign debt which now totals over \$3 billion.

In the public sector, the decline in bauxite sales has led to a sharp reduction in government revenue and a concomitant rise in the fiscal deficit. Last year the combined budget deficit stood at 13.8% of gross domestic product (GDP), an unsustainable level. The government's reluctance to adopt a more flexible exchange rate policy responsive to changing market forces is also a problem. The combination of an overvalued currency and the compression of private sector credit has limited the economy's ability to expand.

This is unfortunate because the Jamaican Government's accomplishments in instituting structural reforms have been impressive. These include:

- comprehensive tax reform;
- a major currency devaluation;
- removal of price controls;
- deregulation of most imports;
- reduction of the public sector work force;
- divestment of many state enterprises including, most recently, the largest commercial bank in the country;
- agricultural diversification;
- promotion of foreign and domestic investment; and
- promotion of an export manufacturing sector.

In the implementation of these adjustments, many of the relatively less productive sectors have been hurt; and resulting price increases have impacted most heavily on the poorest 60% of the population. The Government of Jamaica (GOJ), with A.I.D. support, has sought to ameliorate short-term negative effects on the poorer segments of society through supplemental food programs, including food stamps. And, despite some negative effects, which have led to occasional political protest, there has been an encouraging

response to the structural changes. Tourism earnings, for example, increased 50% from 1980 to 1985. Non-traditional agricultural shipments have doubled. Such innovative exports are becoming solidly established and form the basis for future industrial growth.

The major development problem facing Jamaica in FY 1987 and FY 1988 is to continue building a solid foundation for future economic growth while also building public support for staying the course. The depressed state of the bauxite and alumina industry means little hope of more jobs, increased foreign exchange earnings and higher tax revenues from the mining sector in the near future. The challenge for A.I.D. and other major donors is to assist the GOJ in mitigating the effects of austerity measures while helping to develop the basis for long-term, self-sustained growth.

Because of its geographic proximity, extensive trade and investment relationships, shared regional security concerns and solid devotion to democracy, Jamaica plays a key role in the achievement of U.S. objectives in the Caribbean basin. The GOJ is committed to economic development, and Jamaica has the potential to benefit significantly from duty-free access to U.S. markets through the Caribbean Basin Initiative (CBI).

#### A.I.D. Development Strategy and Accomplishments to Date

The U.S. assistance program seeks to achieve economic and political stability and supports equitable long-term economic growth. Continued substantial financial assistance is needed to cushion the impact of structural adjustment and to stimulate greater investment, particularly in the export sector. Significant balance-of-payments support and project interventions will buttress the ongoing policy dialogue with the GOJ to: 1) extend deregulation of the private sector; 2) implement comprehensive domestic tax reforms; and 3) continue privatization efforts.

The principal objectives of A.I.D.'s development strategy in FY 1987 and FY 1988 are to assist the GOJ to 1) continue the structural reforms necessary for broad-based, export-oriented economic growth; 2) minimize contractions in domestic production and employment; and 3) ease the burden of adjustment for the most vulnerable segments of the population. The strategy supports increased reliance on market mechanisms to determine the allocation of resources, rational sectoral interventions to increase exports and generate employment, and appropriate measures to halt the deterioration of social services.

Economic Support Fund (ESF) and P.L. 480 Program. Sustained levels of ESF and P.L. 480 resources are essential to ensure that present economic exigencies do not undermine the attainment of long-term goals. Balance-of-payments assistance is required to support the GOJ's economic recovery program by providing significant amounts of foreign exchange to permit the financing of imports required by the private sector. The report of the World Bank, International Monetary Fund and A.I.D. "Fresh Look" mission, completed in April 1986, pointed out the need for greater concessionality on external aid to Jamaica, given the overwhelming debt burden.

The P.L. 480 Title I program also eases balance-of-payments pressure, while ensuring a ready supply of basic food grains. The GOJ's compliance with past self-help conditions provides the basis for improved land and water use for agricultural purposes. Self-help measures in the FY 1986 agreement focus on development of the local dairy industry and sound implementation of feeding programs for the most vulnerable segments of the population. Also, in FY 1987, A.I.D. intends to initiate a Section 108 program which will provide increased financial assistance to private sector producers and exporters.

Agriculture, Rural Development and Nutrition. A.I.D.'s strategy is to stimulate diversified private production and to address gaps in farming support systems. Agriculture accounts for only 6% of GDP, but employs some 30% of the labor force. Sector reviews conducted in FY 1986 stress the need for divestiture of public land for the production of non-traditional export crops, effective adaptation and demonstration of proven technological innovations, greater deregulation of production and marketing, and the improvement of agricultural infrastructure.

In FY 1986 A.I.D. provided an additional \$4 million for the Crop Diversification/Irrigation project (532-0123) to support the conversion of unutilized public lands to the production of winter vegetables and ornamentals by private entrepreneurs. Reclamation work has already turned 1,900 acres of unproductive sugar estates into irrigated farmland. The first tranche of \$500,000 was obligated for the Agricultural Research project (532-0128) for strengthening Jamaica's applied research effort.

In FY 1987 A.I.D. will initiate the Hillside Agriculture project (532-0101) with a grant of \$800,000. This \$10 million program will increase the production by small farmers of perennial cash crops, such as coffee and cacao. Technical assistance and training provided to indigenous private and voluntary organizations (PVOs), community groups, private enterprises and statutory boards will focus on the delivery of improved technology to farmers in the Rio Cobre and Rio Minho watersheds, where traditional subsistence agricultural practices limit farm income. The dissemination of modern techniques will also help prevent erosion, which threatens downstream coastal irrigation systems.

Health and Population Planning. A.I.D.'s objectives are to arrest the deterioration of medical services to the poor and to increase contraceptive prevalence. In FY 1986 \$2 million were added to the Health Management Improvement project (532-0064) to finance the procurement of basic medicines and to assist the GOJ in renovating clinics and health centers in low-income areas. The Population and Family Planning project (532-0069) received an additional \$1 million in FY 1986 to improve the quality of service to acceptors and expand commercial retail marketing of contraceptives. Population funding of \$1.5 million will be used in FY 1987 to promote voluntary family planning services by the National Family Planning Board and PVOs.

Education and Human Resources Development. A.I.D. efforts are directed toward institution building in higher education, improving the educational environment at the primary level and sharpening the vocational training system. To help foster a strong foundation for management education in

Jamaica, A.I.D. will begin the Management School Improvement project (532-0129) with \$700,000 in FY 1987. The project will upgrade, through U.S. training, the University's management faculty; improve its curriculum and library facilities; and promote increased educational exchanges with local and regional private management institutions to serve the executive training needs of the private sector.

The Primary Education Assistance project (532-0126) received an additional \$1.25 million in FY 1986 for the rehabilitation of primary schools, the provision of textbooks and the promotion of greater community involvement in education. Support for this project in FY 1987 (\$1.75 million) will rehabilitate 45 primary schools in low income neighborhoods and focus attention on community maintenance programs.

Selected Development Activities. In cooperation with government efforts to develop a fairer and less restrictive tax system, A.I.D. expanded the Board of Revenue project (532-0095) in FY 1986 to permit additional U.S. technical assistance, the procurement of computer hardware and software, and the construction of a new computer center. The GOJ has already promulgated a new income tax system featuring a much lower flat rate. Similar reforms of corporate and consumption/import taxes are expected in FY 1987. Expansion of the project capitalizes on gains made in designing a simple tax system which promotes rather than restricts economic growth. A.I.D. assistance in FY 1987 (\$1.17 million) supports the institutionalization of the system by making it work fairly.

A.I.D. began the \$15 million Inner Kingston Improvement project (532-0120) in FY 1986 to provide increased factory space for a rapidly expanding non-traditional export sector and enhance Kingston's attractiveness for investment. Additional incremental funding of \$2.75 million is planned in FY 1987. The Technical Consultations and Training Grant project (532-0079) has been streamlined and refocused on private sector growth in developing export markets. Sub-projects have been approved for investment promotion, export development and assistance to emerging Jamaican firms. Additional funding of \$1.76 million in ESF will be used to enhance these efforts during FY 1987. Support for small business development continues with a \$100,000 grant for the National Development Foundation operational program grant (OPG).

The ongoing Special Development Activities project (532-0029) will receive funding of \$100,000 in FY 1987 for grants to community-based self-help projects. Under the Low Cost Shelter project (532-0067) a grant of \$150,000 will permit continued technical assistance to public and private sector institutions responsible for providing affordable housing for low-income families. Program Development and Support funds of \$300,000 will be utilized for project design and monitoring, evaluations, and sectoral analyses.

Section 709 of the International Security and Development Act of 1985 requires that A.I.D. provide comprehensive reports on its assistance to Latin America and the Caribbean. The following supplemental information on the FY 1986 program in Jamaica is provided in partial fulfillment of that requirement:

A. Training: A.I.D. provided academic and technical training to 233 participants in the following fields of study: agriculture (54), business (59), economics (1), elementary and vocational education (52), health and population (8), housing and urban development (7), management (12), tax administration (8), culinary arts (10), engineering/energy (14), and industry (8).

B. The types of goods associated with ESF cash transfers by A.I.D. to Jamaica are as follows:

<u>Type of Goods</u>	<u>Value</u>
U.S. Industrial Inputs	\$29.7 million
U.S. Capital Goods	20.5 million
U.S. Agricultural Inputs	17.6 million
U.S. Spare Parts	<u>12.7 million</u>
TOTAL	80.5 million

C. Local currency was allocated for the following uses by A.I.D. and the GOJ. (The equivalent of \$46.1 million in local currency was available for allocation at the beginning of FY 1986. The equivalent of \$90.6 million was added during FY 1986.):

Education and Human Resources Development	\$ 66.1 million
Rural Development	12.6 million
Infrastructure	22.8 million
Health, Nutrition and Population	<u>2.7 million</u>
TOTAL	\$104.2 million

D. Reprogramming of funds resulted in the following functional account changes. Estimated obligations FY 1986 are those which were shown in the FY 1987 Congressional Presentation document:

(\$000)	Total	ARDN	PP	HE	CS	EHRD	SDA	ESF
-Estimated FY 1986 Obligations	78,334	4,720	1,030	2,109	-	3,691	7,450	59,334
-Actual FY 1986 Obligations	83,500*	7,720*	1,030	2,109	-	3,691	10,950*	58,000

\*Includes reobligation of funds deobligated from prior year projects.

E. Funds and Programs provided through non-governmental as contrasted to governmental channels:

	<u>Non-governmental</u>	<u>Government of Jamaica</u>
DA	\$ 1.162 million ( 5%)	\$ 24.338 million ( 95%)
ESF	-0-	58.000 million (100%)
P.L. 480 Title I	-0-	32.600 million (100%)
P.L. 480 Title II	<u>. 2.476 million (100%)</u>	<u>-0-</u>
TOTAL	\$ 3.638 million ( 3%)	\$114.938 million ( 97%)*

\*Although ESF and P.L. 480 Title I resources were provided through government channels, the private sector was the major beneficiary of these funds and programs. ESF dollars provided foreign exchange which facilitated the import of U.S. raw materials and goods needed by Jamaican businesses. P.L. 480 Title I included imports of wheat and feed grains which were sold for distribution through private commercial channels. Also, the equivalent of \$35.4 million in local currency associated with these ESF and P.L. 480 Title I resources are being applied to private sector activities, as summarized in paragraph C. above.

FY 1988

For FY 1988 A.I.D. proposes \$45 million in Economic Support Funds, \$18.6 million in development assistance, and \$30 million in P.L. 480 Title I resources to continue the program described above.

Balance-of-Payments Support and Structural Adjustment

A.I.D. is requesting \$45 million in ESF grant balance-of-payments assistance to alleviate the severe shortage of foreign exchange and support the GOJ's structural adjustment program. P.L. 480 assistance of \$30 million (Title I) will assure adequate supplies of essential food items, such as wheat, corn, rice and edible oils. Self-help measures will focus on increasing Jamaica's ability to feed its people.

Agriculture, Rural Development and Nutrition. Some \$8 million is requested to finance incrementally four major projects and continue smaller activities. Additional funding of \$2.8 million is requested for the Crop Diversification/Irrigation project (532-0123), and \$1.3 million for the Agricultural Research project (532-0128). Both programs seek to maximize the productive use of Jamaica's land resources. Approximately 85% of the island is mountainous. Sound management of the hillsides is critical to the prosperity of the smallholders, as well as to downstream irrigation. A grant of \$1 million is requested for the Hillside Agriculture project (532-0101) to continue technical assistance and training to small farmers through statutory boards, private and voluntary organizations, and other private sector channels. Funding of \$1.35 million is required for the rural roads component of the Agricultural Marketing project (532-0060).

Health, Child Survival, and Population Planning. A total of \$1.5 million is required to support private, voluntary and public sector initiatives. Of this amount, \$450,000 is requested for the new Health (\$200,000) and Child Survival (\$250,000) OPGs. The Population and Family Planning project (532-0069) will require \$850,000 in additional funds.

Education and Human Resources Development. For this account, \$3.8 million is requested. The Primary Education Assistance project (532-0126) requires \$1.1 million in incremental funding for essential rehabilitation of 105 primary schools and the provision of basic textbooks in both the rural and urban areas. The University of the West Indies Management Education project (532-0129) will require \$800,000 in FY 1988, a further \$700,000 is requested to finance technical assistance under the Basic Skills Training project (532-0083), and \$900,000 will be used to continue the Presidential Training Initiative for the Island Caribbean (532-0640).

Selected Development Activities. Funding of \$5.3 million is requested for private sector investment and export promotion and urban redevelopment. The new Promotion of Investments and Exports project (532-0135) will receive \$1 million to support private sector activities. Its design will be based on an assessment of the terminating Technical Consultations and Training project (532-0079). Incremental funding of \$2.35 million is needed to finance the redevelopment and expansion of manufacturing space under the Inner Kingston Improvement project (532-0120). Another \$350,000 is required for the Low Cost Shelter Development project (532-0067) for technical assistance in the implementation of Housing Guaranty loans and urban upgrading. Community-based, self-help organizations will benefit from the \$100,000 requested for the Special Development Activities project (532-0029).

Program Development and Support. Funding of \$700,000 is requested for technical assistance associated with project support activities.

Mission Director: William Joslin

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	* L / G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
532-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	55	85	1,598 1,598	1,598	854	---	320	---	323	---	101
532-0059 FISH PRODUCTION SYSTEM DEVELOPMENT	G	79	82	968 968	917	917	---	---	---	---	---	---
532-0059 FISH PRODUCTION SYSTEM DEVELOPMENT	L	79	82	2,240 2,240	1,656	1,656	---	---	---	---	---	---
532-0060 AGRICULTURAL MARKETING	G	81	89	8,847 8,847	---	---	---	---	450	150	1,350	300
532-0060 AGRICULTURAL MARKETING	L	81	89	13,800 13,800	10,800	4,320	3,000	469	---	4,000	---	3,111
532-0081 AGROINDUSTRIAL DEVELOPMENT	L	32	84	9,489 9,489	9,489	1,803	---	1,582	---	2,200	---	2,850
532-0082 AGRICULTURAL EDUCATION	G	84	85	3,000 3,000	3,000	17	---	109	---	660	---	800
532-0082 AGRICULTURAL EDUCATION	L	84	85	6,500 6,500	6,500	---	---	---	---	990	---	1,100
532-0085 VOLUNTARY SECTOR DEVELOPMENT	G	83	88	775 575	575	---	---	575	150	100	50	100
532-0091 PRIVATE DEVELOPMENT BANK	G	84	90	1,100 100	100	---	---	---	---	50	1,000	500
532-0091 PRIVATE DEVELOPMENT BANK	L	84	90	5,000 2,500	2,500	---	---	---	---	1,000	---	1,500
532-0097 SMALL FARM PRODUCTION AND MARKETING (OPG)	G	83	88	760 660	660	290	---	70	---	100	100	100
532-0101 HILLSIDE AGRICULTURAL RESTRUCTURING	G	87	89	10,000 ---	---	---	---	---	800	350	1,000	1,200

\*Refers to the planned project summary sheet

G=Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

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					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
532-0105 JAFD TECHNICAL SUPPORT AND INVESTMENT	G	85	85	1,000 1,000	1,000	---	---	132	---	308	---	560
532-0106 BROTHER'S BROTHER FOUNDATION OPG	G	87	87	50 ---	---	---	---	---	50	25	---	25
532-0107 AGRICULTURAL COOPERATIVE DEVEL.	G	84	85	500 500	500	45	---	101	---	150	---	104
532-0108 NATL DEV. FOUNDATION EXPANSION OPG	G	84	88	100 ---	---	---	---	---	100	---	---	75
532-0113 HILLSIDE ASSESMENT	G	85	85	600 600	600	---	---	216	---	200	---	150
532-0123 CROP DIVERSIFICATION	G	85	89	13,000 13,000	1,200	---	4,000	1,470	1,500	3,800	2,800	4,130
532-0123 CROP DIVERSIFICATION	L	85	88	4,800 5,000	4,800	---	---	2,974	---	500	---	300
532-0128 AGRICULTURAL RESEARCH	G	86	90	7,600 7,600	---	---	500	---	800	500	1,300	1,100
532-0180 COOPERATIVE DEV. AND TRAINING - OPG	G	85	87	200 200	---	---	---	---	200	50	---	150
532-0640 PTIIC	G	87	88	400 ---	---	---	---	---	200	100	200	200
532-9103 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	220	96	130	200	200	200
TOTAL FOR ACCOUNT				92,327 78,177	45,895	9,902	7,720	8,114	4,380	15,756	8,000	18,656
GRANTS				50,498 38,648	10,150	2,123	4,720	3,089	4,380	7,066	8,000	9,795
LOANS				41,829 39,529	35,745	7,779	3,000	5,025	---	8,690	---	8,861

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column — All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	* L	FY OF / INITIAL G OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- EXPEN- ATIONS DITURES	-ACTUAL FY86- OBLIG- EXPEN- ATIONS DITURES	-ESTIMATED FY87- OBLIG- EXPEN- ATIONS DITURES	-PROPOSED FY88- OBLIG- EXPEN- ATIONS DITURES				
POPULATION PLANNING												
532-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	55	85	166 166	---	---	---	12	---	---		
532-0069 POPULATION & FAMILY PLANNING SERVICES	G	82	90	10,711 10,711	5,708	3,169	1,000	779	1,150	500	850	1,000
532-0085 VOLUNTARY SECTOR DEVELOPMENT	G	83	88	100 ---	---	---	---	50	25	50	50	50
532-0122 PRIVATE SECTOR PROM. OF FAMILY PLAN- OPG	G	85	88	498 248	248	25	---	107	200	100	50	100
532-9104 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	30	9	100	50	50	50
TOTAL FOR ACCOUNT				11,475 11,125	5,956	3,194	1,030	895	1,500	687	1,000	1,200
GRANTS				11,475 11,125	5,956	3,194	1,030	895	1,500	687	1,000	1,200
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
532-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	55	85	315 315	---	---	---	---	4	---	---	---
532-0064 HEALTH MANAGEMENT IMPROVEMENT	G	81	86	3,017 3,017	1,017	120	2,000	---	---	1,840	---	2,000
532-0064 HEALTH MANAGEMENT IMPROVEMENT	L	81	86	8,554 8,554	8,554	2,426	---	1,188	---	1,400	---	598
532-0085 VOLUNTARY SECTOR DEVELOPMENT	G	83	88	774 574	574	---	---	574	200	100	---	100

\* Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED OBLIG- ATIONS	FY87- EXPEN- DITURES	-PROPOSED OBLIG- ATIONS	EXPEN- DITURES
532-9106 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	109	20	50	30	50	50
532-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	79	C	---	---	---	---	---	---	---	200	100
TOTAL FOR ACCOUNT				12,660 12,460	10,145	2,546	2,109	1,782	250	3,424	250	2,848
GRANTS				4,106 3,906	1,591	120	2,109	594	250	2,024	250	2,250
LOANS				8,554 8,554	8,554	2,426	---	1,188	---	1,400	---	598
CHILD SURVIVAL FUND												
532-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	79	C	---	---	---	---	---	---	---	250	50
TOTAL FOR ACCOUNT				---	---	---	---	---	---	---	250	50
GRANTS				---	---	---	---	---	---	---	250	50
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
532-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	55	35	3,101 3,101	3,101	2,632	---	150	---	217	---	102
532-0083 BASIC SKILLS TRAINING	G	83	89	4,900 4,900	2,750	716	400	726	---	800	700	850
532-0083 BASIC SKILLS TRAINING	L	83	89	8,500 8,500	8,500	389	---	426	---	1,370	---	3,300
532-0084 MANAGEMENT TRAINING	G	85	85	350 350	350	95	---	137	---	118	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY84-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
532-0085 VOLUNTARY SECTOR DEVELOPMENT	G	83	88	2,021 1,621	1,400	440	221	468	200	613	200	400
532-0086 PARTNERS VOL TECH ASST SERVICE - OPG	G	82	83	500 500	500	266	---	128	---	106	---	---
532-0095 BOARD OF REVENUE ASSISTANCE	G	83	87	1,000 3,000	---	---	1,000	---	---	600	---	400
532-0095 BOARD OF REVENUE ASSISTANCE	L	83	87	4,522 4,522	4,522	2,449	---	1,156	---	917	---	---
532-0106 BROTHER'S BROTHER FOUNDATION OPG	G	83	87	650 500	300	277	200	193	150	130	---	50
532-0126 PRIMARY EDUCATION ASSISTANCE	G	85	88	11,300 11,300	3,000	---	1,250	223	1,750	2,800	1,100	3,000
532-0129 MANAGEMENT SCHOOL IMPROVEMENT	G	87	89	2,500 ---	---	---	---	---	700	200	800	1,000
532-0180 COOPERATIVE DEV. AND TRAINING - OPG	G	85	87	720 720	500	166	220	146	---	250	---	158
532-0640 PTIIC	G	87	88	1,800 ---	---	---	---	---	900	500	900	900
532-9105 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	400	36	100	200	130	200
TOTAL FOR ACCOUNT				41,854 39,014	24,923	7,430	3,691	3,789	3,800	9,321	3,800	10,360
GRANTS				28,842 25,992	11,901	4,592	3,691	2,207	3,800	6,534	3,800	7,060
LOANS				13,022 13,022	13,022	2,838	---	1,582	---	2,787	---	3,300

SELECTED DEVELOPMENT ACTIVITIES

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

532 JAMAICA

CP 88

PROJECT NO. AND TITLE	• L	FY OF / INITIAL G OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHO	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG-	EXPEN-	OBLIG-	EXPEN-	OBLIG-	EXPEN-	OBLIG-	EXPEN-
					ATIONS	DITURES	ATIONS	DITURES	ATIONS	DITURES	ATIONS	DITURES
532-0000 PROGRAM DEVELOPMENT AND SUPPRT	G	55	85	2,116 2,116	2,116	1,555	---	382	---	179	---	---
532-0029 SPECIAL DEVELOPMENT ACTIVITIES	G	66	C	---	1,164	1,064	100	99	100	100	100	100
532-0065 ENERGY SECTOR ASSISTANCE	G	51	85	300 300	300	53	---	135	---	112	---	---
532-0065 ENERGY SECTOR ASSISTANCE	L	81	85	8,400 8,400	8,400	2,593	---	1,590	---	1,800	---	500
532-0067 LOW-COST SHELTER DEVELOPMENT	G	82	89	2,385 1,385	985	857	400	111	150	450	350	317
532-0079 TECHNICAL CONSULTATIONS AND TRAINING	G	79	87	8,500 14,500	5,500	973	3,000	786	---	3,000	---	3,200
532-0091 PRIVATE DEVELOPMENT BANK	G	84	90	4,000 1,100	800	112	---	283	---	300	1,000	300
532-0091 PRIVATE DEVELOPMENT BANK	L	84	90	15,000 15,000	10,000	---	---	1,813	---	3,700	---	4,000
532-0095 BOARD OF REVENUE ASSISTANCE	G	83	87	1,455 3,000	---	---	285	---	1,170	600	---	285
532-0108 NATL DEV. FOUNDATION EXPANSION OPG	G	84	88	770 470	470	238	---	209	100	115	200	208
532-0117 URBAN SECTOR TECHNICAL ASSISTANCE	G	85	85	900 900	900	---	---	26	---	280	---	250
532-0120 INNER KINGSTON IMPROVEMENT FOUNDATION	G	86	89	12,000 10,000	---	---	1,665	---	2,750	2,700	2,350	2,000
532-0120 INNER KINGSTON IMPROVEMENT FOUNDATION	L	86	89	10,000 5,000	---	---	5,000	---	---	1,600	---	2,500

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

532 JAMAICA

CP 88

PROJECT NO. AND TITLE	• L G	FY OF OBLIG	FY OF OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
532-0135 PROMOTION OF INVESTMENT AND EXPORTS	*G	88	92	12,000 ---	---	---	---	---	---	---	1,000	500
532-0141 INNER KINGSTON EMPLOYMENT OPG	G	85	86	725 725	650	---	75	79	---	646	---	---
532-9106 PROGRAM DEVELOPMENT AND SUPPORT	G	86	C	---	---	---	425	181	300	300	300	300
TOTAL FOR ACCOUNT				78,551 62,896	31,285	7,445	10,950	5,694	4,570	15,882	5,300	14,460
GRANTS				45,151 34,496	12,885	4,852	5,950	2,291	4,570	8,782	5,300	7,460
LOANS				33,400 28,400	18,400	2,593	5,000	3,403	---	7,100	---	7,000
ECONOMIC SUPPORT FUND												
532-XXXX LOCAL COST SUPPORT	G	87	87	240 ---	---	---	---	---	240	240	---	---
532-0079 TECHNICAL CONSULTATIONS AND TRAINING	G	79	87	14,720 18,460	12,960	8,032	---	1,494	1,760	1,400	---	2,034
532-0100 PRODUCTION AND EMPLOYMENT V	G	85	86	34,500 34,500	15,500	15,500	19,000	19,000	---	---	---	---
532-0111 PRODUCTION AND EMPLOYMENT VI	G	86	86	39,000 39,000	---	---	39,000	39,000	---	---	---	---
532-0124 PRODUCTION AND EMPLOYMENT VII	G	87	87	23,000 ---	---	---	---	---	23,000	23,000	---	---
532-0134 PRODUCTION & EMPLOYMENT VIII	*G	88	88	45,000 ---	---	---	---	---	---	---	45,000	45,000

\*Refers to the planned project summary sheet

C=Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

532 JAMAICA

CP 83

PROJECT NO. AND TITLE	L / INITIAL G OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
				OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT			156,460 91,960	28,460	23,532	58,000	59,494	25,000	24,640	45,000	47,034
GRANTS			156,460 91,960	28,460	23,532	58,000	59,494	25,000	24,640	45,000	47,034
LOANS			---	---	---	---	---	---	---	---	---
COJNTRY TOTAL											
TOTAL			393,337 295,632	146,664	54,049	83,500	79,768	39,500	69,710	63,600	94,608
GRANTS			296,532 206,127	70,943	38,413	75,500	68,570	39,500	49,733	63,600	74,849
LOANS			96,805 89,505	75,721	15,636	8,000	11,198	---	19,977	---	19,759

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

PROGRAM: Jamaica

PLANNED PROGRAM SUMMARY SHEET

Title Production and Employment VIII		Funding Source ESF 45,000	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 532-0134		Population	ED. & HR	Set. Act.	FY 88	45,000	Life of Project Funding 45,000
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING					Initial Obligation	Estimated Final Obligation	Estimated Completion Date of Project
					FY 88	FY 88	FY 89

Purpose: To provide balance of payments support to the Government of Jamaica (GOJ) required for its economic recovery program.

Project Description: The GOJ's economic recovery program has been set back by the unexpected deep and long depression of the world market for bauxite and alumina, until recently the nation's major foreign exchange earner. Although the world economic recession has recently abated, the international market for bauxite/alumina continues to be depressed, and Jamaican producers have dramatically curtailed production. The foreign exchange provided through this economic stabilization program will assist Jamaica in mitigating the adverse effects of the collapse of bauxite/alumina, and continue intensive efforts to develop non-traditional exports. The GOJ has undertaken significant policy reforms to assure that external assistance does not merely finance consumption. To encourage domestic production, promote exports and reduce the cost of the public sector to the economy, most Government price controls have been removed, quantitative import restrictions eliminated, a floating exchange rate was adopted to cause a major devaluation, and large reductions in the public work force have been made. In the coming year it is expected that comprehensive tax reform, the income tax component of which has been implemented, will be completed, which will spur greater efficiency in both the public and private sectors. Under this ESF program, the GOJ will contribute an equivalent amount of local currency to finance local costs of jointly agreed upon, development-oriented public sector activities. The GOJ will also pledge to make available an equivalent amount of dollars to finance the importation of U.S. machinery, raw materials and spare parts required to help restore production and employment.

Relationship of Project to A.I.D. Country Strategy: This balance of payments program is the key element of A.I.D.'s

strategy of assisting Jamaica to achieve economic stabilization and structural reform. In light of Jamaica's critical economic situation, such assistance takes on even greater importance in supporting continued reform of the Jamaican economy.

Host Country and Other Donors: A.I.D., the International Monetary Fund, and the World Bank are the principal donors providing balance of payments support to the GOJ, and are in agreement about the nature of the macro-economic problem and the prescription for its cure. A.I.D. will continue to coordinate closely with the other major donors in implementing the balance of payments adjustments support program.

Beneficiaries: This assistance is aimed at alleviating Jamaica's persistent, severe foreign exchange shortage, tied to a series of policy reforms designed to spur economic reorientation toward non-traditional exports. It is not feasible to identify specific target beneficiaries. Insofar as the program has the desired impact on the economy, it will benefit the entire population of the island, including the unemployed, consumers and small producers.

<u>Major Outputs:</u>	<u>All Years</u>
- Policies for encouraging private investment	X
- Reduction in role of public sector in the economy	X
- Economic stability	X

A.I.D.-Financed Inputs: Life-of-Project  
(000)

Balance of payments/budget support 45,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-			
Estimated Fiscal Year 1987	-			
Estimated Through September 30, 1987	-			
		<u>Future Year Obligations</u>	<u>Estimated Total Cost</u>	
Proposed Fiscal Year 1988	45,000	-	45,000	

PROGRAM: Jamaica

PLANNED PROGRAM SUMMARY SHEET

Title Promotion of Investment and Exports Project		Funding Source	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
					FY 88	Life of Project Funding	12,000
Number 532-0135		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	1,000	Initial Obligation	Estimated Final Obligation
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING				Sel. Act.	1,000	FY 88	FY 91
							Estimated Completion Date of Project
							FY 92

**Purpose:** To assist the Government of Jamaica (GOJ) and the private sector to increase investment, production and employment in non-traditional exports and export oriented industries, and to increase foreign exchange earnings.

**Background:** The Government of Jamaica's economic development program focuses on an export-led production strategy and an increase in investments in export-oriented industries. This focus is even more important as a result of the continuing recession in the bauxite and alumina markets which, until recently, provided the major source of foreign exchange for the country. Non-traditional exports have not experienced the growth necessary to compensate for the reduction in bauxite and alumina earnings. Many constraints to growth in these areas remain.

**Project Description:** The principal objectives are to enhance the country's ability to attract new investments in non-traditional products, and to earn more foreign exchange from tourism and non-traditional export oriented industries. The Project will focus on those specifically identified actions necessary for an industry to attract investment and grow profitably. Studies now underway in the garment industry will identify activities eligible under the Section 807 foreign product assembly program. Studies will be completed in industries such as data entry, electronics assembly and furniture in addition to the tourism service sector. Specific objectives will be established for each sub-project that is developed to enhance its respective industry.

**Relation of Project to A.I.D. Country Strategy:** The utilization of the private sector as the medium for growth in the Jamaican economy is a key element in AID's strategy to achieve economic stability and structural reforms in Jamaica.

**Host Country and Other Donors:** The World Bank, Inter-American Development Bank, Caribbean Development Bank and UNDP and the Government of Jamaica are providing significant support for export promotion and industrial development. The GOJ, with the assistance of AID and other donor agencies, is coordinating these efforts.

**Beneficiaries:** Jamaican entrepreneurs, private sector organizations and public sector entities involved and supportive of private sector affairs will directly benefit from the project. With the expansion of investment, increased productivity, expanded exports and increased foreign exchange earnings, greater employment opportunities will become available for the disadvantaged segments of the Jamaican population and the hardcore unemployed. This is particularly important given Jamaica's high rate of unemployment.

Major Outputs:

All Years

Jobs Created 25,000  
Investments \$40,000,000

A.I.D. Financed Inputs:

Life-of-Project (\$000)

Training 4,000  
Technical Assistance 4,000  
Commodities and Other Costs 4,000  
Total 12,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-			
Estimated Fiscal Year 1987	-			
Estimated Through September 30, 1987	-			
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	1,000	11,000	12,000	

PROGRAM: Jamaica

PLANNED PROGRAM SUMMARY SHEET

Title Private and Voluntary Organizations Operational Program Grants		Funding Source CS 250	AG, RD & N	Health 200	PROPOSED OBLIGATION (In thousands of dollars)		
Number 532-9999		Population	ED. & HR	Sel. Act.	FY 88	450	Life of Project Funding Continuing
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> CONTINUING					Initial Obligation	Estimated Final Obligation	Estimated Completion Date of Project
					FY 79	FY Continuing	FY Continuing

Purpose: To provide increased health services and health education to the low income population through the involvement of private voluntary organizations and HMO-type institutions.

Project Description: Deterioration of health services and health education has rapidly accelerated in recent years as the MOH faces reductions in budget, increased maintenance and operational costs and exodus of skilled staff. The MOH has taken steps to rationalize the number of health facilities through reduction in services which has resulted in the greatest detriment to health education and preventive health care, including maternal/child health.

Fortunately, the GOJ has encouraged greater involvement of the private sector in the provision of health care. Institutions such as the Private Sector Organization of Jamaica (PSOJ) and HMO/Jamaica have indicated interest in providing health services to the poor and relieving the MOH of some of its increasing burden.

Under the proposed Project, small sub-grants will be made to private sector institutions to develop new initiatives in health care. Activities are likely to include: (1) small clinics located in economically depressed areas, with phased-in sponsorship by PVO's; (2) health education campaigns, with particular emphasis on maternal/child health and infant survival (e.g., immunization); and (3) development of schemes, such as community pharmacies, aimed at greater utilization of generic drugs and the provision of health aids.

Relationship of Project to A.I.D. Country Strategy: The Project is consistent with the A.I.D. priority strategies: (1) to arrest the deterioration in the provision of social services; and (2) to increase the involvement of the private sector.

Host Country and Other Donors: The Government of Jamaica is encouraging the involvement of Private Sector Organizations in the delivery of social services. Under the new World Bank loan (Population and Health No. 1), funds are provided to support private sector initiatives.

Beneficiaries: The immediate beneficiaries will be the urban and rural poor, particularly women and children in need of health services. The entire population will benefit from reductions in the incidence of preventable diseases.

<u>Major Outputs:</u>	<u>All Years</u>
o Reduced costs in pharmaceuticals to the poor	X
o Increased utilization of generic drugs	X
o Reduced infant mortality rates	X
o Increased immunization rates	X

<u>A.I.D. Financed Inputs:</u>	<u>Life of Project</u>
	(\$000)
Health Activities	450
TOTAL	450

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-			
Estimated Fiscal Year 1987	-			
Estimated Through September 30, 1987	-			
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	450	Continuing	Continuing	



CARIBBEAN REGIONAL

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	23,700	22,900	21,000
Loan	0	0	0
Grant	23,700	22,900	21,000
Economic Support Fund	25,575	19,200 <sup>1/</sup>	25,000
Loan	1,800	0	6,900
Grant	23,775	19,200	18,100
Other*			
<b>TOTALS</b>	<b>49,275</b>	<b>42,100</b>	<b>46,000</b>
P.L. 480			
Title I			
Title II			
<b>TOTALS</b>	<b>49,275</b>	<b>42,100</b>	<b>46,000</b>

Footnotes:

<sup>1/</sup> The above total for ESF includes \$605,000 in local cost support.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	31.75	30.25	30.25
Foreign National	34	34	34
<b>TOTALS</b>	<b>65.75</b>	<b>64.25</b>	<b>64.25</b>

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IG personnel.  
Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	4	53	57	4	370	374	120	480	600
Regional <sup>e</sup>	67	108	175	94	100	194			
Third Country Participants									
Bilateral <sup>d</sup>		4	4		3	3			
Regional <sup>e</sup>					3	3		6	6
<b>TOTALS</b>	<b>71</b>	<b>165</b>	<b>236</b>	<b>98</b>	<b>476</b>	<b>574</b>	<b>120</b>	<b>486</b>	<b>606</b>

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.  
<sup>b</sup>Academic: degree seeking.  
<sup>c</sup>Technical: non-degree seeking.  
<sup>d</sup>Participants funded under bilateral programs.  
<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## CARIBBEAN REGIONAL

### Introduction

The less developed countries (LDCs) of the Eastern Caribbean consist of six island states.<sup>1/</sup> The decline of prices for their traditional agricultural products, especially sugar, bananas, and coconuts, has been a major constraint to economic growth. Eastern Caribbean nations provide a high level of education and health services to their populations. Their abilities to continue to do so will depend on achieving sustained economic growth. However, limited technology, weak management, low labor productivity, insufficient credit, inadequate infrastructure and communications, high transportation costs and other constraints retard growth in both agriculture and manufacturing.

While the LDCs vary considerably among themselves, the following constraints to rapid growth apply to all countries. Diseconomies of small scale make production for the domestic market very expensive. Producers lack both knowledge and scale to produce for export. The natural resource base, except for tourism, is quite limited. Infrastructure is limited, and that which has been developed is not well maintained. Public policies have not kept pace with rhetoric that espouses development of the private sector. Tax structures, fiscal policies, licensing requirements, and import and export restrictions limit private sector growth. The human resource base is generally untrained. These constraints result in high unemployment.

The countries of the Eastern Caribbean realize that growth must come from diversified non-traditional agriculture, manufacturing for export, and tourist receipts. Governments must develop policy environments more conducive to supporting private entrepreneurial activity, provide and maintain physical infrastructure, and carefully manage public resources. There is growing awareness of the need for tax reform and other incentives to support the private sector; sound fiscal management to reduce government pressure on private credit; sale or lease of government-owned hotels, factories, and farms; and investment in roads, power generation and water systems.

The United States has a strong interest in supporting democratic political and economic institutions, particularly among such close neighbors as the Eastern Caribbean states. Steady private sector development is essential for long-term economic growth to create employment, higher standards of living, and political stability.

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<sup>1/</sup> The six democratic, English-speaking LDCs of the Eastern Caribbean include Antigua, Dominica, Grenada, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines.

## A.I.D. Development Strategy and Accomplishments to Date

A.I.D.'s strategy for development in the region focuses on three major goals: (1) long-term economic growth; (2) spreading the benefits of growth; and (3) strengthening democratic institutions. A.I.D. employs policy dialogue, private sector development, technology transfer, and institution building methodologies to carry out its strategy. To reach the economic growth goal, A.I.D. is providing assistance to the private sector to help improve its productive capacity, both in agriculture and manufacturing. A.I.D. is working with governments to help stabilize financial structures and improve fiscal planning and budgeting systems. To reach the benefits of growth goal, A.I.D. assists government and private efforts to stimulate employment, increase training opportunities, and to improve health and family planning services throughout the region. To reach the third goal, A.I.D. is providing assistance to strengthen democratic institutions and the administration of justice in the region. We recognize that an efficient, respected justice system is a vital element in achieving country and regional goals.

Agriculture, Rural Development and Nutrition. The new High Impact Agricultural Marketing and Production project (538-0140) demonstrates the validity of a market-driven strategy to producers, investors, financial institutions and governments. The project provides technical assistance in preparation of feasibility studies required by financial institutions, helps to secure commercial loans, and assists in supervision to decrease risk and improve management. A major focus is technology transfer to develop high value exportable agricultural commodities. Nine major product lines which can be grown in the Eastern Caribbean have already been identified. In Grenada, for example, A.I.D. is working directly with 300 cocoa growers to increase cocoa export volume on existing tree stock by 20% within 30 months. Also, the Agriculture Sector Revitalization project (543-0005), rehabilitates marketing facilities in Grenada and helps the Ministry of Agriculture and private organizations to increase farmers' productivity. The project promotes an improved policy framework and incentive structure for agriculture. As a result of the project, the government has begun to divest public lands and is increasing private access to farm land.

The Caribbean Agricultural Research and Development Institute Farming Systems Research and Development project (538-0099) assists in agricultural research. A recent evaluation concluded that the project's approach is a practical and cost-effective means of sustaining technology generation and adaptation in the small island states. The Caribbean Agricultural Extension II project (538-0068) increases the effectiveness of national public and private extension systems to disseminate new technology and will improve the capacity of the University of the West Indies to backstop and support national agricultural extension services, especially for small farmers.

The St. Lucia Agricultural Adjustment project (538-0090) precipitated fundamental institutional reforms on ownership and rights to land. A land registration and titling activity is giving landholders clear title, simplifying land sales, and overall is helping to establish more active private land markets. In Antigua, as a result of our policy dialogue in conjunction with the Antigua Livestock Improvement project (538-0112), the government in 1986 eased price controls on locally produced beef. The

project helped to establish a farmers' cooperative to increase and improve meat production for higher producer profits through technology, including better range management, selective breeding, and disease control.

A successfully completed activity, the Dominica Banana Company project (538-0083), resulted in privatization of banana boxing operations and in substantial improvement in the financial viability of the Dominica Banana Marketing Corporation. The percentage of bananas packed in the field increased substantially, effectively shifting that stage of banana processing from the government to individual farmers.

Health and Population Planning. A.I.D. supports greater efficiency in the provision of health and family planning services and, where possible, to encourage privatization of these efforts. Under the Population and Development project (538-0039), assistance is provided to both private associations and governments in distributing family planning commodities, and improving cost-effectiveness, accessibility and quality of services. The Immediate Health Care Development project (538-0149), implemented by Project Hope, helps meet Grenada's health needs by providing technical assistance and in-service training. The Regional Pharmaceuticals Management project (538-0134) is establishing efficient utilization of resources through improved procurement, management, and use of pharmaceuticals and medical supplies. The project will enable the Eastern Caribbean Drug Service to maintain its drug management services on a self-sustaining level. Cost-recovery schemes will create revolving funds for procurement and maintenance of pharmaceutical stocks.

Education and Human Resources Development. Training projects help raise skill levels in the region. The Regional Nonformal Skills Training project (538-0073) develops marketable skills among unemployed school drop-outs. Over 70% of the people trained through this project are now employed. The Regional Management Training Pilot Project (538-0148) supports short-term management training for cost-effective and efficient operations. The Eastern Caribbean Training project (538-0160), with Partners of the Americas, is providing vocational, technical, and professional training. Also, the Presidential Training Initiative for the Island Caribbean project (538-0640) provides long and short-term training to develop skills, and create a cadre of potential regional and national leaders.

Selected Development Activities. Funds from this account support A.I.D.'s private sector strategy. The regional portfolio focuses resources on: (1) investment promotion, emphasizing exports; (2) provision of credit to qualified entrepreneurs; (3) strengthening private sector support institutions; and (4) providing, improving and maintaining productive infrastructure.

The Investment Promotion and Export Development project (538-0119) has attracted over 30 new investments and major new export contracts to the region, creating several thousand jobs in manufacturing such as electronics, sporting goods and other products. Without this new production, the sharp drop in demand from nearby regional markets (Jamaica and Trinidad) would have been far more injurious to the Eastern Caribbean. The project will further develop investor search techniques and enable regional personnel to take over this function. This project played a critical role in Antigua's

decision to establish an Industrial Development Corporation and an outreach office in Miami. Also, with A.I.D. technical assistance, the Government of St. Vincent is about to establish free zone legislation.

The Small Enterprise Assistance project (538-0133) provides technical, managerial, marketing and financial assistance to small and medium-scale enterprises, working through the Caribbean Association of Industry and Commerce, National Development Foundations and other institutions. In the Eastern Caribbean, where the small size of national economies restricts available options, small enterprises are an important source of opportunity and economic well-being for the majority of the population. Small and medium businesses, particularly in the repair and service areas, provide a necessary support structure for the development of larger, externally funded enterprises. The project is building small business capability and supporting the National Development Foundations. Twelve companies are now receiving assistance.

Three other projects also support A.I.D.'s focus on investment promotion. The Private Sector Assistance project (538-0043) assists businesses with training and advice through the Caribbean Association of Industry and Commerce. The Association's membership now includes 32 organizations and 90 businesses. Some 96 people have received training, and four major policy studies have been prepared. The Caribbean Financial Services Corporation project (538-0084) provides long-term credit to entrepreneurs which is not readily available from commercial sources. To date, 26 loans totaling \$5.3 million have been negotiated. The Infrastructure for Productive Investment project (538-0088) provides credit to private developers for factory shells. Twenty-two private developers are negotiating investments that will total almost \$8 million. However, demand for this credit has not developed as expected, and the project will be redesigned to establish more realistic targets. Any funds determined to be surplus in this project will be reprogrammed.

Economic Support Fund (ESF). ESF resources are also used in projects to attract increased investment and expand private sector production. The Infrastructure Expansion and Maintenance Systems project (538-0138) is funding a series of interventions, ranging from road construction to electric power generation to help improve the climate for business investment. In St. Lucia, the St. Lucia Geothermal Exploration project (538-0137) helps determine the feasibility of producing electric power from a geothermal source. Under the Cumberland Hydroelectric project (538-0091), A.I.D. participates in a multi-donor effort that includes a comprehensive upgrading of the national electric utility and its operating system.

In Antigua, A.I.D. and the government are improving management and finance of the public utility authority as well as broader financial management issues. In Dominica, Grenada, St. Lucia and St. Vincent, A.I.D.-funded road projects have also included improvements of maintenance systems and procedures. The Basic Needs Trust Fund project (538-0103) also emphasizes maintenance systems development. A mid-1986 project evaluation concluded that this project was making excellent progress. Some 92 sub-projects have been undertaken, including schools, clinics, water systems, and other community projects. To date, more than 40,000 person weeks of employment have been created for these activities.

A.I.D.'s Public Management and Policy Planning project (538-0096) provides technical assistance to support policy dialogue efforts in the region. Various subactivities will increase regional capacities to manage finances and to operate more efficiently. Technical assistance promotes institutional reform in customs and tax administration, program budgeting, economic planning and statistical analysis. In Grenada, it supports the fiscal solvency and reform conditions contained in a series of budget support grants. Dominica has taken the first steps toward a structural reform program. To encourage greater efficiency of government operations as a means of reducing the burden of government on the economies of the region, during FY 1986 A.I.D. approved ten new activities totalling 80 person-months of technical assistance. These activities address such issues as tax and customs administration, financial management in Antigua, program budgeting and an overall assessment of statistical reporting for the Organization of Eastern Caribbean States.

The LAC Regional Caribbean Justice Improvement project (598-0642), in responding to country priorities, will strengthen the legal systems of the Eastern Caribbean, and in doing so, improve the ability of the courts to respond to the needs of the people. Technical assistance provided through the University of the West Indies will develop country law libraries and install management systems for them, assist in law revision and reform, and provide a commercially sustainable case reports and a textbook revolving fund to ensure that the entire legal community has access to adequate and modern case precedent and decisions. Country-specific activities will modernize and improve management of the courts and the civil registries, while training for magistrates and other legal professionals, and assistance to invigorate the private bar in the region will enhance and support democratic principles. Also, improved legal systems will tend to encourage favorable investment decisions.

#### GRENADA

Grenada's economic development has progressed significantly since October 1983. A.I.D. has provided a broad range of assistance to infrastructure, fiscal reform, agriculture, health care, education, and institutional development. In FY 1984, our program concentrated on recovery. By FY 1985 these efforts were well under way, and the focus shifted to economic growth and employment led by manufacturing, tourism and agriculture. Coordination with other donors, particularly the Canadian International Development Agency, has been effective. The program has resulted in an improved policy environment resulting from fiscal reform, liberalization of import licensing requirements, revision of the investment code, privatization strategy, and relaxed market restrictions.

In agriculture and agribusiness, several proposals are being considered, including a commercial fishing pilot program and mushroom cultivation. A crab farming venture is underway, and cocoa production will receive major emphasis.

Progress toward better public sector management has also been impressive, especially in health and education. A.I.D. has concentrated on improved health service delivery and training of medical personnel, including improvements in medical, environmental health and nursing programs; data and records administration; and mental health programs.

In education, A.I.D. has repaired and rehabilitated 70 schools throughout the country and provided 97 long and short-term training grants. The A.I.D. and Organization of American States non-formal skills training program will train 400 young people for placement in factories or cottage industries by March 1987. Under the training initiative announced by President Reagan during his February 1986 visit to Grenada, 62 teachers and administrators completed a specially tailored teacher training program in the U.S. Virgin Islands and in the United States. Ten teachers began long term training toward undergraduate degrees in September 1986, in addition to two four-year undergraduate scholarships, which were awarded to Grenadians under the Presidential Training Initiative.

A.I.D. has placed heavy emphasis on the repair and upgrading of infrastructure essential to productive enterprise, i.e., roads, industrial facilities, electricity and water supply. Progress has been impressive. A.I.D. assistance has resulted in completion of the Point Salines International Airport, repair and reconstruction of major portions of the primary, secondary and tertiary road systems, and construction of new mental health facilities. Major improvements to the country's water supply system, the electric power generation and distribution system, solid waste disposal, and repair and renovation of public schools are also under way.

In private sector development, total new foreign investment in Grenada from 1983 through 1985 was in excess of \$11.5 million. Between January 1 and April 30, 1986, 73 investment applications had been submitted to the Industrial Development Corporation for processing, and 41 had been approved. With respect to privatization of state-owned enterprises, of 28 enterprises studied, the government has divested or privatized five and is in the process of selling or leasing 11 more. Of the remainder, seven are undergoing further review and five appear inappropriate for privatization. A.I.D.-financed consultants are currently working with the national electric company, the national commercial bank, two quarries, the gravel and concrete plants, the telephone company and smaller enterprises to assist privatization efforts. The Government of Grenada has decided to divest itself of the 3,500 acres of remaining state-owned farms through the Grenada Model Farms Corporation, which will deed 5-15 acre farms to individual farmers and provide technical assistance to improve farm gate earnings. The long-term lease under which the Ramada Renaissance Hotel operates is also partly the result of the privatization effort.

Section 709 of the International Security and Development Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following supplemental information on assistance through the Caribbean Regional program in FY 1986 is provided as partial fulfillment of that requirement:

A. Training: In FY 1986, A.I.D. provided academic and technical training to 236 participants in the following fields of study: agriculture (16); economics (12); education (87); health (3); management/administration (21); industrial arts/trades (23); communications and social science (26); and other fields (48).

B. The types of goods associated during FY 1986 with ESF cash transfers by A.I.D. to Grenada (the only Caribbean Regional country which completed such a program in FY 1986) are as follows:

<u>Types of Goods</u>	<u>Value</u>
U.S. Agricultural Products	\$4.0 million
U.S. Raw materials & Chemicals	\$2.1 million
U.S. Machinery Parts and Vehicles	\$2.5 million
U.S. Pharmaceuticals	\$0.4 million
Total	\$9.0 million

C. Local currency associated with A.I.D. assistance to Grenada was allocated by A.I.D. and the Government of Grenada for the following uses in FY 1986:

Government Salaries and Wages	\$5.4 million
Fisheries Development	\$0.1 million
Road Improvements	\$0.3 million
Housing Repair Program	\$0.2 million
Total	\$6.0 million

D. Reprogramming of funds for the Caribbean Regional program during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation document:

(\$000)	Total	ARDN	PP	HE	CS	EHRD	SDA	ESF
- Estimated FY 1986 Obligations	54,772	10,400	1,700	1,400	-	7,100	9,000	25,172
- Actual FY 1986 Obligations	49,275	8,900	1,700	1,400	-	2,700*	9,000	25,575

\*EHRD reduced because funds were obligated through a regional project (598-0640) to implement the Presidential Training Initiative for the Island Caribbean.

E. Funds and Programs provided to the Caribbean Regional Program through non-governmental as contrasted to governmental channels:

	<u>Non-governmental</u>	<u>Caribbean Governments</u>
DA	\$18.454 million (78%)	\$ 5.246 million (22%)
ESF	\$1.112 million (4%)	\$24.463 million (96%)
Total	\$19.566 million (40%)	\$29.709 million (60%)

## FY 1988

A.I.D. proposes \$25 million in Economic Support Funds and \$21 million in development assistance. The ESF request includes \$11.9 million for the Infrastructure Expansion and Maintenance Systems Development project (538-0138). Activities financed will support maintenance, agriculture feeder roads, utilities upgrading, and productive facilities such as factory space and industrial estates for private sector expansion. Some \$4 million for the Public Management and Policy Planning project (538-0096) will provide assistance in improving governmental activities. A priority is the Structural Reform Support project (\$8.5 million, 538-0141), to be implemented in conjunction with a multidonor effort under the World Bank-led Tight Consultative Group process, which will support fiscal and budgetary reform. Also, funds are required for Special Development Activities (\$300,000, 538-0005) which focuses on high visibility, community level, self-help efforts; and Program Development and Support (\$300,000, 538-0000) for project development, evaluations, and studies related to private sector activities.

Agriculture. A.I.D. requests \$9.543 million to: (1) expand the role of the private sector in farming and agribusiness; (2) improve government policies toward agricultural investment; (3) stimulate technology development and transfer of technology appropriate to the needs of island economies; and (4) strengthen human and institutional capacities required for sustainable agricultural growth. Under the High Impact Agriculture Marketing and Production project (\$6.543 million, 538-0140), two new initiatives will help improve government quarantine and pest control procedures and will promote private sector management of agriculture research and extension. The Caribbean Agricultural Extension II project (\$1.7 million, 538-0068) will continue improvements in grassroots extension services, and the Eastern Caribbean Farm Systems Research and Development project (\$980,000, 538-0099) will continue applied research activities. Also, \$320,000 is needed for the Program Development and Support project (538-0000) for evaluations and studies in the agricultural sector.

Population Planning. Some \$1.1 million is proposed, including \$1 million to continue the Population and Development project (538-0039) and \$100,000 for the Program Development and Support project (538-0000) for studies and evaluations.

Health. A.I.D. requests \$975,000, including \$875,000 for the PVOs-OPGs project (538-9999), and \$100,000 for the Program Development and Support project (538-0000) for health sector studies and new project development.

Education and Human Resources Development. Some \$6.012 million is requested, for continuation of Regional Non-Formal Skills Training project (\$1.7 million, 538-0073); the Regional Development Training II project (\$2 million, 538-0087); and the Presidential Training Initiative for the Island Caribbean (\$2.2 million, 538-0640). Also, \$112,000 is needed for the Program Development and Support project (538-0000) for studies and evaluations.

Selected Development Activities. A.I.D. requests \$3.37 million for the Investment Promotion and Export Development project (\$1.5 million, 538-0119) and the Small Enterprise Assistance project (\$1.22 million, 538-0133). Also, the

Program Development and Support project (538-0000) will require \$450,000 for project development, evaluations, and studies related to private sector activities.

Mission Director: James S. Holtaway

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

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PROJECT NO. AND TITLE	•	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	FY85- EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	FY87- EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	FY88- EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION													
538-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	75	C		---	2,901	2,075	800	1,229	300	340	320	340
538-0010 RELIEF AND RECONSTRUCTION	L	77	77		6,500 6,500	6,500	6,210	---	100	---	190	---	---
538-0017 CARIBBEAN AGRICULTURAL EXTENSION	G	80	81		1,551 1,551	1,551	1,496	---	---	---	55	---	---
538-0057 AGRIBUSINESS EXPANSION	L	80	80		6,000 6,000	6,000	3,723	---	---	---	1,000	---	1,000
538-0068 CARIBBEAN AGRICULTURAL EXTENSION II	G	82	89		11,000 11,000	5,930	4,547	1,280	745	1,434	1,600	1,700	1,750
538-0080 CARIBBEAN AGRICULTURAL TRADING CO.	G	82	82		225 225	225	61	---	41	---	44	---	79
538-0080 CARIBBEAN AGRICULTURAL TRADING CO.	L	82	82		1,250 4,000	1,250	539	---	362	---	311	---	38
538-0084 CARIBBEAN FINANCIAL SERVICES	L	85	85		2,300 2,300	2,300	---	---	---	---	1,000	---	1,200
538-0099 E. CARIBBEAN FARM SYSTEMS RESCH & DEV	G	83	88		7,550 7,550	3,550	2,358	1,320	1,523	1,700	1,540	980	1,628
538-0112 ANTIGUA LIVESTOCK IMPROVEMENT PROJECT	G	84	85		530 530	530	337	---	118	---	75	---	---
538-0136 NATIONAL DEVELOPMENT FOUNDATION ASSIST.	G	85	85		260 260	260	95	---	164	---	1	---	---
538-0140 HIGH IMPACT AGRIC. MARKETING AND PROD.	G	86	91		40,000 30,900	---	---	5,250	100	6,611	4,000	6,543	9,200

Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

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PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
538-0147 INTEGRATED AG OPS	G		85	86	1,750 1,750	1,500	---	250	809	---	500	---	411
TOTAL FOR ACCOUNT					78,916 72,566	32,497	21,941	8,900	5,192	10,045	10,656	9,543	15,566
GRANTS					62,866 53,766	16,447	11,469	8,900	4,730	10,045	8,155	9,543	13,408
LOANS					16,050 18,800	16,050	10,472	---	462	---	2,501	---	2,238
POPULATION PLANNING													
538-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		75	C	---	431	386	110	---	100	150	100	100
538-0039 POPULATION AND DEVELOPMENT	G		82	83	6,265 4,665	3,624	2,001	1,041	239	600	900	1,000	1,000
538-0116 FAMILY PLANNING IEC - OPS	G		84	86	962 962	413	350	549	201	---	411	---	---
TOTAL FOR ACCOUNT					7,227 5,627	4,468	2,737	1,700	440	700	1,461	1,100	1,100
GRANTS					7,227 5,627	4,468	2,737	1,700	440	700	1,461	1,100	1,100
LOANS					---	---	---	---	---	---	---	---	---
HEALTH													
538-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		75	C	---	825	515	200	94	100	95	100	100
538-0027 EPIDEMIOLOGICAL SURVEILLANCE AND TRNG	G		79	85	2,585 2,585	2,585	1,949	---	84	---	300	---	252
538-0111 CARIBBEAN EYE CARE (OPG)	G		83	83	250 250	250	118	---	9	---	123	---	---

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	• L / INITIAL G OBLIG	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTMD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
538-0120 GRENADA BLINDNESS PREVENTION	G	84	84	400 400	400	100	---	193	---	102	---	---
533-0134 REGIONAL PHARMACEUTICALS MANAGEMENT	G	85	87	3,500 3,500	2,800	---	650	495	50	900	---	1,000
533-0149 PROJECT HOPE - OPG	G	86	87	1,600 550	---	---	550	---	1,050	550	---	600
538-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	78	C	---	---	---	---	---	---	---	875	600
TOTAL FOR ACCOUNT				8,335 7,285	6,860	2,682	1,400	380	1,200	2,070	975	2,552
GRANTS				8,335 7,285	6,860	2,682	1,400	380	1,200	2,070	975	2,552
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
538-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	75	C	---	945	659	100	296	98	90	112	100
538-0014 CARIBBEAN REGIONAL DEV TRAINING	G	79	85	4,000 4,000	4,000	3,723	---	---	---	277	---	---
538-0029 CARIBBEAN EDUCATIONAL DEVELOPMENT	G	79	83	9,958 9,958	9,958	9,803	---	---	---	155	---	---
538-0030 BASIC HUMAN NEEDS EMPLOYMENT SECTOR	G	79	80	4,000 4,000	4,000	3,887	---	---	---	113	---	---
533-0073 REGIONAL NON-FORMAL SKILLS TRAINING	G	82	88	5,772 4,072	4,072	1,133	---	---	---	1,000	1,700	2,000

\*Refers to the planned project summary sheet

CLevel of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

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PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
538-0087 REGIONAL DEVELOPMENT TRAINING II	G	83	89	22,000 5,000	3,488	1,500	---	293	1,500	1,700	2,000	2,000
538-0148 REGIONAL MANAGEMENT TRG PILOT PROJECT	G	86	87	2,100 2,700	---	---	1,000	---	1,100	1,000	---	1,100
538-0160 CARIBBEAN TRAINING - OPG	G	86	86	1,600 1,600	---	---	1,600	20	---	800	---	780
538-0640 PTIIC	G	87	88	6,200 6,200	---	---	---	---	4,000	1,500	2,200	2,000
TOTAL FOR ACCOUNT				55,630 37,530	26,463	20,705	2,700	609	6,698	6,635	6,012	7,980
GRANTS				55,630 37,530	26,463	20,705	2,700	609	6,698	6,635	6,012	7,980
LOANS				---	---	---	---	---	---	---	---	---
SELECTED DEVELOPMENT ACTIVITIES												
538-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	75	C	---	3,057	2,514	500	534	300	450	450	550
538-0005 SPECIAL DEVELOPMENT ACTIVITIES	G	75	C	---	2,150	1,811	415	252	---	250	---	252
538-0013 EMPLOYMENT INVESTMENT PROMOTION I	G	78	82	1,676 1,676	1,676	1,544	---	---	---	132	---	---
538-0018 EMPLOYMENT INVESTMENT PROMOTION II	G	79	83	1,400 1,400	1,400	1,250	---	122	---	28	---	---
538-0018 EMPLOYMENT INVESTMENT PROMOTION II	L	79	83	8,400 8,400	8,400	6,570	---	180	---	725	---	925
538-0032 ALTERNATIVE ENERGY SYSTEMS	G	79	84	6,939 7,600	6,939	5,323	---	1,571	---	---	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	* L / INITIAL G OBLIG	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	FY85- EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	FY87- EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	FY88- EXPEN- DITURES
538-0043 PRIVATE SECTOR INVESTMENT ASST PROGRAM	G	81	87	3,800 3,500	2,500	2,500	800	282	500	500	---	518
538-0081 BARBADOS PRIVATE INITIATIVES IN HOUSING	G	82	86	425 425	275	235	150	25	---	165	---	---
538-0084 CARIBBEAN FINANCIAL SERVICES	G	83	85	400 400	400	15	---	21	---	150	---	214
538-0084 CARIBBEAN FINANCIAL SERVICES	L	83	85	11,035 11,035	11,035	3,420	---	---	---	3,000	---	3,000
538-0088 INFRASTRUCTURE FOR PRODUCTIVE INVESTMENT	L	84	84	12,000 12,000	12,000	400	---	650	---	2,000	---	2,500
538-0089 INTERAGENCY RESIDENT MISSION	G	82	85	676 676	676	380	---	---	---	---	---	296
538-0102 CARIBBEAN MARKETING ASSISTANCE (OPG)	G	83	85	390 390	390	335	---	8	---	47	---	---
538-0119 INVESTMENT PROM AND EXPORT DEVEL.	G	84	89	17,200 8,500	4,176	2,125	4,000	4,401	2,000	2,500	1,700	3,000
538-0133 SMALL ENTERPRISE DEVELOPMENT	G	85	90	12,400 10,000	---	---	2,900	507	1,457	2,000	1,220	3,000
538-0135 CARIBBEAN REGIONAL CREDIT UNION DEVEL II	G	85	86	535 535	300	60	235	270	---	120	---	85
538-0136 NATIONAL DEVELOPMENT FOUNDATION ASSIST.	G	85	85	260 260	260	---	---	---	---	165	---	95

\*Refers to the planned project summary sheet

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	•	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT					77,536 66,797	55,634	28,482	9,000	8,823	4,257	12,232	3,370	14,435
GRANTS					46,101 35,362	24,199	18,092	9,000	7,993	4,257	6,507	3,370	8,010
LOANS					31,435 31,435	31,435	10,390	---	830	---	5,725	---	6,425
ECONOMIC SUPPORT FUND													
533-XXXX LOCAL COST SUPPORT	G		87	87	605 ---	---	---	---	---	605	605	---	---
533-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		75	C	---	592	562	472	387	295	290	300	300
533-0005 SPECIAL DEVELOPMENT ACTIVITIES	G		75	C	---	1,049	524	300	508	300	275	300	500
533-0060 ACCELERATED PRIVATE SECTOR ASSISTANCE	G		82	87	2,000 1,500	1,500	1,010	---	410	500	200	---	280
533-0076 DOMINICA ROAD REHABILITATION	G		82	85	14,900 14,900	14,900	10,100	---	4,793	---	7	---	---
533-0082 PRODUCTIVE INFRASTRUCTURE REHABILITATION	G		82	85	14,650 14,650	14,650	12,300	---	2,076	---	274	---	---
533-0083 BANANA INDUSTRY REHABILITATION	G		82	82	1,750 1,750	1,750	1,241	---	285	---	24	---	---
533-0084 CARIBBEAN FINANCIAL SERVICES	L		83	83	4,000 4,000	4,000	---	---	---	---	2,000	---	2,000
533-0089 INTERAGENCY RESIDENT MISSION	G		85	85	300 1,476	300	---	---	---	---	300	---	---
533-0090 ST. LUCIA AGRIC STRUCTURAL ADJUSTMENT	G		83	83	9,500 9,500	9,500	3,243	---	2,105	---	423	---	1,395
533-0091 CUMBERLAND HYDRO ELECTRIC	G		84	84	500 500	500	66	---	234	---	200	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

533 CARIBBEAN REGIONAL

CP 88

PROJECT NO. AND TITLE	L / G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
538-0091 CUMBERLAND HYDRO ELECTRIC	L	84	84	7,500 7,500	7,500	638	---	1,812	---	2,500	---	2,550
538-0096 PUBLIC MANAGEMENT POLICY PLANNING	G	84	88	12,000 8,000	3,500	300	1,700	2,479	2,800	3,500	4,000	5,721
538-0098 ANTIGUA WATER SUPPLY	G	83	83	3,225 3,225	3,225	1,575	---	1,077	---	274	---	299
538-0098 ANTIGUA WATER SUPPLY	L	83	83	6,625 6,625	6,625	674	---	2,447	---	3,000	---	504
538-0101 ST. VINCENT AGRICULTURAL DEVEL PROGRAM	G	84	84	2,000 2,000	2,000	407	---	1,351	---	242	---	---
538-0103 BASIC NEEDS TRUST FUND	G	84	89	13,300 12,700	12,700	842	---	4,758	---	3,000	---	4,000
538-0108 ST. KITTS/NEVIS RESOURCE MANAGEMENT	G	84	85	1,500 2,000	1,500	1	---	570	---	529	---	400
538-0119 INVESTMENT PROM AND EXPORT DEVEL.	G	84	89	2,800 1,500	---	---	1,500	---	1,300	1,500	---	1,000
538-0129 GRENADA INFRASTRUCTURE REHABILITATION	G	86	86	5,000 5,000	---	---	5,000	1,911	---	3,089	---	---
538-0130 DOMINICA ELECTRIC	G	85	85	4,700 4,700	4,700	650	---	3,305	---	745	---	---
538-0133 SMALL ENTERPRISE DEVELOPMENT	G	85	90	800 ---	---	---	---	---	800	300	---	500
538-0137 ST LUCIA GEOTHERMAL	G	85	87	4,000 3,000	1,500	---	1,500	111	1,000	1,500	---	2,389
538-0138 INFRASTRUCTURE EXPANSION MAINT SYSTEMS	G	86	91	24,000 24,000	---	---	1,200	160	5,100	1,400	5,000	3,000

\*Refers to the planned project summary sheet

L=Level of effort activity

FY of final obligation column-- All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized data.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

533 CARIBBEAN REGIONAL

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-		
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	
533-0138 INFRASTRUCTURE EXPANSION MAINT SYSTEMS	L	86	91	16,000 16,000	---	---	1,800	---	---	---	6,900	4,000	
533-0141 STRUCTURAL REFORM SUPPORT	G	87	88	15,000 ---	---	---	---	---	6,500	2,000	8,500	5,000	
533-0150 ECONOMIC SUPPORT GRANT III	G	86	86	4,000 4,000	---	---	4,000	4,000	---	---	---	---	
533-0156 GRENADA STRUCTURAL ADJUSTMENT	G	86	86	4,000 4,000	---	---	4,000	2,000	---	2,000	---	---	
533-0157 DOMINICA STRUCTURAL ADJUSTMENT	G	86	86	1,500 ---	---	---	1,500	1,500	---	---	---	---	
543-0010 RELIEF AND RECONSTRUCTION	G	84	86	2,603 2,603	---	---	2,603	---	---	2,603	---	---	
TOTAL FOR ACCOUNT				133,758 155,129	91,991	33,933	25,575	38,279	19,200	32,780	25,000	33,838	
GRANTS				149,633 121,004	73,866	32,621	23,775	34,020	19,200	25,280	18,100	24,784	
LOANS				34,125 34,125	18,125	1,312	1,800	4,259	---	7,500	6,900	9,054	
COUNTRY TOTAL				TOTAL	411,402 344,934	217,913	110,480	49,275	54,223	42,100	65,834	46,000	75,551
GRANTS				329,792 260,574	152,303	88,306	47,475	48,672	42,100	50,108	39,100	57,334	
LOANS				81,610 84,360	65,610	22,174	1,800	5,551	---	15,726	6,900	17,717	

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column -- All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

543 GRENADA

CP 89

PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	FY85- EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	FY87- EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	FY88- EXPEN- DITURES
ECONOMIC SUPPORT FUND												
543-0000 PROG DEVELOP AND SUPPORT	G	84	85	1,596 1,596	1,596	981	---	179	---	436	---	---
543-0002 FREE LABOR DEVELOPMENT (AIFLD)	G	84	85	966 956	966	195	---	261	---	510	---	---
543-0003 IMMEDIATE HEALTH CARE	G	84	85	3,805 3,605	3,605	1,111	---	579	---	1,915	---	---
543-0005 AGRICULTURE SECTOR REVITALIZATION	G	84	84	1,964 1,964	1,964	681	---	332	---	951	---	---
543-0006 POINT SALINES AIRPORT	G	84	84	19,000 19,000	19,000	15,360	---	3,467	---	173	---	---
543-0008 INFRASTRUCTURE EXPANSION	G	84	85	6,400 6,400	6,400	1,840	---	2,941	---	1,619	---	---
543-0009 EDUCATION AND TRAINING	G	84	85	500 500	500	241	---	184	---	75	---	---
543-0010 RELIEF AND RECONSTRUCTION	G	84	85	8,681 8,681	8,681	5,003	---	3,214	---	464	---	---
543-0013 PRIVATE SECTOR DEVELOPMENT	G	84	84	874 874	874	136	---	251	---	487	---	---
543-0014 SPECIAL DEVELOPMENT FUND	G	84	85	300 300	300	74	---	91	---	135	---	---
543-0016 ECONOMIC SUPPORT STRUCTURE	G	85	85	3,000 3,000	3,000	1,500	---	1,500	---	---	---	---
TOTAL FOR ACCOUNT				47,086 46,886	46,886	27,122	---	12,999	---	6,765	---	---
GRANTS				47,086 46,886	46,886	27,122	---	12,999	---	6,765	---	---
LOANS				---	---	---	---	---	---	---	---	

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

543 GRENADA

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
COUNTRY TOTAL												
	TOTAL			47,086 46,886	46,886	27,122	---	12,999	---	6,765	---	---
	GRANTS			47,086 46,886	46,886	27,122	---	12,999	---	6,765	---	---
	LOANS			---	---	---	---	---	---	---	---	---

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date. For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

PROGRAM: Caribbean Regional

PLANNED PROGRAM SUMMARY SHEET

<b>Title</b> Private and Voluntary Organizations Operational Program Grants		<b>Funding Source</b>	<b>AG, RD &amp; N</b>	<b>Health</b> 875	<b>PROPOSED OBLIGATION</b> (In thousands of dollars)		
					FY 88	875	<b>Life of Project Funding</b> Continuing
<b>Number</b> 538-9999	<input type="checkbox"/> NEW	<b>Population</b>	<b>ED. &amp; HR</b>	<b>Sel. Act.</b>	<b>Initial Obligation</b> FY 78	<b>Estimated Final Obligation</b> FY Continuing	<b>Estimated Completion Date of Project</b> FY Continuing
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> CONTINUING							

**Purpose:** To strengthen the capacity and mobilize the expertise of both U.S. and local private and voluntary organizations (PVOs) in development programs.

**Project Description:** Public health services have deteriorated in recent years as Caribbean governments face reductions in budgets, increased maintenance and operational costs, and the exodus of skilled staff. Fortunately, PVOs are responding to government encouragement of greater private sector involvement in the provision of health care.

Under the proposed project, small grants will be made to private sector institutions for new initiatives in health care. Activities are likely to include: (1) small clinics located in economically depressed areas; (2) health and nutrition education campaigns, with particular emphasis on maternal/child health and infant survival; and (3) community pharmacies, to provide health aids at reasonable cost, and encourage greater utilization of generic drugs.

**Relationship of Project to A.I.D. Country Strategy:** The project is consistent with the A.I.D. strategies to: (1) arrest the deterioration in the provision of social services; and (2) to increase the involvement of the private sector.

**Host Country and Other Donors:** Caribbean governments are encouraging the involvement of PVOs in the delivery of social services. A.I.D. never funds more than 75% of project costs. The remainder is covered by PVOs themselves, and in some cases by local government grants.

**Beneficiaries:** Immediate beneficiaries will be the urban and rural poor, particularly women and children in need of health services. The entire population will benefit from reductions in the incidence of preventable diseases.

**Major Outputs:** All Years

Reduced costs in pharmaceuticals to the poor	X
Reduced infant mortality rates	X
Increased immunization rates	X

**A.I.D. Financed Inputs:** Life of Project (\$000)

Health Activities	875
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U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	-			
Estimated Fiscal Year 1987	-			
Estimated Through September 30, 1987	-			
Proposed Fiscal Year 1988	875	Future Year Obligations Continuing	Estimated Total Cost Continuing	



## SOUTH AMERICA

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	69,654	50,941	53,800
Loan	15,353	1,100	2,000
Grant	54,301	49,841	51,800
Economic Support Fund	48,748	44,652 <u>2/</u>	57,000
Loan	0	0	0
Grant	48,748	44,652	57,000
Other*	338 <u>1/</u>		
TOTALS	118,740 <u>3/</u>	95,593	110,800
P.L. 480	64,656	56,988	47,066
Title I	45,000 <u>4/</u>	40,000 <u>4/</u>	30,000 <u>4/</u>
Title II	19,656	16,988	17,066
TOTALS	183,396	152,581	157,866
Footnotes:			
1/ International Disaster Assistance			
2/ The above total for ESF includes \$805,000 in local cost support.			
3/ The total includes reobligations of \$12,013,800 deobligated in FY 1985 and \$12,100,500 deobligated in FY 1986 for a total reobligation of \$24,114,300 in FY 1986.			

4/ Includes Title III level of \$20 million in each fiscal year, 1986, 1987, 1988.

## SOUTH AMERICA

### Overview

Important U.S. interests are at risk in the Andes. Despite an additional year of democratic, constitutional government in Bolivia, Peru and Ecuador, the political stability of all three countries is threatened by severe and worsening poverty, high debt levels and illicit narcotics. Ecuador and Peru are also plagued by terrorism and armed opposition. The short-term outlook for all is worrisome. The inability of the governments to cope with these menaces could bring a return of anti-democratic, authoritarian rule. In the most extreme case of Peru, Soviet penetration, combined with violent and deadly leftist extremism, could lead to a shift in Peru's traditionally pro-western orientation and imperil U.S. strategic interests.

The Andean democracies are now favorably oriented towards western democratic values. These countries are important to the United States because of their geographic location, their natural resources, their leadership role in Latin America and their participation in the fight against illegal drugs. The United States is one of their largest trading partners and sources of foreign investment.

Each of these countries suffered serious economic downturns in the early 1980s as a result of (a) weakened demand for primary mineral and agricultural exports, (b) devastating floods and drought, (c) rising interest rates on external debt, and (d) inappropriate economic policies. By 1985, per capita income in Peru and Bolivia had fallen to the levels of the 1960s.

The responses to these economic challenges have varied. Bolivia has implemented a courageous reform program, but short term prospects are not favorable without continued outside help. The market-oriented, private sector approach of the Ecuadorian Government has helped offset declining revenues due to a major drop in oil prices by cutting public sector programs and subsidies. But the drop in export income severely damaged the country's long term prospects. Although the Peruvian economy grew at a rate of 6% in 1986, the country has failed to adjust to significant changes in international economic relationships, and major reforms are still required to provide a foundation for sustained economic growth over the long term. Export diversification is needed in all three countries to provide foreign exchange to finance productive imports and to service the debt.

The impact of these changes has been positive in all three Andean countries. Peru was able to increase employment and reduce inflation, Ecuador weathered an extreme decline in earnings from oil exports, and Bolivia throttled the world's worst inflation. U.S. assistance was used effectively in each of these countries to provide needed resources along with crucial technical assistance to help sustain incomes while necessary policy reforms were carried out. Nonetheless, the three countries are in transition; each remains in a fragile economic situation and requires continuing support and sufficient time to complete the adjustment process.

The rise of terrorism in Peru and to a lesser extent in Ecuador threatens these fragile democracies. In Bolivia the strength of narcotics traffickers threatens the continued independence and integrity of the Bolivian Government. Throughout the region armed narcotics traffickers have the potential of threatening legitimate authority through their control of remote territory, their growing involvement in the informal economy and their increasing ties to insurgent organizations. U.S. support for continued economic improvement and the encouragement of democratic institutions in the region helps preclude popular unrest and the return to non-democratic military governments which, until recently, were predominant in these countries.

Extreme poverty is pervasive throughout the Andean region. Per capita GDP in Bolivia is hardly \$500 per year, and skewed income distribution is a major problem in Ecuador and Peru. The provision of health services has not kept up with the growing population, which is increasing at a rate of over 2.5% in the region. The infant mortality rate exceeds 120 per 1000 in Bolivia. Each of the three countries needs to accelerate its efforts to provide basic immunization and other preventive services to reduce high rates of infant mortality. Malnutrition and hunger are also continuing problems in the Andean countries. In addition, illiteracy continues as a major problem, and declining government revenues in all three countries reduces their ability to address this fundamental development problem.

Our objectives in the region are to:

- halt economic decline and achieve positive annual economic growth rates by 1987;
- expand the role and participation of the private sector in economic development;
- increase agricultural production for domestic consumption and agroindustrial exports;
- improve health status and conditions of the region, especially to promote child survival;
- ensure control of narcotics production through alternative income and narcotics awareness efforts and better interdiction;
- expand participation of low-income groups in the benefits of economic growth; and
- strengthen democratic institutions, including the judicial systems.

#### FY 1988 Program Highlights

- A.I.D. is requesting \$57 million of ESF assistance for Bolivia, Ecuador, and Peru to support these countries' economic policy reforms and help finance narcotics control activities.

-- A.I.D. is requesting \$53.8 million for the DA program, which will give high priority to new efforts to improve agricultural production and marketing, promote the role of the private sector in economic development, and expand the provision of health services to the poorer segments of the population.

-- ESF and DA resources will be complemented by \$30 million in P.L. 480 Title I/III resources to ease the balance-of-payments deficit and promote economic policy reforms, particularly in the agricultural sector. A.I.D. also proposes to provide \$17.1 million in Title II resources for child feeding and MCH programs in the region.

Our objectives in South America complement A.I.D. strategy worldwide by emphasizing private sector participation in the development process, encouraging greater reliance on market forces and competition as promoters of economic efficiency, and attacking illegal drug production at its source.



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (511) BOLIVIA

\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS, MID 1986) 6,173  
 PER CAPITA GNP..... (DOLLARS, 1984) 540  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 0.2%  
 ANNUAL RATE OF INFLATION (1973-84) 54.5%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..(1970) 4.0%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 53.0 MALE 51.2 FEMALE 54.9  
     (1970) TOTAL 46.3 MALE 44.8 FEMALE 47.7  
 ADULT LITERACY RATE (1976) TOTAL 63% MALE 76% FEMALE 51%

\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) -3.0%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 25%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 20  
 MAJOR CROP(S) ARABLE LAND YEAR  
     SUBSISTENCE: POTATOES , CORN .. 13% (1985)  
     CASH: RICE , SUGARCANE , WHEAT 9% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) RAW SUGAR , COFFEE ,  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT , SOYBEAN OIL , RICE  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1976) 46%

\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     (1981) 671 (82) 235 (83) 260  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     (1981) 919 (82) 398 (83) 878  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     (1981) -248 (82) -163 (83) -618  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. (1980) 18.0% (81) 22.7% (83) 10.8%  
     AS % OF GNP..... (1980) 2.6% (81) 3.1% (82) 1.9%  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1983) 197 (84) 290 (85) 238  
 EQUIVALENT TO 5.8 MONTHS OF IMPORTS (1984)

\*FOREIGN TRADE\*

MAJOR EXPORTS(1984) TIN , NATURAL GAS , SILVER  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983) 161 (1984) 145 (1985) 92  
     AS % OF TOTAL EXPORTS (1982) 38% (1983) 24% (1984) 21%  
 MAJOR IMPORTS(1984) FOODSTUFFS , CHEMICALS , CAPITAL GOODS  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 149 (1984) 116 (1985) 132  
     AS % OF TOTAL IMPORTS (1982) 41% (1983) 36% (1984) 30%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1982) 400(83) 282(84) 312  
 TRADING PARTNERS: UNITED STATES , ARGENTINA , BRAZIL  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 98.3%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 321  
     AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 22.9%

\*SOCIAL DATA\*

POPULATION GROWTH RATE... (1970) 2.3% (1978) 2.2% (1986) 2.2%  
 POPULATION IN URBAN AREAS.....(1970) 41% (1986) 49%  
 TOTAL FERTILITY RATE.....(1970) 7 (1986) 5  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1983) 24.0%  
 POPULATION (1986) IN AGE GROUP:  
     (0-14YRS) 40.5% (15-64YRS) 56.0% (65+ YRS) 3.6%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 129  
 PEOPLE PER PHYSICIAN..... (1980) 1,952  
 MAJOR CAUSES OF  
 DISEASE (1976) PLAGUE - PESTE , YELLOW FEVER ,  
 DEATH.. ( ) , ,  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 86%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 37%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
     PRIMARY..... (1981) TOTAL 111 MALE 120 FEMALE 101  
     SECONDARY..... (1981) TOTAL 21.8 MALE 23.1 FEMALE 14.4  
     POST SECONDARY.. (1978) TOTAL 7.9 MALE 8.6 FEMALE 3.6  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 231%

## BOLIVIA

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	24,962	20,100	22,600
Loan	6,303	0	0
Grant	18,659	20,000	22,600
Economic Support Fund	7,177	15,000 <u>2/</u>	30,000
Loan	0	0	0
Grant	7,177	15,000	30,000
Other*	145 <u>1/</u>		
TOTALS	32,284 <u>3/</u>	35,100	52,600
P.L. 480	31,045	28,993	28,536
Title I	20,000 <u>4/</u>	20,000 <u>4/</u>	20,000 <u>4/</u>
Title II	11,045	8,993	8,536
TOTALS	63,329	64,093	81,136

## Footnotes:

1/ International Disaster Assistance

2/ The above total for ESF includes \$340,000 in local cost support.

3/ The total includes reobligations of \$7,069,800 deobligated in FY 1985 and \$6,100,500 deobligated in FY 1986 for a total reobligation of \$13,170,300 in FY 1986.

4/ Title III

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	13.75	14.50	14.50
Foreign National	33	33	33
TOTALS	46.75	47.50	47.50

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	3	21	24	15	75	90	15	100	115
Regional <sup>e</sup>	4	1	5	10		10	25		25
Third Country Participants									
Bilateral <sup>d</sup>	2	18	20	85		85	2	45	47
Regional <sup>e</sup>									
TOTALS	9	40	49	110	75	185	42	145	187

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.

<sup>b</sup>Academic: degree seeking.

<sup>c</sup>Technical: non-degree seeking.

<sup>d</sup>Participants funded under bilateral programs.

<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## BOLIVIA

### Introduction

The inauguration of Victor Paz Estenssoro as President in August 1985 marked the first time in Bolivia's history that power changed hands peacefully between opposing political parties. This democratic transition occurred in the midst of a severe economic crisis, and at the time Paz took office the inflation rate had soared to an astronomical 23,000%. Export earnings had fallen by approximately 25% between 1982 and 1985, while debt service as a proportion of exports had climbed to 93%. Negative gross domestic product (GDP) growth rates from 1980 to 1985 reflected the magnitude of the economic crisis. The public sector budget deficit reached over 25% of GDP in 1985 and the balance-of-payments deficit exceeded \$400 million.

Within weeks after taking office, the new government initiated a comprehensive program to restore public confidence and bring about economic stabilization and recovery. It enacted sweeping economic measures to halt hyperinflation, provide free-market incentives for the reactivation of domestic production, eliminate price distortions in the economy, restructure state enterprises, and restore economic growth. The reforms taken included freeing the exchange rate, a wage freeze for public employees, tax and tariff reforms, substantial increases in food prices, as well as increases for fuels and services sold by state enterprises.

Over the past year, these reforms have had a remarkable impact on stabilizing the economy. Inflation was reduced to an annual rate of 27% during the June-August 1986 period, and the public sector budget deficit declined to about 6% of GDP for 1986. In June 1986, Bolivia successfully renegotiated its public sector debt with official creditors, thereby narrowing its balance-of-payments deficit to about \$164 million in 1986. The Government of Bolivia (GOB) has negotiated a standby agreement with the International Monetary Fund (IMF), and has adhered to all performance criteria. The stabilization program has been an unqualified success in terms of the price index, money supply, budget deficit of the consolidated public sector, credit expansion, relative exchange rate stability and improvement in the debt service situation.

Despite progress in stabilization, the country still suffers a severe depression. The GDP is expected to decline by 3.7% in 1986 compared with about 3% in 1985. The prices of Bolivia's principal exports, tin and natural gas, both declined sharply in late 1985 and continue to be severely depressed. The agricultural sector also suffered from serious floods in early 1986 which reduced total production.

To strengthen the foundation for economic recovery and longer-term growth the GOB must do more to encourage export industries, diversify the economy, and reduce the burden of state enterprises on the central budget. The government has decentralized larger parastatals as a first step, but many of these enterprises are in poor financial condition and are unattractive

investments for the private sector. The GOB now plans to divest or shut down these companies. Such privatization should improve free market competition. The government is also promoting private sector reactivation through increased credit and investment incentives.

The GOB has also acted boldly against narcotics production. Operation "Blast Furnace" shut down a number of cocaine laboratories and destroyed a large quantity of cocaine processing equipment and materials. This effort reduced the price of coca leaves below production costs and encouraged many coca producers to turn to alternative crops. The government is committed to continuing its anti-narcotics campaign and will present new legislation to prohibit coca production in non-traditional areas and provide for the eradication of illegal crops. Bolivia should be congratulated for these courageous anti-narcotics actions, but they have had negative economic consequences for many of the country's poor. The production and transport of coca had provided a livelihood for thousands of Bolivians, and earnings from narcotics contributed about \$600 million a year to the economy. The disruption of coca production and the narcotics trade, along with the closing of unprofitable mines, has significantly increased unemployment. Paradoxically, economic recovery in Bolivia cannot take place without bringing the narcotics problem under control.

Next to Haiti, Bolivia is now the poorest country in the hemisphere. Just over a fifth of school-age children are enrolled in secondary schools. Poor health and sanitation are widespread. Life expectancy at birth is 53 years, and the infant mortality rate, estimated at 129 per thousand, is the highest in the hemisphere.

U.S. Government interests in Bolivia are to: (1) support democratic and constitutional government; (2) help resolve Bolivia's economic crisis and promote self-sustaining economic growth; and (3) greatly reduce the production and flow of narcotics.

#### A.I.D.'s Development Strategy and Accomplishments to Date

Economic Stabilization and Reform. Democracy, which is key to long-term development and elimination of drug trafficking, cannot survive unless the country can successfully renew economic growth. The A.I.D. program is structured, therefore, to help the country resolve its economic crisis and promote self-sustaining economic growth. Nonetheless, the economic recovery program entails a redefinition of responsibilities of the government, unions and the private sector. This is politically risky and has raised strong opposition from each group.

Economic Support Fund (ESF) and P.L. 480 Title III resources have enabled the GOB to undertake economic reforms and narcotics control while alleviating the foreign exchange crisis. The FY 1986 Title III program financed approximately 50% of the country's essential wheat imports, helping meet demand not met by domestic production or other external sources. Local currency proceeds generated by this program are supporting a range of activities such as credit to small and medium enterprises, the control of communicable diseases, the expansion of grain and livestock production, and the improvement of rural infrastructure.

The \$7.2 million FY 1986 ESF program contributed to reactivation of the economy by improving balance of payments so that essential raw materials and intermediate goods could be imported for the private sector. ESF local currency resources also helped finance a public education campaign to create greater public awareness of the need to reduce coca production to the amount required for the domestic legal market and to eliminate narcotics trafficking.

The GOB recently enacted a new tax code and is developing a more effective collection system. Regulations governing banking, credit and interest rate procedures have also been improved. The government must now provide investment incentives for small-scale industry and promote rural enterprises. A.I.D. will continue its key role in assisting the government to plan and initiate these changes.

The GOB Policy Reform unit (UDAPE), established with A.I.D. support through the Policy Reform project (511-0571), has been instrumental in carrying out economic analyses which have resulted in more rational policy development. UDAPE was a significant factor in the formulation of the government's new property tax code. The project has also assisted the government in restructuring financial accounting systems, banking regulations and customs procedures.

Agriculture, Rural Development, and Nutrition. In the agricultural sector, the GOB has taken initial steps with P.L. 480 local currency to reorganize the Ministry of Agriculture and Campesino Affairs (MACA) to make it more responsive to farmer needs. Another long sought change in the agricultural sector has been the development of a national wheat policy. Bolivia imports 90% of its wheat, and new policy measures to encourage domestic production are important to alleviate this foreign exchange burden.

Two of Bolivia's most promising areas for development are agriculture and agribusiness. Despite an improved policy environment under the new government, Bolivian entrepreneurs still face major obstacles at the technical level to increasing agricultural productivity. Agricultural producers lack access to sufficient medium and long-term credit, research and extension services, and appropriate technologies. A.I.D. is concentrating on increasing the efficiency and productivity of small and medium-sized commercial farmers. The FY 1986, \$4.2 million Private Agricultural Organizations project (511-0589) is designed to increase the efficiency of agricultural producer associations, and improve their capacity to offer needed credit, research, extension and marketing services. The FY 1986, \$18.5 million Market Town Capital Formation project (511-0573) is expanding private sector investment in secondary cities, permitting more small and medium-sized farmers to have easier and less-costly access to markets for their products. The Emergency Agriculture Credit project (511-0591), which began in FY 1986, is providing credit for the inputs needed to increase production.

Private Sector Development. Although support for private enterprise has improved substantially, significant constraints remain. The Bolivian financial system has not done an adequate job of mobilizing savings and allocating credit for private sector investment or providing the financial

services required by large and small entrepreneurs. A.I.D. is helping to alleviate this by working to ensure that all credit activities are directed toward a common set of objectives. These objectives include increased savings mobilization, greater competition in the financial sector, maintenance of positive real interest rates, and reduced transaction costs. The Agribusiness and Artisanry project (511-0472) is providing training and technical assistance to key private sector financial institutions, and encouraging policy and structural reforms.

Education and Human Resources. Another factor constraining Bolivia's development efforts is its limited human resource base. Since the late 1970s, Bolivia's economic crisis and political instability have caused the departure of many of its most skilled policymakers and private sector managers and technicians. A.I.D. is implementing three training projects and utilizing additional centrally-funded and regional resources to increase the number of skilled managers and technicians needed for a growing economy. The FY 1985, \$3 million Management Training project (511-0580) established an independent management training institute in Bolivia, and is offering pragmatic, short-term training to Bolivian entrepreneurs. The FY 1985, \$2.97 million Training for Development project (511-0584) and the LAC Training II project both offer long and short-term training in the United States.

A.I.D. is expanding training opportunities for Bolivians through a new Andean Peace Scholarships initiative which was initiated with \$2.9 million of LAC regional funds in FY 1986. The program will provide training in the United States to help meet the priority economic, social, and political needs of Bolivia, and will target disadvantaged groups who have previously lacked access to such training.

A.I.D. also provides in-country training through P.L. 480 Title III funded training grants for farmers and their families. The new Democracy Awareness component of the Training for Development project is also sending young Bolivians to the United States to introduce them to American social, economic and cultural systems and institutions.

Health, Child Survival, and Family Planning. Bolivia's health care services, access to potable water and sanitary conditions are the worst in South America and have deteriorated in recent years. High mortality and morbidity rates among children and low worker productivity, particularly in rural areas, continue to be major problems. A.I.D. will expand its child survival activities in FY 1987 to provide wider coverage of immunization and oral rehydration therapy services. The CARE Child Health Service/Rural Sanitation project (511-0599) will expand the scope of its activities. These efforts are supported with P.L. 480 local currency resources and represent a major effort to reduce Bolivia's high child mortality rate.

Policy advances have also been made recently in the area of family planning. The Ministry of Health, previously opposed to the introduction of family planning services in government hospitals, has now agreed to permit the distribution of contraceptives through its health facilities on a pilot basis. It has also agreed to permit A.I.D. to initiate a private sector contraceptive social marketing effort.

Narcotics-related Development Efforts. One of the most ominous threats to democracy and the quality of life in Bolivia is the growing prominence of narcotics trafficking. As drug money and corruption pervade the society, the ability of the GOB to retain its integrity and independence is threatened. Respect for democracy, its leaders and institutions, and the rule of law are undermined.

The strategy for reducing production of illegal coca and halting drug trafficking in Bolivia recognizes that control and development are essential and complementary aspects of the narcotics control program. No single agricultural crop or crop combination can provide farmers with the income they can earn producing coca for the illegal market. Development assistance in coca producing areas to provide alternative crops and sources of employment can only be effective within the context of a strong and sustained eradication and enforcement program.

A.I.D. recently carried out an evaluation of its narcotics-related development activities in the Chapare region. The recommendations, if funded, should lead to a more effective program by reducing incentives to migrate to the coca-producing areas and by providing alternative income opportunities.

Complementing the A.I.D. narcotics-related development effort is the Narcotics Awareness project (511-0592), which is heightening public knowledge of the drug problem in Bolivia. The project will generate a broader base of popular support for the GOB's overall narcotics enforcement efforts by strengthening the institutional capacity of key public and private sector entities to carry out a public education campaign.

#### Section 709

Section 709 of the International Security and Development Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following supplemental information on assistance to Bolivia in FY 1986 is provided as partial fulfillment of that requirement:

A. Training: A.I.D. provided training in FY 1986 to a total of 49 participants from Bolivia in the fields of agriculture (20), agricultural economics (2), public administration (2), democratic institutions (13), demographic analysis (2), economics (3), housing policies (2), labor statistics (2), and health (3).

B. The types of goods attributed to the FY 1986 ESF cash transfer to Bolivia include \$7,177,000 in raw materials, machinery, intermediate goods and spare parts imported from the United States.

C. Local Currency: At the beginning of FY 1986, a total of \$9.3 million in local currency remained unallocated. An additional \$27.2 million was made available during FY 1986 for a total availability of \$36.5 million. Local currency associated with A.I.D. assistance to Bolivia was allocated by A.I.D. and the GOB for the following purposes:

	<u>Amount</u> (\$000)
1. Private Sector Agricultural Credit	9,816
2. Agricultural Production Activities	6,072
3. Natural Resource Conservation	697
4. Health and Nutrition	3,772
5. Narcotics Awareness activities	2,180
6. Cooperatives and Producer Associations	1,228
7. Training and Public Sector Reduction	4,494
8. Rural Development	5,893
9. Public Administration	1,000
10. Program Administration and A.I.D. Trust Fund	<u>1,387</u>
Total	36,539

D. Reprogramming of funds for Bolivia during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation:

(\$000)	<u>Total</u>	<u>ARDN</u>	<u>PN</u>	<u>HE</u>	<u>CSF</u>	<u>EHR</u>	<u>SDA</u>	<u>ESF</u>
- Estimated FY 1986 Obligations	23,147	3,780	30	252	-	880	3,850	14,355
- Actual FY 1986 Obligations	32,139 <sup>1/</sup>	13,714	30	2,348	500	4,520	3,850	7,177

1/ Includes \$13.2 million reobligation of prior year funds to support Bolivia's far-reaching economic stabilization and narcotics control programs undertaken by the GOB during FY 1986.

E. Funds and programs provided to Bolivia in FY 1986 through non-governmental as contrasted to governmental channels:

	(\$000)	
	<u>Non-governmental</u>	<u>Government of Bolivia</u>
D.A.	8,737 (35%)	16,225 (65%)
P.L. 480 Title II	10,573 (96%)	472 (4%)
P.L. 480 Title III		20,000 (100%)
ESF		7,177 (100%)
Total	19,310 (31%)	43,874 (69%)

\*Although ESF and P.L. 480 Title III resources were provided through government channels, the private sector was the major beneficiary of these funds and programs. ESF dollars provided foreign exchange which facilitated the import of U.S. raw materials and goods needed by Bolivian businesses. P.L. 480 Title III provided for the import of wheat which was sold for distribution through private commercial channels.

## FY 1988 Program

A.I.D. proposes \$22.6 million in Development Assistance, \$30 million in Economic Support Funds, \$20 million in P.L. 480 Title III, and \$8.5 million in P.L. 480 Title II for Bolivia. The FY 1988 program will continue to support GOB efforts to achieve economic recovery and growth. Emphasis will remain on expanding the private sector through GOB policy changes and improving access to financial and technical services.

Economic Support Fund (\$30 million). The ESF account will provide balance-of-payments support through the Economic Stabilization Program (511-0093) which is needed to continue the GOB's economic recovery program. The funds will help compensate for the anticipated losses in foreign exchange brought about by the government's continuing crackdown on illegal drug activities, as well as for losses from the expected continuation of the depressed market for the country's principal exports, tin and natural gas.

Agriculture, Rural Development and Nutrition (\$8 million). Funding in this account will continue efforts to increase the role of agriculture in the economy, particularly with respect to exports and agribusiness. To this end, \$2.8 million is programmed for the initiation of an Export Marketing Assistance project (511-0585) to provide current and potential exporters and export commodity producers with marketing information and technical assistance. The remaining funds in this account are programmed for the continuation of ongoing projects, including \$1.4 million for the Private Agricultural Cooperatives project (511-0589) and \$3 million for the Industrial Transition project (511-0577).

Health, Child Survival and Population Planning (\$5.7 million). Funding will be provided for the continuation of ongoing projects, including the Water and Health Services project (511-0599) being implemented by CARE. A major child survival effort will be started with the \$3.6 million Child Immunization project (511-0578). Several other activities, with emphasis on the extension of child survival services, will be supported through centrally funded grants to U.S. PVOs and through the local currency component of the P.L. 480 Title III program.

Education and Human Resources (\$1.5 million) The major portion of this account is programmed for the Training for Development project (511-0584), and for continuation of the Narcotics Awareness project to educate the Bolivian public to the dangers of illicit drugs and narcotics trafficking.

Selected Development Activities (\$7.4 million). A \$1.5 million Micro-Enterprise Development project (511-0596) will be initiated in FY 1988. It will provide training, credit and technical assistance to low-income small businessmen and women, particularly in urban areas. A new \$1.5 million Export Marketing Assistance project (511-0585) will be started to stimulate private sector exports. The remaining funds proposed for this account will continue ongoing projects.

P.L. 480 Program (\$28.5 million). The \$20 million proposed for the Title III program will assist the GOB to conserve scarce foreign exchange resources by funding a major portion of Bolivia's wheat imports. The local currency component of the program will fund the domestic costs of projects critical to the government's economic recovery efforts. The food-for-work element of the proposed \$8.5 million Title II program will be implemented through Catholic Relief Services/Caritas, Food for the Hungry International, the Adventist Development and Relief Agency and the GOB National Community Development Services Agency. The project will strive to mitigate the effects of increasing urban unemployment and improve rural and urban infrastructure in poor areas of the country.

Mission Director: David A. Cohen

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

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PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
511-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	2,010	1,993	280	180	500	400	500	300
511-0465 AGRICULTURAL SECTOR II	L	78	78	11,300 11,300	11,300	10,354	---	896	---	50	---	---
511-0466 RURAL ACCESS ROADS II	G	78	79	300 300	300	39	---	109	---	152	---	---
511-0466 RURAL ACCESS ROADS II	L	78	79	9,042 9,042	9,042	2,228	---	1,102	---	2,500	---	3,212
511-0472 AGRIBUSINESS AND ARTISANRY	G	77	86	2,150 2,150	1,200	719	950	127	---	1,304	---	---
511-0472 AGRIBUSINESS AND ARTISANRY	L	77	86	9,200 9,200	9,200	6,008	---	127	---	3,065	---	---
511-0481 SMALL FARM PRODUCTION	G	78	84	3,060 3,060	3,060	2,846	---	212	---	2	---	---
511-0499 VILLAGE DEVELOPMENT	L	78	79	3,000 3,000	3,000	2,938	---	---	---	62	---	---
511-0511 DEPARTMENTAL DEVELOPMENT CORPORATIONS	L	79	79	7,000 7,000	7,000	136	---	2,809	---	4,055	---	---
511-0543 CHAPARE REGIONAL DEVELOPMENT	G	83	87	4,400 4,400	2,541	621	1,000	965	859	1,800	---	1,014
511-0543 CHAPARE REGIONAL DEVELOPMENT	L	83	87	12,500 12,500	12,500	870	---	816	---	5,500	---	5,314
511-0573 MARKET TOWN CAPITAL FORMATION	G	86	90	3,500 3,500	---	---	2,206	---	951	600	343	2,000
511-0573 MARKET TOWN CAPITAL FORMATION	L	86	90	15,000 15,000	---	---	6,303	---	---	3,000	---	2,000
511-0577 INDUSTRIAL TRANSITION	G	87	89	6,000 ---	---	---	---	---	1,000	250	3,000	2,000

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column— All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	* L / INITIAL G OBLIG	FY OF INITIAL	FY OF FINAL	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
511-0581 DISASTER RECOVERY	L	84	85	5,700 5,700	5,700	---	---	---	---	1,700	---	1,700
511-0585 EXPORT MARKETING ASSISTANCE	*G	88	89	10,000 ---	---	---	---	---	---	---	2,772	400
511-0589 PRIVATE AG. ORGANIZATIONS	G	86	89	4,200 4,200	---	---	550	---	1,265	500	1,385	900
511-0590 ORT AND CHILD GROWTH MONITORING - OPG	G	85	87	300 300	300	---	---	---	---	180	---	120
511-0591 EMERGENCY AGRICULTURAL CREDIT	G	86	87	10,000 10,000	---	---	2,425	---	7,576	10,000	---	---
TOTAL FOR ACCOUNT				116,652 100,652	67,153	28,752	13,714	7,343	12,151	35,120	3,000	18,960
GRANTS				43,910 27,910	9,411	6,218	7,411	1,593	12,151	15,188	3,000	6,734
LOANS				72,742 72,742	57,742	22,534	6,303	5,750	---	19,932	---	12,226
POPULATION PLANNING												
511-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	22	20	30	15	60	50	130	90
TOTAL FOR ACCOUNT				---	22	20	30	15	60	50	130	90
GRANTS				---	22	20	30	15	60	50	130	90
LOANS				---	---	---	---	---	---	---	---	
HEALTH												
511-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	498	429	200	177	200	150	250	200

\*Refers to the planned project summary sheet

CLevel of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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511-0458 RURAL SANITATION	G	77	80	310 310	310	158	---	93	---	59	---	---
511-0458 RURAL SANITATION	L	77	80	4,000 4,000	4,000	1,663	---	689	---	830	---	818
511-0536 SAN GABRIEL HEALTH PROJECT (PVO)	G	83	84	300 300	300	260	---	1	---	39	---	---
511-0569 SELF FINANCING PRIMARY HEALTH CARE	G	83	88	1,500 1,100	990	233	110	410	400	350	---	400
511-0590 ORT AND CHILD GROWTH MONITORING - OPG	G	85	87	136 136	84	---	52	---	---	100	---	---
511-0599 WATER & HEALTH SERVICES - OPG	G	86	89	4,000 4,000	---	---	1,936	---	---	1,500	---	200
511-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	79	C	---	---	---	---	---	---	---	1,050	350
TOTAL FOR ACCOUNT				10,246 9,846	6,132	2,743	2,348	1,370	600	3,028	1,300	1,968
GRANTS				6,246 5,846	2,132	1,080	2,348	681	600	2,198	1,300	1,150
LOANS				4,000 4,000	4,000	1,663	---	689	---	830	---	818
CHILD SURVIVAL FUND												
511-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	---	---	---	---	450	450	500	500
511-0569 SELF FINANCING PRIMARY HEALTH CARE	G	83	88	600 ---	---	---	---	---	600	200	---	250
511-0578 CHILD IMMUNIZATION	*G	88	88	3,600 ---	---	---	---	---	---	---	3,600	1,200

\*Refers to the planned project summary sheet

C=Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- EXPEN- ATIONS DITURES	-ACTUAL FY86- OBLIG- EXPEN- ATIONS DITURES	-ESTIMATED FY87- OBLIG- EXPEN- ATIONS DITURES	-PROPOSED FY88- OBLIG- EXPEN- ATIONS DITURES				
511-0590 ORT AND CHILD GROWTH MONITORING - OPG	G	85	87	150 ---	---	---	150	100	---	25		
511-0599 WATER & HEALTH SERVICES - OPG	G	86	89	2,300 2,300	---	500	1,800	300	---	1,000		
511-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	79	C	---	---	---	---	---	200	200		
TOTAL FOR ACCOUNT				6,650 2,300	---	500	3,000	1,050	4,300	3,175		
GRANTS				6,650 2,300	---	500	3,000	1,050	4,300	3,175		
LOANS				---	---	---	---	---	---	---		
EDUCATION AND HUMAN RESOURCES												
511-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	812	548	70	173	270	200	730	450
511-0471 RURAL DEVELOPMENT PLANNING	G	78	84	3,949 3,950	3,949	3,003	---	349	---	597	---	---
511-0482 RURAL EDUCATION II	G	77	84	2,129 2,129	2,129	2,010	---	12	---	107	---	---
511-0482 RURAL EDUCATION II	L	77	84	10,000 10,000	10,000	7,544	---	1,526	---	930	---	---
511-0583 MANAGEMENT TRAINING	G	85	87	3,000 2,700	800	---	1,900	193	330	800	---	930
511-0584 TRAINING FOR DEVELOPMENT	G	85	88	2,970 2,500	200	---	2,300	84	---	500	470	1,200
511-0592 NARCOTICS AWARENESS	G	86	88	1,050 250	---	---	250	---	500	250	300	350

\*Refers to the planned project summary sheet

C=Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
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PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- ITURES	OBLIG- ATIONS	EXPEN- ITURES	OBLIG- ATIONS	EXPEN- ITURES	OBLIG- ATIONS	EXPEN- ITURES
TOTAL FOR ACCOUNT				23,098 21,529	17,890	13,105	4,520	2,337	1,070	3,484	1,500	2,900
GRANTS				13,098 11,529	7,890	5,561	4,520	911	1,070	2,554	1,500	2,900
LOANS				10,000 10,000	10,000	7,544	---	1,526	---	930	---	---
SELECTED DEVELOPMENT ACTIVITIES												
511-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	582	519	388	275	500	400	450	400
511-0412 SPECIAL DEVELOPMENT ACTIVITIES	G	64	C	---	1,217	1,054	150	99	150	150	150	150
511-0511 DEPARTMENTAL DEVELOPMENT CORPORATIONS	L	79	79	3,000 3,000	3,000	60	---	1,253	---	1,682	---	---
511-0567 LOW-COST SMELTER THROUGH PRIVATE SECTOR	G	83	88	2,000 1,650	550	223	200	272	700	550	550	700
511-0571 POLICY REFORM	G	83	89	5,000 5,000	1,200	594	2,612	582	---	950	---	950
511-0577 INDUSTRIAL TRANSITION	G	87	89	4,000 ---	---	---	---	---	594	200	1,900	1,000
511-0583 HANDICRAFT EXPORT DEVELOPMENT	G	85	89	3,000 3,000	875	---	500	378	475	300	750	1,200
511-0585 EXPORT MARKETING ASSISTANCE	*G	88	89	1,500 ---	---	---	---	---	---	---	500	150
511-0596 MICRO-ENTERPRISE DEV	*G	88	90	1,500 ---	---	---	---	---	---	---	400	400
511-0598 STRENGTHENING FINANCIAL MARKETS	G	87	90	6,400 ---	---	---	---	---	800	200	2,670	1,200

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column-- All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

511 BOLIVIA

CP 88

PROJECT NO. AND TITLE	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				26,400 12,650	7,424	2,450	3,850	2,864	3,219	4,432	7,370	6,150
GRANTS				23,400 9,650	4,424	2,390	3,850	1,606	3,219	2,750	7,370	6,150
LOANS				3,000 3,000	3,000	60	---	1,258	---	1,682	---	---
ECONOMIC SUPPORT FUND												
511-0570 ECONOMIC STABILIZATION AND RECOVERY	S	86	86	7,177 7,177	---	---	7,177	7,177	---	---	---	---
511-0593 ECONOMIC STABILIZATION AND RECOVERY PROG	G	87	88	44,660 ---	---	---	---	---	14,660	14,660	30,000	30,000
511-0999 LOCAL COST SUPPORT	G	87	87	340 ---	---	---	---	---	340	340	---	---
TOTAL FOR ACCOUNT				52,177 7,177	---	---	7,177	7,177	15,000	15,000	30,000	30,000
GRANTS				52,177 7,177	---	---	7,177	7,177	15,000	15,000	30,000	30,000
LOANS				---	---	---	---	---	---	---	---	---
COUNTRY TOTAL												
TOTAL				235,223 154,154	98,671	47,070	32,139	21,106	35,100	62,164	52,600	63,243
GRANTS				145,481 64,412	23,929	15,269	25,836	11,883	35,100	38,790	52,600	50,199
LOANS				89,742 89,742	74,742	31,801	6,303	9,223	---	23,374	---	13,044

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date. For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

PROGRAM: Bolivia

PLANNED PROGRAM SUMMARY SHEET

Title Export Marketing Assistance		Funding Source DA	AG, RD & N 2,772	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 511-0585		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Set. Act.	Life of Project Funding	
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING					500	2,772 ARDN; 500 SDA 10,000 ARDN; 1,500 SDA	
						Initial Obligation	Estimated Final Obligation
						FY 88	FY 89
							Estimated Completion Date of Project
							FY 92

**Purpose:** To assist Bolivian producers and exporters of agricultural commodities, and agro-industrial or artisanry products to compete successfully in international markets.

**Project Description:** The Government of Bolivia (GOB) has often stated the importance of expanding exports, but until recently had not taken the actions needed to improve the economic climate necessary to increase export-oriented production. The economic measures which the GOB has taken since 1985 now provide a more favorable climate for export-oriented production. The economic policy package includes a realistic exchange rate system which eliminates the most serious constraint affecting domestic and export production.

The Export Marketing Assistance project will deal with several constraints to Bolivian export production: a lack of knowledge of market conditions and quality standards; inadequate access to technical assistance in marketing and export promotion; lack of information regarding production technologies; and inadequate quality control standards which prevent Bolivian products from being competitive.

The project will address these problems by establishing a marketing services center within an existing Bolivian business association. The center will work with agricultural producer associations, industry groups, and directly with private firms to provide production and marketing information, technical assistance, training and access to loan funds. Clients will be charged for all services provided by the Center to ensure that the Center will become self-sufficient.

**Relationship of Project to A.I.D. Country Strategy:** The project will support A.I.D.'s private enterprise development policy which emphasizes domestic and export production. It will also address policy issues such as export incentives, investment laws, and import

taxes. In addition, the project will contribute directly to a principal A.I.D. development objective which is to rebuild and strengthen private sector firms and institutions in order to revitalize the Bolivian economy.

**Host Country and Other Donors:** Counterpart resources will be provided by the Bolivian producer and manufacturing associations and by firms which receive assistance under the project.

**Beneficiaries:** The direct beneficiaries will be exporters and the farmers and firms which increase their domestic or export production. Employees working for these entities will also benefit directly in terms of increased employment and higher wages made possible by increased sales in export markets.

Major Outputs	All Years
Data collection systems established	x
System for providing production, marketing and banking information to domestic and export oriented firms	x
Quality standards developed	x
Participants trained	400
Marketing/export promotion studies	25
Domestic/export working capital loans	70
Domestic/export investment capital loans	30

A.I.D.-Financed Inputs	Life of Project (\$000)
Technical assistance	2,500
Training	1,000
Working and investment capital loans	7,000
Other costs	1,000
Total	11,500

U. S. FINANCING (in thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	2772ARDN; 500SDA	7228ARDN; 1000SDA	10000ARDN; 1500SDA	

PROGRAM: Bolivia

PLANNED PROGRAM SUMMARY SHEET

Title Child Immunization		Funding Source DA	AG, RD & N	Health 3,600	PROPOSED OBLIGATION (In thousands of dollars)		
					FY 88 3,600	Life of Project Funding 3,600	
Number 511-0578	<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	Initial Obligation FY 88	Estimated Final Obligation FY 88	Estimated Completion Date of Project FY 90
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING							

Purpose: To immunize approximately 90% of Bolivian children under three years of age by 1990.

Project Description: In 1985, the last year for which data are available, vaccination coverage of Bolivian children under three years of age was 30% for polio, 33% for DPT, 22% for measles and 24% for tuberculosis. While some improvement in this coverage is expected in 1986, Bolivia is still far short of the pace it must establish to approach the Government of Bolivia's goal of 90% immunization by 1990 under the Expanded Program of Immunization (EPI) being implemented by the Ministry of Health (MOH). Constraints to achievement of this goal include inadequate technical personnel; lack of transportation; lack of adequate refrigeration, especially in rural areas; a relatively low level of public education related to the immunization program; the Health Ministry's concentration on a "campaign" approach, with lapses in program effort during campaign intervals; and, the topography of the country and the highly dispersed pattern of population settlement.

Recently, A.I.D. has been providing about \$200,000 per year of P.L. 480 Title III local currency support for the MOH program. The local currency has complemented assistance of approximately \$1,000,000 per year from UNICEF which provides vaccines, some transportation and technical assistance for the MOH program.

The child immunization project will enable the MOH to expand the EPI program and, thereby, to accelerate progress toward Bolivia's immunization goals. It will help the MOH to eliminate bottlenecks to effective implementation of a permanent, outward-reaching EPI program.

Training, commodity, and technical assistance will enable the MOH to improve the competence of EPI personnel; design and implement a public information program; extend the cold chain

into rural areas; and provide transportation for service delivery and supervisory personnel. A.I.D. will also provide the additional vaccines needed for an expanded immunization program. Limited assistance for operating costs will be provided.

Relationship of Project to A.I.D.'s Country Strategy: A.I.D. has identified child survival as a primary objective of the Bolivia assistance program.

Host Country and Other Donors: The GOB will provide P.L. 480 Title III support of about \$300,000 per year. A.I.D. assistance, will be coordinated closely with UNICEF and PAHO through a permanent working group.

Beneficiaries: Project beneficiaries will be approximately 800,000 Bolivian children under three years of age.

Major Outputs:

	<u>All Years</u>
Children vaccinated against polio, measles, DPT, TB	800,000
Cold chain established	4,000 service points
Public information/motivation program implemented	9 departments

A.I.D. Financial Inputs

	<u>Life of Project</u>
	(\$000s)
Technical assistance	500
Training	300
Commodities (cold chain equipment, transport IE/C materials, vaccines)	2,200
Other (local costs, evaluation, etc.)	600
Total	3,600

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, Estimated Fiscal Year				
Estimated Through September 30,				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	3,600	-0-	3,600	

PROGRAM: Bolivia

PLANNED PROGRAM SUMMARY SHEET

<b>Title</b> Micro-Enterprise Development		<b>Funding Source</b> DA	<b>AG, RD &amp; N</b>	<b>Health</b>	<b>PROPOSED OBLIGATION</b> (In thousands of dollars)		
					<b>FY 88</b> 400	<b>Life of Project Funding</b> 1,500	
<b>Number</b> 511-0596	<input checked="" type="checkbox"/> <b>NEW</b>	<b>Population</b>	<b>ED. &amp; HR</b>	<b>Sel. Act.</b> 400	<b>Initial Obligation</b> FY 88	<b>Estimated Final Obligation</b> FY 90	<b>Estimated Completion Date of Project</b> FY 91
<input checked="" type="checkbox"/> <b>GRANT</b> <input type="checkbox"/> <b>LOAN</b> <input type="checkbox"/> <b>CONTINUING</b>							

Purpose: To foment the development of Bolivian micro-enterprises.

Project Description: The Government of Bolivia's economic stabilization program will provide the conditions necessary for economic recovery. Unfortunately, in the short run the Government austerity program has occasioned increased unemployment. The unemployment rate is currently about 20%; another quarter of the work force is underemployed.

Micro-enterprises are important in the Bolivian economy because of the number of people already engaged in micro-enterprise activities and their significant employment creation potential. About 50% of the poor urban labor force is engaged in micro-enterprise activities. Strengthening the micro-enterprise sector will result in increased production and employment.

The chief problems facing Bolivian micro-enterprises are: (1) poor access to financing for operating expenses due to a lack of collateral and little familiarity with the formal banking sector; and (2) the need for training in rudimentary business practices.

The project will expand and replicate an on-going pilot project in the city of La Paz sponsored by the Bolivian Confederation of Private Businessmen (CEP) and run by Accion Internacional Tecnica. The project strategy is to meet the credit and training needs of micro-enterprises by setting up a credit agent (who can represent a bank, a PVD, or other entity) in an urban market where artisans and other micro-entrepreneurs operate. The credit agent offers small loans to finance micro-enterprise operating costs. Before extending loans, the agent investigates the business practices followed by the micro-enterprises interested in borrowing money and recommends improved bookkeeping and other simple management procedures. The agent monitors the implementation of the management recommendations while the loan is still outstanding. The project will also help expand the pilot project's model to other cities.

Relationship of Project to A.I.D. Country Strategy: The project will directly support one of A.I.D.'s objectives in Bolivia which is to create productive employment opportunities.

Host Country and Other Donors: Counterpart resources will be provided by the Bolivian Confederation of Private Businessmen and from P.L. 480 Title III local currency generations.

Beneficiaries: The beneficiaries of the project will be the 500 small entrepreneurs who will receive loans and technical assistance to expand their operations as well as the workers they employ.

Major Outputs: All Years

Micro enterprises established/assisted	500
Implementation agencies/credit facilities developed	4

A.I.D.-Financial Inputs Life of Project

	(\$000)
Technical Assistance	800
Training	300
Seed Capital to establish programs	400
Total	<u>\$1,500</u>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	400	1,100	1,500	

PROGRAM: Bolivia

PLANNED PROGRAM SUMMARY SHEET

Title Private Voluntary Organizations - Operational Program Grants (OPG)		Funding Source DA	AG, RD & N	Health /CSF 200 CSF 1,050 HE	PROPOSED OBLIGATION (In thousands of dollars)		
Number 511-9999		<input type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	FY 88 1,250	Life of Project Funding Continuing
<input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> LOAN	<input type="checkbox"/> CONTINUING				Initial Obligation FY 88	Estimated Final Obligation FY Continuing
							Estimated Completion Date of Project FY Continuing

Purpose: To assist U.S. and indigeneous private voluntary organizations (PVOs) to implement child survival initiatives.

Project Description: During FY 1988, A.I.D. will continue to support child survival and related health activities initiated by U.S. PVOs in FY 1986 and will initiate a new program with Private Agencies Collaborating Together (PACT). Hospital discharge data show that digestive tract ailments, many of which relate to unsafe water, poor sanitary conditions and low health awareness, were the first cause of morbidity among 19 principal diseases. As a consequence, the health status of Bolivian children under four years of age is the lowest in South America. Key factors contributing to this condition are the scarcity of potable water in rural areas and the absence of adequate health services and health education at the community level.

CARE will continue to implement a program to reduce the mortality and morbidity rate due to diarrhea. CARE is implementing an integrated health promotion potable water program in 200 rural communities. It is providing training for community-level health committees, health promoters, and other community members in oral rehydration therapy, correct hygiene, and protection of water supplies; supplying oral rehydration salts; and assisting the construction of simple low-cost water systems. The community health committees will be trained in and be responsible for operation and maintenance of water systems. Operation and maintenance costs will be paid by collecting user fees from residents.

Through an operational program grant (OPG) to PACT, up to 24 small primary health care (PHC) projects will be designed and implemented by indigeneous Bolivian PVO's and by U.S.-based, PACT-affiliated PVOs currently active in Bolivia (Project Concern, Save The Children, etc.). These projects will stress basic preventive health and child survival services which can be delivered by community health workers and which can be integrated with other projects being

implemented by these PVO s (e.g., potable water, family gardens). PACT will provide technical assistance to individual Bolivian PVOs to upgrade their technical, managerial and financial competence.

Catholic Relief Services will continue to implement an OPG to provide oral rehydration and child growth monitoring services through as many as 1800 mothers' clubs located throughout Bolivia.

Relationship of Project to A.I.D. Country Strategy: A basic objective of the A.I.D. program in Bolivia is to improve the health status of the country's population, especially children.

Host Country and Other Donors: The PVOs will contribute their own funds to these activities. In addition, each participating community will contribute labor and materials required for the CARE project. The contribution of participating communities, excluding user fees, will be about \$1.5 million. PVO counterpart resources for the PACT OPG are estimated to be \$500,000.

Beneficiaries: The major beneficiaries of the project will be rural children under four years of age. Other beneficiaries include the adult population of communities participating in the potable water program and about 75,000 people who will receive PHC services.

Major Outputs	All Years
Reduced infant and child mortality	X
Potable water systems installed	200
Family latrines built	10,000
Community health committees established	200
Expanded child growth monitoring	X
PHC sub-projects implemented	24

A.I.D. Financed Inputs	FY 1988 (\$000)
Grant to PVOs	1,250

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30,				
Estimated Fiscal Year				
Estimated Through September 30,				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	1,250	Continuing		



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (518) ECUADOR

\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS, MID 1986) 9,680  
 PER CAPITA GNP..... (DOLLARS, 1984) 1,150  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 3.8%  
 ANNUAL RATE OF INFLATION (1973-84) 17.8%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION.. (1970) 1.8%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 64.5 MALE 62.5 FEMALE 66.5  
     (1970) TOTAL 58.1 MALE 56.5 FEMALE 59.5  
 ADULT LITERACY RATE (1982) TOTAL 86% MALE 88% FEMALE 83%

\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) 0.4%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 14%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 125  
 MAJOR CROP(S) ARABLE LAND YEAR  
     SUBSISTENCE: POTATOES ,PLANTAINS ,CORN 30% (1985)  
     CASH: COFFEE ,COCOA BEANS ,RICE 47% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) BANANAS ,COFFEE ,COCOA BEANS  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT ,SOYBEAN OIL ,CATTLE  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1980)\* 48%

\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     (1982) 1,561 (83) 721 (84) 1,194  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     (1982) 2,188 (83) 966 (84) 1,279  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     (1982) -627 (83) -245 (84) -86  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. ( . ) . % ( . ) . % ( . ) . %  
     AS % OF GNP..... ( . ) . % ( . ) . % ( . ) . %  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1983) 769 (84) 736 (85) 843  
 EQUIVALENT TO 4.1 MONTHS OF IMPORTS (1985)

\*FOREIGN TRADE\*

MAJOR EXPORTS(1984)PETROLEUM ,FISH PRODUCTS ,COFFEE  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983)1,260 (1984)1,657 (1985)1,637  
     AS % OF TOTAL EXPORTS (1983) 61% (1984) 66% (1985) 59%  
 MAJOR IMPORTS(1984)AG.&INDUST. MAC,INDUST. RAW MAT,BLDG SUPPLIES  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 498 (1984) 528 (1985) 575  
     AS % OF TOTAL IMPORTS (1983) 40% (1984) 35% (1985) 34%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1983) 940(84) 1,055(85) 1,147  
 TRADING PARTNERS: UNITED STATES ,JAPAN ,GERMANY, FEDER  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 75.5%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 992  
     AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 30.2%

\*SOCIAL DATA\*

POPULATION GROWTH RATE... (1970) 3.1% (1978) 2.9% (1986) 2.9%  
 POPULATION IN URBAN AREAS.....(1970) 40% (1986) 48%  
 TOTAL FERTILITY RATE.....(1970) 7 (1986) 5  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1982) 40.0%  
 POPULATION (1986) IN AGE GROUP:  
     (0-14YRS) 41.8% (15-64YRS) 54.6% (65+ YRS) 3.6%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 68  
 PEOPLE PER PHYSICIAN..... (1980) 927  
 MAJOR CAUSES OF  
 DISEASE (1977) INFLUENZA-GRIPPE,TYPHOID & FEVERS,MEASLES-ROUGEOLÉ  
 DEATH.. (1978) DIARRHOEAL DIS. ,OTHER PNEUMONIA ,BRONCHITIS & OTH  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1980) 74%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1982) 52%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1982) TOTAL 121 MALE 122 FEMALE 119  
 SECONDARY..... (1982) TOTAL 59.5 MALE 51.9 FEMALE 51.2  
 POST SECONDARY.. (1980) TOTAL 30.4 MALE 38.3 FEMALE 22.5  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 316%

ECUADOR

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	27,105	16,341	17,000
Loan	9,050	1,100	2,000
Grant	18,055	15,241	15,000
Economic Support Fund	20,216	12,500 <sup>1/</sup>	17,000
Loan	0	0	0
Grant	20,216	12,500	17,000
Other*			
<b>TOTALS</b>	<b>47,321 <sup>2/</sup></b>	<b>28,841</b>	<b>34,000</b>
P.L. 480	5,659	647	378
Title I	5,000	0	0
Title II	659	647	378
<b>TOTALS</b>	<b>52,980</b>	<b>29,488</b>	<b>34,378</b>

Footnotes:  
<sup>1/</sup> The above total for ESF includes \$185,000 in local cost support.  
<sup>2/</sup> The total includes reobligations of \$4,944,000 deobligated in FY 1985 and \$6,000,000 deobligated in FY 1986 for a total reobligation of \$10,944,000 in FY 1986.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	12	14	14
Foreign National	16	16	16
<b>TOTALS</b>	<b>28</b>	<b>30</b>	<b>30</b>

<sup>a</sup>Total full time equivalent workyears of employment. Include HIC, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	9	65	74	21	100	121	39	156	195
Regional <sup>e</sup>	15	30	45	16	42	58	20	40	60
Third Country Participants									
Bilateral <sup>d</sup>	2	17	19	3	20	23	4	20	24
Regional <sup>e</sup>									
<b>TOTALS</b>	<b>26</b>	<b>112</b>	<b>138</b>	<b>40</b>	<b>162</b>	<b>202</b>	<b>63</b>	<b>216</b>	<b>279</b>

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.  
<sup>b</sup>Academic: degree seeking.  
<sup>c</sup>Technical: non-degree seeking.  
<sup>d</sup>Participants funded under bilateral programs.  
<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## ECUADOR

### Introduction

Ecuador's per capita income, estimated at \$1,220 in 1985, masks broad disparities in income levels between the modern urban sector and the rest of the country. Underemployment is very high and pervasive in both rural and urban areas. In rural areas, where half of the Ecuadorean population resides, low income, health and educational levels are the norm. Only about 15% of rural families have access to potable water and the infant mortality rate is one of the highest in Latin America. More than two-thirds of rural children are forced to leave school by the end of the fourth grade.

The present structure of the economy has been shaped by its dependence on petroleum exports since the early 1970s, which made Ecuador vulnerable to the vagaries of world petroleum prices. In 1983, petroleum prices began to decline and the country was battered by floods that severely affected agricultural production and damaged physical infrastructure. The economy was not able to sustain the negative impact of these external events and aggregate output fell by 3.3%, while inflation reached 53%.

The response of the previous administration (1981-1984) was devaluation, import restrictions, requests for debt rescheduling, and enforcement of austerity measures. These measures laid the groundwork for the Febres Cordero administration, which took office in August 1984, to implement its free market philosophy and monetarist economic policies. Through successful implementation of these policies, the government stabilized its finances in 1985. Going into 1986 the perspectives were bright, with a 4% growth rate within sight.

The Government of Ecuador (GOE) economic strategy could not foresee, however, the precipitous fall in the price of petroleum that occurred in early 1986. Crude oil prices fell from an average of \$25.85 per barrel in 1985 to \$11.90 per barrel in 1986. As a result, in 1986 Ecuador lost over \$800 million in oil export revenues and approximately \$500 million in domestic revenues. The Ecuadorean authorities took immediate steps to increase non-petroleum revenues and curtail public expenditures. In August 1986, a far-reaching program of reforms was put in place. These measures included the establishment of a free foreign exchange market for all private transactions, lifting the ceiling on most interest rates and reducing the reserve requirements on private domestic savings institutions.

In spite of the government's dramatic efforts, the outlook for the short and medium term is for a continued low rate of growth. Lower export earnings from petroleum will limit Ecuador's capacity to finance imports for the productive sectors of the economy. On the social side, the cost of the crisis is already high. Official unemployment in urban areas has risen to 12%, underemployment to 50%, and inflation to 28%. Hardest hit are the urban poor, the rural population not involved in the export sector, and indigenous communities. Incomes are likely to continue their downward plunge among these groups.

It is essential that the country continue to restructure its economy for long-term growth. To reinforce the measures already taken and to address the social costs associated with them, Ecuador needs increased international support through a combination of public and private resources. Also, it must reinforce its efforts to promote foreign and domestic investment and broaden its export base.

The A.I.D. program was restarted in FY 1980 to support Ecuador's return to a democratic system after eight years of military rule. Since then, there has been significant progress in strengthening democratic institutions, despite the political and social tensions resulting from economic crisis. The GOE has continued to maintain a warm relationship with the United States based on a shared commitment to democracy, a common understanding of the role of government, a strong commitment to private-sector-led growth and a historically vigorous trade relationship. U.S. objectives in Ecuador are very much in line with the priorities of the current government -- namely, to encourage the democratic process and foster economic growth with equity.

#### A.I.D. Development Strategy and Accomplishments to Date.

A.I.D. is assisting the GOE in its program to stabilize the external sector and restructure the economy along competitive lines. A.I.D.'s strategy involves three elements. First, A.I.D. seeks to increase production in those sectors in which Ecuador has a comparative advantage, principally agriculture and agro-industries. A.I.D.-assisted activities address the policy, institutional and technological constraints which adversely affect small and medium-sized private farms and businesses.

Second, A.I.D. supports activities to help the GOE put its internal economic affairs in order. These activities include efforts to improve tax administration (thereby permitting an eventual reduction of tax rates); improve the GOE budgeting process and the operation of financial markets; encourage privatization of government enterprises; and reduce government intervention in the agricultural sector.

Third, A.I.D. supports activities to ensure that basic human needs are met through private and public sector efforts. A.I.D.'s strategy focuses on low-income housing, health, family planning, employment and technical skills training. Also, A.I.D. assists the Ecuadorean private sector to become more active in the area of drug use prevention and education.

Agriculture, Rural Development and Nutrition. A.I.D.'s basic objectives are to increase agricultural production, productivity and exports, and to promote rational management and protection of natural resources. Emphasis is placed on the institutional, policy, marketing and technology constraints hindering the sector.

In the policy area, the Agricultural Sector Reorientation project (518-0051) seeks to expand the role of market forces and reduce government intervention in pricing and marketing. A private sector policy institute is strengthening private sector capacity for policy analysis. In marketing, a major accomplishment was the establishment of a private

agricultural commodities exchange in April 1986. P.L. 480 Title I and Section 416 local currency are being used to carry out structural changes and policy reforms.

Through the Rural Technology Transfer System project (518-0032), redesigned as a result of a recent evaluation, A.I.D. is assisting commodity-specific producer groups. P.L. 480 local currency complements these activities.

Through the Non-traditional Agricultural Exports project (518-0019), A.I.D. is strengthening the exporters' association and making technical and market information available to agro-based exporters. Non-traditional agricultural exports grew by 11% in 1985 and at a 13% rate for the first six months of 1986. An A.I.D.-funded credit line for agribusinesses promoting new export products and introducing improved technology became operational in 1986.

A.I.D.-funded studies were conducted on research, extension and education (REE) policies. The studies resulted in the formation of an Agricultural Research Foundation. In FY 1987, P.L. 480 and Section 416 local currency funds will be used for the foundation. An Agricultural Research and Extension project (518-0068) will be developed in FY 1987 to improve the REE system.

In natural resources conservation, the Forestry Sector Development project (518-0023) has been redesigned to focus on reforestation, agroforestry, and delimitation and management of protected forests.

Private and voluntary organization (PVO) activities are under way to provide technical assistance and related services to small and medium-sized farmers; improve the access of low-income Ecuadoreans to agricultural education abroad; and improve natural resource conservation and environmental awareness.

Program Development and Support (PD and S) funds were used for agricultural policy studies, project design, and support for the centrally funded Coastal Resources Management project.

Health. The sector objective is to reduce mortality and morbidity, especially among infants and young children. A.I.D. assistance is focused on preventing and reducing diarrheal diseases, immuno-preventable diseases (measles, pertussis, et. al.), malaria, and malnutrition.

In FY 1986, efforts focused on implementing the ongoing Child Survival (CS) effort which is a component of the Rural Health project (518-0015). Also, A.I.D. continued support for the Malaria Control project (518-0049). In 13 months the CS immunization campaigns have resulted in impressive achievements, including increases in vaccine coverage for measles, DPT and polio from 48% to 69% of the country's children. The Ministry of Health has begun to institutionalize the provision of CS services.

A.I.D.-supported efforts have also brought about major institutional breakthroughs in providing rural potable water and a new Economic Support Fund (ESF) local currency project to support this effort is being planned.

Population Planning. The objective of A.I.D.'s population program under the Population and Family Planning project (518-0026) is to assist Ecuadorean organizations to increase and improve family planning services. As a result of these efforts, the number of new acceptors from A.I.D.-assisted programs increased by 53,900 in 1985. In FY 1986, 51 new family planning clinics were opened.

Education and Human Resources. A.I.D. is working with selected private sector organizations and PVOs to improve the technical and managerial skills of the Ecuadorean private sector. Also, narcotics education and awareness activities are under way.

In FY 1986, A.I.D. initiated, with the Guayaquil private sector, a Graduate Management Training project (518-0035) to establish a school of management at the graduate level for Ecuador. An operational program grant (OPG) in technical skills training for small industries in the Guayas Province was also started. Several PVOs continued small projects to improve technical and financial skills training in the private sector. In narcotics use prevention, the GOE launched an A.I.D.-funded nationwide media campaign on drug use prevention.

A new Andean Peace Scholarships initiative (518-0067) will be started in FY 1987. The program will provide training in the United States to help meet the priority economic, social, and political needs of Ecuador, and will target disadvantaged groups who have previously lacked access to such training.

Selected Development Activities. The main objectives in this functional account are to strengthen the private sector; increase employment; and strengthen selected GOE institutions.

In the private sector, A.I.D. has focused on strengthening representative associations, developing the financial markets system and promoting privatization of government enterprises. In FY 1986, 20 private associations were assisted in developing membership and association services. To build upon recent financial system reforms, A.I.D. will initiate a Financial Markets and Privatization project (518-0063) in FY 1987 and work with the GOE to develop a privatization strategy.

Through A.I.D.-supported small-enterprise credit projects, approximately 3,000 jobs were created during FY 1986. Based on evaluations of these pilot efforts, A.I.D. started in FY 1986 a three-year Small Enterprise Development project (518-0056) designed to increase employment.

The Fiscal Administration project (518-0042) has contributed to a major reorganization of the Ministry of Finance's Revenue Directorate, as a basis for improving the GOE's tax administration system.

Through an A.I.D.-funded OPG, the National Institute for the Child and Family is undergoing a transformation from a traditional child welfare agency to a national development entity. Program Development and Support funds were used in FY 1986 to design activities in small business development and capital markets, provide support to the Emergency Rehabilitation project (518-0046), and conduct project evaluations.

Urban Development. A.I.D.'s objective in the sector is to expand access to improved housing for low-income groups. During FY 1986, A.I.D. and the GOE continued three major initiatives which are providing investment guaranties to expand shelter for low-income families: the Solanda Project in Quito (\$20 million, 518-HG-005), the Nationwide Program (\$25 million, 518-HG-006), and the Private Sector Program (\$30 million, 518-HG-007). FY 1986 was a year of substantial progress in housing programs. In FY 1987, A.I.D. and the GOE will provide more opportunities for the private sector to participate in low-cost housing activities and emphasize greater use of individual credits for shelter upgrading and home improvement.

Economic Support Fund (ESF). In 1986 the world price of Ecuador's primary export (oil) fell precipitously, causing severe shocks throughout the economy. Growth is expected to suffer dramatically during the rest of the decade, while balance-of-payments gaps and the fiscal deficit increase. The U.S. Government is assisting the GOE to face this crisis with a modest balance-of-payments ESF program totalling \$20.2 million in FY 1986 and \$12.3 million in 1987, under the Economic Stabilization and Recovery program (518-0058). ESF local currency finances rehabilitation projects, investment credit, counterpart for the GOE housing program and for other A.I.D. projects, a private sector development program, and a modest A.I.D. Operating Expense Trust Fund.

P.L. 480 Title I. The FY 1986 P.L. 480 Title I program financed wheat imports on a concessional basis and will generate the local currency equivalent of \$4.7 million. The GOE committed itself to self-help measures dealing with agricultural marketing, research and extension, credit and seed production. Local currency is being used to strengthen the role of private producer organizations; to support the reorientation of agricultural policies; and to provide GOE counterpart funding for A.I.D. agricultural and rural development projects.

P.L. 480 Title II. The P.L. 480 Title II program is implemented through a small GOE program and by Catholic Relief Services (CRS). The CRS program is focused on maternal and child health care utilizing a mothers club approach as a delivery system. A five year phase-out of the program was initiated in 1984. The value of Title II commodities was \$659,000 in FY 1986, and \$647,000 in FY 1987.

Section 709 of the International Security and Development Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following supplemental information on Ecuador is provided as partial fulfillment of the requirement:

A. Training: A.I.D. provided training in FY 1986 to a total of 138 participants from Ecuador in the fields of Agriculture (44), Economics (6), Education (12), Health (27), Natural Resource Management (7), Communications (2), Engineering Administration (1), Public Administration (34), Labor Relations (2), and Housing (3).

B. The types of imported goods attributed to FY 1986 ESF Cash Transfers by A.I.D. to Ecuador are as follows:

<u>Types of Goods</u>	<u>Value</u>
Raw Materials	\$ 10.2 million
Intermediate Goods	\$ <u>10.0 million</u>
TOTAL	\$ 20.2 million

C. Local Currency associated with A.I.D. assistance to Ecuador was allocated for the following uses in FY 1986:

1. Public Sector Development Activities (small infrastructure works throughout the country)	\$ 6.6 million
2. Extensions of ongoing A.I.D./GOE Projects	2.2 million
3. Private Sector Development Activities	13.3 million
4. A.I.D. Trust Fund	2.4 million
5. GOE/International Financial Institutions Budgeted Counterpart Expenses	4.2 million
6. Other Public Sector Activities	5.5 million
7. Assistance to the Ministry of Agriculture	4.6 million
8. P.L. 480 Program Management	<u>0.2 million</u>
TOTAL	\$39.0 million

D. Reprogramming of funds for Ecuador during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation Document:

	<u>TOTAL</u>	<u>ARDN</u>	<u>PN</u>	<u>HE</u>	<u>EHR</u>	<u>SDA</u>	<u>ESF</u>
Estimated FY 1986 Obligations	42,597	9,050	800	3,650	4,750	4,250	20,097
Actual FY 1986 Obligations	47,321	10,890	987	5,334	4,750	5,144	20,216

E. Funds and programs provided to Ecuador in FY 1986 through nongovernmental as contrasted to governmental channels:

	<u>Nongovernmental</u>	<u>Government of Ecuador*</u>
DA	\$11.1 million (41%)	\$16.0 million (59%)
ESF		\$20.2 million (100%)
P.L. 480 Title I		\$ 5.0 million (100%)
P.L. 480 Title II	<u>\$ 0.6 million (100%)</u>	
Total	\$11.7 million (22%)	\$41.2 million (78%)

\*Although ESF and P.L. 480 Title I resources were provided through government channels, the private sector was the major beneficiary of these funds and programs. ESF dollars provided foreign exchange which facilitated the import of U.S. raw materials and goods needed by Ecuadorean businesses. P.L. 480 Title I provided for the import of wheat which was sold for distribution through private commercial channels.

## FY 1988 Program

The A.I.D. program proposed for FY 1988 will continue to address the constraints to equitable economic growth in Ecuador. The planned Development Assistance program totals \$17.0 million, of which \$1.3 million will be obligated for new activities and \$15.7 million for ongoing efforts. An additional \$17 million of ESF is requested.

Agriculture, Rural Development and Nutrition. Agricultural development activities will receive \$6.1 million in FY 1988. A.I.D. will provide funding for: the Agricultural Sector Reorientation project (518-0051); the Agricultural Research and Extension project (518-0068); the ongoing Land Titling project (518-0059); the Non-traditional Agricultural Exports project (518-0019); and the Andean Peace Scholarships program (518-0067).

Health, Child Survival, and Population. Activities will continue to stress child survival and family planning outreach. Total funding of \$4.1 million will be provided for the Integrated Rural Health (Child Survival) project (518-0015); the Population and Family Planning project (518-0026); Andean Peace Scholarships (518-0067); and Program Development and Support (518-0000).

Education and Human Resources. Total funding of \$3.6 million will support expansion of training in the United States under the Andean Peace Scholarships program, the Graduate Management Training project (518-0035) and a series of small narcotics education grants to Ecuadorean PVOs. A.I.D. will also finance technical skills training through private sector organizations.

A.I.D. will provide \$500,000 for a new project to establish a Binational Development Foundation (518-0066) in FY 1988. The purpose of this foundation will be to develop and institutionalize technical, cultural, scientific and overall development cooperation between Ecuadorean and American institutions.

Selected Development Activities. Total A.I.D. funding for the account will be \$3.2 million. The major new project planned for FY 1988 is the Development Planning and Implementation project (518-0065). This project will seek to institutionalize and expand the reforms achieved by the current GOE administration. Initial funding of \$800,000 for this three-year effort will be provided in FY 1988. Incremental funding will be provided for the Small Enterprise Development project (518-0056), the Financial Markets and Privatization project (518-0063), and to several PVOs.

Urban Development. During FY 1988, A.I.D. will emphasize implementation of the existing Housing Guaranty projects. It is expected that 23,200 shelter solutions and home improvement loans will be completed by the end of the year.

Economic Support Fund (ESF). To face the crisis which began in 1986, the GOE will need to continue special measures for management of external payment obligations and to sustain essential commodity and capital imports. To support this effort, a \$17 million addition to the Economic Stabilization program (518-0058) will be required to encourage private investment, maintain balance-of-payment support, and assist public sector development projects.

P.L. 480 Title II. The proposed \$378,000 FY 1988 P.L. 480 Title II program will provide nutritional assistance to vulnerable segments of the Ecuadorean population. This program, which is gradually being phased down, will be implemented by CRS and local PVOs.

Mission Director: Frank Almaguer

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION													
513-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		78	C	---	12,572	11,374	1,088	1,235	550	1,400	497	600
513-0012 INTEGRATED RURAL DEVELOP., AGRICULTURE	G		80	84	2,000 2,000	2,000	1,229	---	242	---	529	---	---
513-0012 INTEGRATED RURAL DEVELOP., AGRICULTURE	L		80	84	9,800 9,800	9,800	5,112	---	2,152	---	2,536	---	---
513-0018 RURAL YOUTH DEVEL. FOUNDATION 4-F (OPG)	G		78	C	448 448	448	260	---	52	---	136	---	---
513-0019 NON-TRADITIONAL AG EXPORTS	G		84	88	2,400 2,400	1,100	315	900	755	400	700	---	630
513-0019 NON-TRADITIONAL AG EXPORTS	L		84	88	7,300 6,400	4,000	---	2,400	2,488	---	372	900	2,000
513-0023 FORESTRY SECTOR DEVELOPMENT	G		82	85	1,600 1,600	1,600	661	---	240	---	350	---	349
513-0023 FORESTRY SECTOR DEVELOPMENT	L		82	85	6,500 6,500	6,500	779	---	282	---	1,700	---	2,000
513-0031 ENVIRONMENTAL CONSERVATION - (OPG)	G		80	82	340 340	340	263	---	39	---	38	---	---
513-0032 RURAL TECHNOLOGY TRANSFER SYSTEM	G		80	87	5,700 5,300	3,700	2,123	1,000	416	600	900	---	800
513-0047 PRIVATE SECTOR DEVELOPMENT (OPG)	G		84	87	275 275	150	6	75	66	50	100	---	---
513-0051 AG SECTOR REORIENTATION PROGRAM	G		85	89	7,100 7,100	700	---	2,602	980	1,500	2,109	1,415	1,100

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	L / G	FY OF INITIAL	FY OF FINAL	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
518-0051 AG SECTOR REORIENTATION PROGRAM	L	85	89	1,400 1,400	1,400	---	---	38	---	1,362	---	---
518-0057 SMALL FARMER SUPPORT SERVICES - OPG	G	85	87	397 350	100	---	150	53	147	200	---	144
518-0059 LAND TITLING	G	85	89	3,300 3,300	900	---	1,100	92	300	750	---	1,000
518-0059 LAND TITLING	L	85	89	7,000 7,000	2,100	---	1,400	17	1,100	1,000	1,100	2,000
518-0062 AGRICULTURAL EDUCATION-OPG	G	85	89	680 680	275	---	175	39	150	200	---	50
518-0067 ANDEAN PEACE SCHOLARSHIPS	G	86	90	800 ---	---	---	---	---	200	100	300	300
518-0068 AGRICULTURAL RESEARCH, EXTENSION AND EDU	G	87	89	5,000 5,000	---	---	---	---	2,153	1,000	1,750	1,500
518-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	78	C	---	---	---	---	---	250	20	155	200
TOTAL FOR ACCOUNT				62,040 59,893	47,685	22,122	10,890	9,136	7,400	15,402	6,117	12,673
GRANTS				30,040 28,793	23,885	16,231	7,090	4,209	6,300	8,432	4,117	6,673
LOANS				32,000 31,100	23,800	5,891	3,800	4,927	1,100	6,970	2,000	6,000
POPULATION PLANNING												
518-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	79	C	---	163	114	50	44	100	43	50	50
518-0026 POPULATION AND FAMILY PLANNING	G	81	90	12,000 5,600	4,491	2,343	937	937	1,106	1,542	1,533	950

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				12,000 5,600	4,654	2,457	987	981	1,206	1,590	1,583	1,000
GRANTS				12,000 5,600	4,654	2,457	987	981	1,206	1,590	1,583	1,000
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
518-0000 PROGRAM DEVELOPMENT AND SUPPORT	B	79	C	---	679	411	434	165	300	250	100	150
518-0015 INTEGRATED RURAL HEALTH DELIVERY SYSTEM	B	81	91	5,771 5,130	5,130	590	---	1,213	641	1,288	---	1,600
518-0015 INTEGRATED RURAL HEALTH DELIVERY SYSTEM	L	81	91	7,235 7,235	7,235	3,905	---	1,538	---	900	---	892
518-0033 STRENGTHENING COMMUNITY ORG. (DPG)	B	86	87	155 155	---	---	155	---	---	130	---	25
518-0049 MALARIA CONTROL	G	85	86	3,000 3,000	2,500	9	500	291	---	1,116	---	800
518-0049 MALARIA CONTROL	L	85	86	6,500 6,500	2,500	3	4,000	1,437	---	1,691	---	1,400
518-0060 PRIV SECTOR HEALTH DEL MODEL-OPG	B	85	85	645 645	400	---	245	61	---	180	---	240
518-0067 ANDEAN PEACE SCHOLARSHIPS	G	87	90	700 ---	---	---	---	---	100	75	300	250

\*Refers to the planned project summary sheet

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CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	•	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHO	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT					24,006 22,865	18,444	4,918	5,334	4,705	1,041	5,630	400	5,357
GRANTS					10,271 8,930	8,709	1,010	1,334	1,730	1,041	3,039	400	3,065
LOANS					13,735 13,735	9,735	3,908	4,000	2,975	---	2,591	---	2,292
CHILD SURVIVAL FUND													
518-0000	G		79	C	---	---	---	---	---	100	70	250	200
PROGRAM DEVELOPMENT AND SUPPORT					---	---	---	---	---	---	---	---	---
518-0015	G		81	91	5,360	---	---	---	---	900	300	1,850	1,200
INTEGRATED RURAL HEALTH DELIVERY SYSTEM					5,360	---	---	---	---	---	---	---	---
TOTAL FOR ACCOUNT					5,360 5,360	---	---	---	---	1,000	370	2,100	1,400
GRANTS					5,360 5,360	---	---	---	---	1,000	370	2,100	1,400
LOANS					---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES													
518-0000	G		79	C	---	1,279	358	480	622	268	760	253	300
PROGRAM DEVELOPMENT AND SUPPORT					---	---	---	---	---	---	---	---	---
518-0017	G		80	86	1,300	930	499	370	345	---	350	---	106
TRAINING FOR DEVELOPMENT					1,300	---	---	---	---	---	---	---	---
518-0035	G		86	89	10,000	---	---	3,500	---	1,600	600	1,300	1,600
GRADUATE MANAGEMENT TRAINING					10,000	---	---	---	---	---	---	---	---
518-0036	G		83	84	1,000	1,000	564	---	227	---	209	---	---
REVENUE GENERATION FOR DEVELOPMENT					1,000	---	---	---	---	---	---	---	---
518-0038	G		82	83	328	328	226	---	81	---	21	---	---
VOCATIONAL EDUCATION DEVELOPMENT - (OPG)					328	---	---	---	---	---	---	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
518-0041 PROFESSIONAL DEVELOPMENT INSTITUTE - OPG	G	84	85	388 388	388	43	---	15	---	165	---	165
518-0042 FISCAL ADMINISTRATION DEVELOPMENT	G	85	87	2,200 2,200	2,200	---	---	231	---	900	---	1,069
518-0043 ENVIRONMENTAL EDUCATION (OPG)	G	83	85	635 635	635	273	---	244	---	118	---	---
518-0044 TECHNICAL TRAINING - OPG	G	84	86	611 611	571	36	40	163	---	212	---	200
518-0045 SPECIAL EDUCATION RESOURCE CTRS (OPG)	G	83	85	50 50	---	---	---	---	---	48	---	---
518-0055 TECHNICAL SKILLS DEVELOPMENT	G	86	88	4,097 597	---	---	140	---	210	200	---	150
518-0061 CHILD, FAMILY, & COMM DEV - OPG	G	84	87	640 640	280	---	220	201	140	225	---	214
518-0064 NARCOTICS EDUCATION	G	87	91	1,000 ---	---	---	---	---	300	50	400	300
518-0066 BINATIONAL FOUNDATION	*G	88	90	2,000 ---	---	---	---	---	---	---	500	200
518-0067 ANDEAN PEACE SCHOLARSHIPS	G	87		1,600 ---	---	---	---	---	400	300	600	400
518-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	78	C	---	---	---	---	---	---	---	547	400
TOTAL FOR ACCOUNT				25,849 17,749	7,611	1,999	4,750	2,129	2,918	4,158	3,600	5,104
GRANTS				25,849 17,749	7,611	1,999	4,750	2,129	2,918	4,158	3,600	5,104
LOANS				---	---	---	---	---	---	---	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date. For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

518 ECUADOR

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
SELECTED DEVELOPMENT ACTIVITIES												
518-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	79	C	---	2,358	1,600	934	787	656	250	576	760
518-0004 SPECIAL DEVELOPMENT ACTIVITIES	G	79	C	---	556	554	200	69	200	170	200	160
518-0021 INTEGRATED COMM. DEV OPG	G	83	86	586 586	546	348	40	199	---	39	---	---
518-0029 ALTERNATIVE ENERGY SOURCES	G	81	84	798 800	798	317	---	212	---	269	---	---
518-0029 ALTERNATIVE ENERGY SOURCES	L	81	84	1,450 1,650	1,400	457	---	703	---	240	---	---
518-0033 STRENGTHENING COMMUNITY ORG. (OPG)	G	83	84	204 204	204	78	---	123	---	3	---	---
518-0040 MICRO ENTERPRISE DEVELOPMENT (OPG)	G	84	85	460 460	460	255	---	85	---	120	---	---
518-0042 FISCAL ADMINISTRATION DEVELOPMENT	G	85	87	2,600 2,600	1,500	7	680	835	420	660	---	1,093
518-0042 FISCAL ADMINISTRATION DEVELOPMENT	L	85	87	2,250 2,250	1,000	---	1,250	48	---	1,200	---	1,002
518-0048 TECH TRAINING FOR THE FINANCE SECTOR-OPG	G	84	85	237 237	237	42	---	65	---	65	---	65
518-0050 MACRO ECONOMIC POLICY ANALYSIS	G	84	86	1,300 1,300	900	184	400	623	---	493	---	---
518-0056 SMALL ENTERPRISE DEVELOPMENT	G	86	89	9,200 5,000	---	---	1,560	---	600	1,225	700	600
518-0061 CHILD, FAMILY, & COMM DEV - OPG	G	85	89	700 700	120	---	180	---	150	200	---	50

\*Refers to the planned project summary sheet

C Level of effort activity

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For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

518 ECUADOR

CP 88

PROJECT NO. AND TITLE	* L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
518-0063 FINANCIAL MARKETS AND PRIVATIZATION	G	87	89	2,500 ---	---	---	---	---	750	50	650	500
518-0065 DEVELOPMENT PLANNING & IMPLEMENTATION	*G	88	90	2,000 ---	---	---	---	---	---	---	800	300
518-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G	78	C	---	---	---	---	---	---	---	274	250
TOTAL FOR ACCOUNT				23,285 15,787	10,079	3,842	5,144	3,749	2,776	4,984	3,200	4,785
GRANTS				19,585 11,887	7,679	3,385	3,894	2,993	2,776	3,544	3,200	3,783
LOANS				3,700 3,900	2,400	457	1,250	751	---	1,440	---	1,002
ECONOMIC SUPPORT FUND												
518-0057 SMALL FARMER SUPPORT SERVICES - OPG	G	85	87	414 414	414	---	---	---	---	150	---	150
518-0058 ECONOMIC STABILIZATION PROGRAM	G	85	88	53,531 24,216	4,000	---	20,216	24,000	12,315	12,315	17,000	17,000
518-0999 LOCAL COST SUPPORT	G	87	87	185 185	---	---	---	---	185	185	---	---
TOTAL FOR ACCOUNT				54,130 24,815	4,414	---	20,216	24,000	12,500	12,650	17,000	17,150
GRANTS				54,130 24,815	4,414	---	20,216	24,000	12,500	12,650	17,000	17,150
LOANS				---	---	---	---	---	---	---	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

518 ECUADOR

CP 88

PROJECT NO. AND TITLE	* L / INITIAL G OBLIG	FY OF FINAL OBLIG	FY OF PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
				OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
COUNTRY TOTAL		TOTAL	206,670 151,869	92,887	35,338	47,321	44,750	28,841	44,784	34,000	47,469
		GRANTS	157,235 103,134	56,952	25,082	38,271	36,047	27,741	33,783	32,000	38,175
		LOANS	49,435 48,735	35,935	10,256	9,050	8,703	1,100	11,001	2,000	9,294

\*Refers to the planned project summary sheet

Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date. For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

PROGRAM: Ecuador

## PLANNED PROGRAM SUMMARY SHEET

Title Binational Foundation for Cooperation and Development		Funding Source DA	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 518-0066		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	FY 88 500	Life of Project Funding 2,000
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING			500			Initial Obligation FY 88	Estimated Final Obligation FY 90
							Estimated Completion Date of Project FY 92

Purpose: To establish a Binational Foundation for Cooperation and Development to foster technical, educational, cultural, scientific, economic and overall development cooperation between Ecuadorean and American institutions.

Project Description: The creation of the Foundation is based on the premise that A.I.D. will eventually phase out its Mission in Ecuador and that the developmental objectives now served by A.I.D. can be met by the Foundation.

In order to prepare itself to fulfill this role, the Foundation would begin by undertaking a series of activities to develop and/or strengthen viable and durable professional linkages between Ecuadorean and American development institutions, both public and private. Following is an illustrative list of such activities:

- assist selected PVOs and low income communities throughout the country in financing discrete social and economic development projects;
- assist selected private and public organizations in financing short- and long-term training in the United States;
- set up professional seminars in Ecuador to provide continuing education to Ecuadoreans trained in the United States;
- provide short-term scholarships so that selected Ecuadoreans who studied in the United States can return to update their skills;
- establish inter-institutional exchange programs between a variety of Ecuadorean and U.S. institutions;
- increase the availability of U.S. professional and technical journals to Ecuadoreans; and
- facilitate the membership in U.S. professional societies of Ecuadoreans who studied in the United States.

Relationship of Project to A.I.D. Country Strategy: The Binational Foundation will be a private Ecuadorean entity. As a PVO, the Foundation will assist A.I.D. to design, fund, implement, and/or monitor implementation, of selected social and economic development activities that are in line with A.I.D.'s development strategy for Ecuador.

Host Country and Other Donors: It is expected that A.I.D. would provide no more than 75% of the Foundation's initial costs. The Government of Ecuador will make in kind and cash contributions to this effort, including ESF local currency.

Beneficiaries: Low-income groups will be the primary focus of the Foundation:

Major Outputs	All Years
Individuals trained	250
Development projects funded and implemented	15
<u>A.I.D. Financed Inputs</u>	
D.A. Institutional Support	<u>Life of Project (\$000)</u> 1,000
Technical Assistance	1,000
TOTAL	2,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, Estimated Fiscal Year				
Estimated Through September 30,				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	500	1,500	2,000	

PROGRAM: Ecuador

PLANNED PROGRAM SUMMARY SHEET

Title Development Planning and Implementation		Funding Source DA	AG, RD & N	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 518-0065		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	800	Life of Project Funding 2,000	
<input type="checkbox"/> GRANT	<input type="checkbox"/> LOAN	<input type="checkbox"/> CONTINUING		Sel. Act. 800	Initial Obligation FY 88	Estimated Final Obligation FY 90	Estimated Completion Date of Project FY 91

Purpose: To enhance the capabilities of the Government of Ecuador to identify priority development problems and to design and implement strategies to address those problems.

Project Description: The 1988 election will usher in a new democratic administration in Ecuador. It is expected that much will have been accomplished by that time to establish a sound framework for private-sector-led economic development. To consolidate and institutionalize and policy framework, the proposed project will provide assistance to the new GOE in the following illustrative areas:

- Economic Policy. This project will provide technical assistance in economic policy formulation. As the new administration takes office, it will require this assistance to evaluate past policies, make modifications, and move forward with reforms not completed under the previous administration.
- Employment Generation. Under this activity, assistance will be provided to the GOE and to private sector entities to develop an employment generation strategy. A.I.D. believes that this type of assistance will address what will very likely be the priority problem of the new administration.
- Public Investment Policies. The contraction of the GOE budget due to revenue shortfalls will result in the need for detailed analyses prior to determining public investment priorities.
- Municipal Revenue Generation. An inheritance of the oil-rich 1970s is nearly complete financial dependence of municipalities on the central government. In 1986 A.I.D. provided assistance to the GOE to examine GOE/municipal revenue sharing alternatives. Progress in reducing this

dependence will be a task for the government elected in 1988.

Relationship of Project to A.I.D. Country Strategy. This project directly supports A.I.D. private sector strengthening, institutional development, and economic policy reform priorities. It will support A.I.D.'s goal of increasing economic growth with equity and enhance the capability of Ecuadorean institutions to manage development.

Host Country and Other Donors: The project will be coordinated with other donor missions. The host country contribution will be largely in-kind.

Beneficiaries: A sound policy framework will encourage economic growth with equity which will result in benefits throughout the economy, especially for low-income groups.

<u>Major Outputs</u>	<u>All Years</u>
Policies Implemented	X
Individuals Trained	50
<u>A.I.D. Financed Inputs</u>	<u>Life of Project (\$000)</u>
Technical Assistance	1,400
Training	500
Equipment	100
Total	2,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30,				
Estimated Fiscal Year				
Estimated Through September 30,				
Proposed Fiscal Year 1988	800	1,200	2,000	

PROGRAM: Ecuador

PLANNED PROGRAM SUMMARY SHEET

Title Private Voluntary Organizations - Operational Program Grants (OPG)		Funding Source DA	AG, RD & N 155	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 518-9999		<input type="checkbox"/> NEW	Population	ED. & HR 547	Sel. Act. 274	FY 88 976	Life of Project Funding Continuing
<input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> LOAN	<input checked="" type="checkbox"/> CONTINUING				Initial Obligation FY 78	Estimated Final Obligation FY Continuing
							Estimated Completion Date of Project FY Continuing

**Purpose:** To strengthen the capacity of indigenous and U.S. private and voluntary organizations (PVOs) to undertake innovative and high-impact social and economic development activities in Ecuador.

**Project Description:** The operational program grant (OPG) mechanism is an effective tool to promote and encourage development-oriented actions by local and U.S. organizations. In Ecuador, OPGs have addressed development problems in rural health and potable water, integrated community development, and vocational and technical skills training for poor urban and rural youths.

During FY 1988, A.I.D. will finance social and economic development OPGs that can have a significant impact on the poorest segments of Ecuador's society, both in urban and rural areas. OPGs will be directed at the service delivery, technical skills training, drug use prevention and education, employment and income-generation needs of rural and urban low-income groups. The establishment of an indigenous PVO umbrella organization to represent and provide technical assistance and other services to its members will be studied in FY 1988. A.I.D. has established a systematic dialogue with U.S. and local PVOs to discuss country development strategies and generate ideas for high-impact projects, thereby assuring the proper mix of activities to help the target population.

**Relationship of Project to A.I.D. Country Strategy:** A.I.D. assigns high priority to OPGs that are consistent with its overall country strategy. A.I.D. uses OPGs to assist with institutional strengthening; transfer low-cost, appropriate technologies; develop human resources, particularly in technical skills; test methods of assisting micro-enterprises; increase participation of women in the development process; and strengthen progressive elements of the private sector,

e.g. producer associations, banker associations, and chambers of commerce.

**Host Country and Other Donors:** PVOs are selected on the basis of their potential as well as actual strength of non-A.I.D. support. An important objective of many OPGs is to increase the capacity of PVOs to mobilize continuing budget support from the Government of Ecuador, private sources, and other external donors. Participating PVOs make cash and in-kind contributions equal to at least 25% of the total OPG project cost.

**Beneficiaries:** The PVOs themselves will benefit substantially from OPG-financed training, technical assistance, and commodities which increase their capacity to plan, design, execute, and evaluate development projects. The ultimate beneficiaries will be the rural and urban poor who receive services which improve their socio-economic status.

<u>Major Outputs</u>	<u>All Years</u>
PVOs strengthened	4
PVOs providing basic health and education services to poor people	2
PVOs providing assistance to small businesses	1
PVOs involved in narcotics awareness and drug use prevention	1
PVOs providing technical skills training	1

<u>A.I.D. Financed Inputs</u>	<u>FY 1988 (\$000)</u>
Grants to PVOs	976
TOTAL	<u>976</u>

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30,				
Estimated Fiscal Year				
Estimated Through September 30,				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	976	Continuing	Continuing	



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (527) PERU

\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS, MID 1986) 20,218  
 PER CAPITA GNP..... (DOLLARS, 1984) 1,000  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) -0.1%  
 ANNUAL RATE OF INFLATION (1973-84) 56.7%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..(1972) 1.9%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
 (1986) TOTAL 60.6 MALE 58.7 FEMALE 62.6  
 (1970) TOTAL 54.8 MALE 53.0 FEMALE 56.9  
 ADULT LITERACY RATE (1972) TOTAL 73% MALE 83% FEMALE 62%

\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
 (1976-1985) -2.4%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 14%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 58  
 MAJOR CROP(S) ARABLE LAND YEAR  
 SUBSISTENCE: POTATOES , CORN , BANANAS 18% (1985)  
 CASH: COTTON , RICE , SUGARCANE 12% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) COFFEE , SUGARCANE , COTTON  
 MAJOR AGRICULTURAL IMPORTS:(1985) WHEAT , CORN , DAIRY PRDGS.  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1985) 36%

\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
 ( . ) ( . ) ( . )  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
 ( . ) ( . ) ( . )  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
 ( . ) ( . ) ( . )  
 DEFENSE EXPENDITURES,  
 AS % OF TOTAL EXPENDITURES.. ( . ) . % ( . ) . % ( . ) . %  
 AS % OF GNP..... ( . ) . % ( . ) . % ( . ) . %  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
 (\$MILLIONS, U.S.) (1983) 1,765 (84) 1,630 (85) 1,827  
 EQUIVALENT TO 8.1 MONTHS OF IMPORTS (1985)

\*FOREIGN TRADE\*

MAJOR EXPORTS(1984) FISHMEAL , COTTON , SUGAR  
 EXPORTS TO U.S.  
 (\$ MILLIONS, US, FOB) (1983) 1,094 (1984) 1,274 (1985) 1,047  
 AS % OF TOTAL EXPORTS (1983) 41% (1984) 43% (1985) 36%  
 MAJOR IMPORTS(1984) FOODSTUFFS , MACHINERY , TRANSP. EQ.  
 IMPORTS FROM U.S.  
 (\$ MILLIONS, US, CIF) (1983) 989 (1984) 826 (1985) 545  
 AS % OF TOTAL IMPORTS (1983) 42% (1984) 41% (1985) 30%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1983) 294(84) 1,008(85) 1,095  
 TRADING PARTNERS: UNITED STATES , JAPAN , GERMANY, FEDER  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 59.4%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
 (\$ MILLIONS, U.S.)..... (1984) 607  
 AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 15.8%

\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 2.8% (1978) 2.6% (1986) 2.6%  
 POPULATION IN URBAN AREAS.....(1970) 57% (1986) 70%  
 TOTAL FERTILITY RATE.....(1970) 6 (1986) 5  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1981) 41.0%  
 POPULATION (1986) IN AGE GROUP:  
 (0-14YRS) 40.4% (15-64YRS) 56.0% (65+ YRS) 3.6%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 91  
 PEOPLE PER PHYSICIAN..... (1983) 1,312  
 MAJOR CAUSES OF  
 DISEASE (1979) INFLUENZA-GRIPPE, MALARIA , MEASLES-ROUGELE  
 DEATH.. (1978) OTHER PNEUMONIA , DIARRHOEAL DIS. , TUBERCULOSIS  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 92%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 51%  
 % TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1982) TOTAL 117 MALE 122 FEMALE 112  
 SECONDARY..... (1980) TOTAL 51.4 MALE 56.0 FEMALE 46.7  
 POST SECONDARY.. (1980) TOTAL 15.8 MALE 15.5 FEMALE 7.2  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 130%

## PERU

PROGRAM SUMMARY (\$000)			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
Development Assistance	17,587	14,500	14,200
Loan	0	0	0
Grant	17,587	14,500	14,200
Economic Support Fund	7,000	5,000 <u>2/</u>	10,000
Loan	0	0	0
Grant	7,000	5,000	10,000
Other*	193 <u>1/</u>		
TOTALS	24,780	19,500	24,200
P.L. 480	27,952	27,348	18,152
Title I	20,000	20,000	10,000
Title II	7,952	7,348	8,152
TOTALS	52,732	46,848	42,352

## Footnotes:

1/ International Disaster Assistance

2/ The above total for ESF includes \$250,000 in local cost support.

PERSONNEL DATA - MISSION DIRECT HIRE <sup>a</sup>			
Category	FY 1986 (Actual)	FY 1987 (Estimated)	FY 1988 (Request)
U.S. National	27.50	22.75	22.75
Foreign National	45	45	45
TOTALS	72.50	67.75	67.75

<sup>a</sup>Total full time equivalent workyears of employment. Include HIG, excess property, and IG personnel. Excludes TDP. One workyear = 2,087 hours.

PARTICIPANT TRAINING DATA <sup>a</sup>									
Category	FY 1986 (Actual)			FY 1987 (Estimated)			FY 1988 (Request)		
	A <sup>b</sup>	T <sup>c</sup>	Total	A	T	Total	A	T	Total
U.S. Participants									
Bilateral <sup>d</sup>	16	28	44	58	203	261	108	409	517
Regional <sup>e</sup>	33	46	79	15	72	87	23	192	215
Third Country Participants									
Bilateral <sup>d</sup>	13	43	56	24	51	75	34	166	200
Regional <sup>e</sup>		1	1		35	35	2	46	48
TOTALS	62	118	180	97	361	458	167	813	980

<sup>a</sup>In-training refers to the sum of participant new starts during the FY & carryovers still in training from the prior FY.

<sup>b</sup>Academic: degree seeking.

<sup>c</sup>Technical: non-degree seeking.

<sup>d</sup>Participants funded under bilateral programs.

<sup>e</sup>Participants funded under regional programs (e.g., CLASP, AMDP).

## PERU

### Introduction

After the first civilian transfer of power in over 40 years, the Government of Peru (GOP) under President Alan Garcia made some progress in improving the economic welfare of the Peruvian people. In its first year in office the GOP was able to increase income and employment and cut inflation. The government, however, produced few results in attacking the basic problems that have caused social conditions to deteriorate and the economy to stagnate for the last ten years. Per capita income is lower than 10 years ago and about the same as it was 20 years ago. Outside Lima, malnutrition levels are high, and over half the children under age six suffer from chronic malnutrition. Health conditions are poor, particularly in the rural areas, where agriculture has not yet recovered from the statist policies of the military government of the 1970s. The leftist "Sendero Luminoso" (Shining Path) insurgency and terrorist movement which arose during the long period of stagnation creates obstacles to restoring social and economic growth. The government is also devoting considerable time and resources to combatting the illegal coca trade.

Investment and savings have lagged in Peru, and little investment has been made in new productive facilities. Peru has been hard hit in recent years by falling commodity prices which have severely affected the balance-of-payments. In mid-1984, Peru began to fall behind in meeting its debt service obligations; arrearages are now about equal to yearly exports.

Peru is a poor country with whole regions of absolute poverty. As much as 60% of the economically active population is unemployed or underemployed. Less than half the population have access to potable water. Half of the pre-school-aged population suffer some degree of malnutrition, and hunger is a serious problem in many parts of the country.

The GOP is strongly committed to democracy and has widespread popular support. In the economic and social spheres, the GOP's emphasis is on promoting development through a lowered population growth rate, as well as on increasing agricultural production and promoting rural development while providing increased health and other social services to the rural and urban poor, especially in the poorest Andean regions which are wracked by terrorist insurgency. The GOP has vigorously opposed the terrorist groups and the coca traffickers, devoting increased resources to controlling these threats to democracy. Recently, the GOP undertook a new initiative to address the most basic of development issues, lowered population growth through improved and expanded family planning services. An emergency plan for 1987 was completed in January 1987.

The government's measures to bring short-run improvements in living standards include limiting debt service payments to 10% of export earnings. Peru's position has led to difficulties with private banks and with the International Monetary Fund (IMF), which has declared it ineligible for new drawings.

Arrearages to the U.S. Government brought Peru under Brooke-Alexander Amendment and Section 620 (q) sanctions several times during FY 1986. Peru paid official arrearages intermittently during the year and the continuing A.I.D. program has supported a gradually improving bilateral relationship.

The U.S. assistance program in Peru has a number of objectives. The program supports:

- the maintenance of constitutional and democratic government in Peru, moving away from the statist legacy of past military governments toward expansion and strengthening of private sector institutions, including controlling the leftist terrorist threat to democratic government;
- Peru's efforts to eliminate the illegal narcotics trade;
- GOP efforts to achieve increased and sustained economic growth with particular emphasis on the reactivation and recapitalization of the agricultural sector;
- reducing malnutrition, improving health conditions, promoting rural development, providing improved housing, and expanding family planning services;
- a policy dialogue with the GOP to analyze economic problems and to put in place policies that will allow sustained economic growth in Peru, reestablishment of good relations with Peru's creditors and compliance with debt service obligations; and
- improved administration of justice and respect for human rights.

#### A.I.D. Development Strategy and Accomplishments to Date.

Agriculture, Rural Development and Nutrition. Because of past government mismanagement of the agriculture sector and the flight of qualified personnel from public and private enterprises in the 1970s, A.I.D. is helping to rebuild institutions for technology transfer and for formulation of agricultural policies. A.I.D. is also assisting the GOP, Peruvian universities and the private sector in a broad range of activities to rebuild the research, extension and education system. Based on an evaluation by a Title XII university, the new Agricultural Technology Transformation project (527-0282) starting in FY 1987 will consolidate activities begun under the Agricultural Research, Extension and Education project (527-0192), Soil Conservation project (527-0220), and other projects. It will include strengthening agricultural programs of Peruvian universities and support for extension activities by private producer and marketing associations. An evaluation of the Agricultural Planning and Institutional Development project (527-0238) indicated that it is making progress on improved agricultural policies and incentives to adopt modern agricultural production and marketing methods. The Central Selva Resource Management project (527-0240) is developing new forestry and agricultural systems to help protect forests and soils in the humid Amazonian tropics.

In nutrition, operational program grants with U.S. and Peruvian agencies carrying out P.L. 480 Title II feeding programs are supporting activities in the Sierra areas where malnutrition is most severe and are making maternal and child feeding programs and food-for-work programs part of integrated community development programs. An evaluation of the Church World Service/Peruvian Evangelical Service of Social Action (SEPAS) program contributed to improved management of its large reforestation program in the Sierra.

Health and Child Survival. A.I.D.'s health program concentrates on institutional development of primary health care providers and increased service delivery, particularly of child survival services including family planning. A comprehensive A.I.D.-financed Peruvian health sector analysis was completed in 1986 by the Ministry of Health, Social Security Institute, Pan American Health Organization, Peruvian universities, and the State University of New York (Stony Brook). It provided the basis for improved cooperation by Peruvian health agencies and more cost-effective health services and policies. A national nutrition and health survey contributed to better understanding of health and nutrition problems. Both studies provided the basis to formulate the new Child Survival Action project (527-0285), starting in 1987, to provide increased public and private sector delivery of diarrhea control, immunization, nutrition education, and family planning services targeted to those most in need of assistance to reduce infant and child mortality rates. Grants to private and voluntary organizations (PVOs), including those with Title II feeding programs, have allowed them to increase child survival activities in 1986 and 1987. An evaluation of the Rural Water and Environmental Sanitation project (527-0221) in 1986 indicated that it will finance construction of 1,200 water systems, far exceeding its original goal of 600. About 5% of the rural population will get potable water from this project.

Population Planning. The Private Sector Family Planning project (527-0269) which began in FY 1986 is assisting several private Peruvian family planning agencies to expand services on a cost-effective basis and improve communication and coordination. Also, in FY 1986 the private sector social marketing program for contraceptives received the needed official decrees to begin sales in FY 1987. The program is funded with a grant under the Integrated Family Planning and Health project (527-0230).

Education and Human Resources. Through the Peru component of the LAC Regional Training Initiatives II project, the scholarship program provided training in development issues for women entrepreneurs and journalists. Academic and short courses in agriculture, health, and private sector development were also continued. The Private Sector Management Improvement project (527-0272) is working with five private educational institutions to provide management training in small business, international commerce, and agro-industry. A new Andean Peace Scholarships (527-0313) initiative will be started in FY 1987. The program will provide training in the United States to help meet the priority economic, social and political needs of Peru, and will target disadvantaged groups who have previously lacked access to such training.

Selected Development Activities. The Private Sector Policy Planning and Institutional Development project (527-0298) is supporting an organization to carry out policy research and analysis for the private sector and present business interests more effectively to the Peruvian Government. The project also assists the Central Bank, Ministry of Economics and Finance, and the National Planning Institute to carry out basic studies on ways to increase private sector growth and efficiency. The Institute for Liberty and Democracy also is being assisted in its studies of ways to improve the legal and social framework for small private enterprise.

P.L. 480 Programs. The Title II program provides food supplements to poor urban and rural groups through four U.S. PVOs and their local affiliates. In cooperation with GOP agencies, the food is used in maternal and child health programs to promote nutrition, primary health care and preschool education, and in food-for-work projects for reforestation, rural public works and infrastructure, and training in income-producing skills.

The Title I program provides needed food imports to help meet Peru's chronic deficits. The self-help measures in the agreement are a major part of the policy dialogue with the GOP on agricultural and food policy measures and are integrated with A.I.D.'s agriculture projects. Title I local currency from commodity sales is used to finance development projects in the Andean regions threatened by leftist terrorists, and for projects supported by A.I.D.

Economic Support Fund. ESF assistance is used to finance the Administration of Justice project (527-0303) which works with the Ministry of Justice, Public Prosecutor's office, and the courts in a wide-ranging effort to analyze the sources of inefficiency and discrimination in the Peruvian judicial system and to provide corrective measures. ESF assistance is also financing two continuing projects which complement Peruvian efforts related to the eradication of coca and control of narcotics trafficking. The Upper Huallaga Area Development project (527-0244) provides agricultural support and community services in an area where efforts are being directed to eradicate coca production and eliminate drug trafficking. An evaluation of the project was completed in FY 1987. The Narcotics Education and Public Awareness project (527-0288) is increasing awareness of narcotics issues among the Peruvian public.

Disaster Relief and Reconstruction. The program, which provided assistance in response to the "El Nino" flood and drought disaster of 1983, will be concluded in mid FY 1987 with the completion of numerous local projects to replace infrastructure and to reactivate local agricultural production.

Section 709 of the International Security and Development Act of 1985 requires that comprehensive reports be provided on A.I.D. assistance to Latin America and the Caribbean. The following supplemental information on assistance to Peru in FY 1986 is provided as partial fulfillment of that requirement:

A. Training. A.I.D. provided training in FY 1986 to 180 participants from Peru in the following fields: Agriculture (74), Economics (14), Health and Population (22), Natural Resources Management (11), Banking and Finance (2), Public Administration (5), Management (6), Business (1), Biological Sciences (2), Labor (11), Fisheries (1), International Arbitration (1), and Private Sector Development (30).

B. Types of goods associated in FY 1986 with ESF cash transfers by A.I.D. to Peru: None; all ESF funds were used to finance project assistance.

C. Local currency associated with A.I.D. assistance to Peru was allocated by A.I.D. and the Government of Peru for the following uses in FY 1986. (There was a total of \$20.1 million in local currency available for allocation at the beginning of FY 1986. Due to delayed signing of the 1986 Title I agreement and monetized Section 416 agreement, additional amounts were not available until FY 1987.)

	<u>\$ millions</u>
1. Agricultural Production and Investment Promotion	4.9
2. Irrigation in the Sierra	1.2
3. Agricultural Research, Extension, and Education	2.0
4. Upper Huallaga Area Development	2.0
5. Health and Nutrition Activities	3.2
6. Food-for-work Programs in Slum Areas	2.0
7. Regional Development Activities	3.1
8. Support to PVOs	1.4
9. Program Administration	.3
Total	\$19.1

D. Reprogramming of funds for Peru during FY 1986 resulted in the following functional account changes. Estimated FY 1986 obligations are those which were shown in the FY 1987 Congressional Presentation Document:

	<u>TOTAL</u>	<u>ARDN</u>	<u>PN</u>	<u>HE</u>	<u>EHR</u>	<u>SDA</u>	<u>ESF</u>
-Estimated FY 1986 Obligations(\$000)	27,445	7,125	1,800	3,400	2,500	3,050	9,570
-Actual FY 1986 Obligations(\$000)	24,587	7,125	1,800	3,289	2,500	2,873	7,000

E. Funds and Programs provided to Peru in FY 1986 through nongovernmental as contrasted to governmental channels:

	<u>Nongovernmental</u>		<u>Government of Peru*</u>	
	(\$ million)			
DA	12.4	(71%)	5.2	(29%)
ESF	.6	( 9%)	6.4	(91%)
P.L. 480 Title I	-		20.0	(100%)
P.L. 480 Title II	8.0	(100%)	-	
Section 416	-		5.5	(100%)
TOTAL	21.0	(36%)	37.1	(64%)

\*Although ESF and P.L. 480 Title I resources were provided through government channels, the private sector was the major beneficiary of these funds and programs. ESF dollars provided foreign exchange which facilitated the import of U.S. raw materials and goods needed by Peruvian businesses. P.L. 480 Title I provided for the import of wheat which was sold for distribution through private commercial channels.

#### FY 1988 Program

A.I.D. proposes to provide \$14.2 million of Development Assistance (DA) and \$10 million of ESF in FY 1988 to improve the health and nutrition status of the poor in Peru, support a more dynamic and growing private sector, and assist in the recovery and growth of the Peruvian economy. These resources will promote improved policies for agriculture and private sector revitalization, including expansion of non-traditional exports. The GOP and A.I.D. will continue the collaborative effort to deal with narcotics control issues, reduce terrorism, and improve administration of justice.

Agriculture, Rural Development and Nutrition. The Agriculture Technology Transformation project (527-0282) started in FY 1987 will use the majority of funds in this account. Complementing this project in increasing agricultural production will be the new Agricultural Marketing and Agribusiness Investment project (527-0310), which will start in FY 1988. The project will help to develop more efficient agricultural processing and marketing for domestic and export markets. A small increment to the Agricultural Policy and Institutional Development project (527-0238) will support private sector producer and consumer organizations' participation in the agricultural sector policy dialogue. Grants to PVOs implementing P.L. 480 Title II programs will be continued in FY 1988. Following an extensive review of the Central Selva Resource Management project (527-0240) in early FY 1988, a decision will be made on the need for additional grant funds for this project on protecting the tropical environment.

Health, Child Survival, and Population Planning. Additional funding will be provided for the Child Survival Action project (527-0285), started in FY 1987, and the Private Sector Family Planning project (527-0269), started in late FY 1986. Additional funding also will be provided for the social marketing program for contraceptives (527-0230), and for a research program with Johns Hopkins University on identification of families with high risk of child mortality (527-0311); the latter project will allow better targeting of child survival programs.

Education and Human Resource Development. Additional funding will be provided for private sector management education and applied research under the Private Sector Management Improvement project (527-0272). A.I.D. has worked over a period of years to establish strong private vocational training institutions. Additional funds will also be provided to expand the Andean Peace Scholarships program.

Selected Development Activities. A.I.D. will provide additional funding for the Private Sector Policy Planning and Institutional Development project (527-0298) which is creating a more favorable private sector

environment and promoting expansion of private sector production, employment and income with particular emphasis on small and informal business enterprise.

P.L. 480 Programs. A \$10 million Title I program in FY 1988 will intensify the policy dialogue with the GOP on alleviating malnutrition and on agricultural and rural development projects and policies. Local currency from commodity sales will support development projects and provide credit for the private sector under Section 108 of P.L. 480. The Title II program will provide \$8.2 million of commodities to the agencies serving Peru's most nutritionally and economically vulnerable population with maternal and child health, food-for-work, and child survival services.

Economic Support Fund. In FY 1988, \$10 million from the Economic Support Fund will be used to continue support for the GOP's program to restore economic growth. It will provide \$7.8 million balance-of-payments support and \$2.2 million for project support. The Administration of Justice project (527-0303) will receive \$1 million to continue efforts to improve the judicial and court system in Peru. The Andean Peace Scholarships program (\$600,000) and the Drug Education and Public Awareness project (\$600,000) will also be funded from the ESF account. Local currencies associated with the balance-of-payments program will support high priority U.S. and Peruvian collaborative efforts to complement narcotics control initiatives, including agricultural and community development and narcotics education and public awareness activities. Local currencies also will be used for agricultural and rural development programs in the south and central sierra regions threatened by the Sendero Luminoso terrorist movement.

Mission Director: Donor M. Lion

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

527 PERU

CP 88

PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
527-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	5,366	4,363	1,475	1,026	680	1,775	600	740
527-0156 SIERRA WATER AND LAND USE	L	76	76	11,000 11,000	11,000	9,849	---	728	---	---	---	---
527-0178 INTEGRATED REGIONAL DEVELOPMENT	G	79	83	1,600 1,600	1,600	1,488	---	91	---	21	---	---
527-0178 INTEGRATED REGIONAL DEVELOPMENT	L	79	83	15,000 15,000	15,000	10,457	---	2,121	---	1,922	---	500
527-0192 AG RESEARCH, EXTENSION AND EDUCATION	G	80	87	10,650 9,650	6,250	2,867	3,400	2,058	1,000	5,225	---	500
527-0192 AG RESEARCH, EXTENSION AND EDUCATION	L	80	87	9,000 9,000	9,000	7,316	---	1,274	---	410	---	---
527-0202 LAND USE INVENTORY & ENV PLANNING/ONERN	G	80	85	1,600 1,600	1,600	998	---	242	---	360	---	---
527-0219 EXTENSION OF INTEGRATED PRIMARY HEALTH	G	79	85	1,100 1,100	1,100	170	---	550	---	320	---	60
527-0220 SOIL CONSERVATION	G	80	86	1,575 1,600	1,400	1,142	175	327	---	106	---	---
527-0226 SMALL HYDRO DEVELOPMENT	G	81	84	750 1,000	750	282	---	30	---	438	---	---
527-0226 SMALL HYDRO DEVELOPMENT	L	81	84	9,000 9,000	9,000	2,089	---	4,389	---	2,522	---	---
527-0231 EXPANDED REFORESTATION PROGRAM - OPG	G	82	86	1,225 1,225	950	660	275	273	---	292	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
527-0238 AGRICULTURAL PLANNING AND INST. DEV.	G	83	88	5,350 6,000	4,480	1,627	---	1,691	470	1,632	400	400
527-0238 AGRICULTURAL PLANNING AND INST. DEV.	L	83	85	11,000 11,000	11,000	1,908	---	2,165	---	3,500	---	3,000
527-0240 CENTRAL SELVA RESOURCE MANAGEMENT	G	82	86	4,000 4,000	3,175	1,727	825	1,078	---	1,195	---	---
527-0240 CENTRAL SELVA RESOURCE MANAGEMENT	L	82	86	13,000 12,000	13,000	2,252	---	1,559	---	2,800	---	2,200
527-0244 JPPER HUALLAGA AREA DEVELOPMENT	G	81	88	3,000 3,000	3,000	1,727	---	392	---	331	---	---
527-0244 JPPER HUALLAGA AREA DEVELOPMENT	L	81	88	15,000 15,000	15,000	9,643	---	2,733	---	1,562	---	1,062
527-0247 EXPANDED FEEDING PROGRAM (OFASA) - OPG	G	83	86	1,120 1,120	720	605	400	115	---	400	---	---
527-0248 CARITAS FEEDING PROGRAM - OPG	G	84	86	425 425	275	60	150	94	---	271	---	---
527-0261 BASIC INFRASTRUCTURE FOR PUEBLOS JOVENES	G	84	86	775 775	600	314	175	207	---	254	---	---
527-0265 PRIVATE SECTOR AG INVESTMENT PROMOTION	L	83	83	10,000 10,000	10,000	4,976	---	---	---	4,000	---	1,024
527-0277 DISASTER RELIEF AND REHABILITATION	G	83	83	2,000 2,000	1,962	1,708	---	131	---	123	---	---
527-0282 AGRICULTURAL TECH TRANS	G	87	91	15,000 ---	---	---	---	---	2,100	500	3,133	2,500

\* Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
527-0293 TECHNOSERVE - COOP MANAGEMENT - OPG	G		85	87	750 750	300	390	250	178	200	272	---	---
527-0294 PVO NETWORK - OPG	G		85	85	260 260	260	102	---	73	---	85	---	---
527-0310 AG MARKETING/AGRIBUSINESS IMPROVEMENT	*G		88	90	5,000 ---	---	---	---	---	---	---	500	400
527-0313 ANDEAN PEACE SCHOLARSHIP PROGRAM	G		87	90	---	---	---	---	---	---	---	100	75
527-9999 PRIVATE AND VOL ORGANIZATIONS - OPG'S	G		78	C	---	---	---	---	---	400	250	400	400
TOTAL FOR ACCOUNT					154,180 134,405	131,788	68,720	7,125	24,025	4,850	30,616	5,133	12,861
GRANTS					56,180 36,405	33,788	20,230	7,125	9,056	4,850	13,900	5,133	5,075
LOANS					98,000 98,000	98,000	48,490	---	14,969	---	16,716	---	7,786
POPULATION PLANNING													
527-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		74	C	---	497	428	100	137	100	100	100	100
527-0230 INT FAMILY PLANNING AND HEALTH	G		81	88	10,528 10,900	9,928	4,101	---	2,230	---	1,500	600	1,100
527-0269 PRIVATE SECTOR FAMILY PLANNING	G		86	90	13,000 13,000	---	---	1,700	10	1,900	2,500	1,100	1,200

\*Refers to the planned project summary sheet

C Level of effort activity

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FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				23,528 23,900	10,425	4,529	1,800	2,377	2,000	4,100	1,800	2,400
GRANTS				23,528 23,900	10,425	4,529	1,800	2,377	2,000	4,100	1,800	2,400
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
527-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	2,733	1,887	889	456	600	1,800	400	500
527-0219 EXTENSION OF INTEGRATED PRIMARY HEALTH	L	79	85	5,800 5,800	5,800	3,955	---	890	---	700	---	255
527-0221 RURAL WATER SYSTEMS AND ENV. SANITATION	G	80	85	1,000 1,000	1,000	411	---	127	---	200	---	150
527-0221 RURAL WATER SYSTEMS AND ENV. SANITATION	L	80	85	10,000 10,000	10,000	2,908	---	1,105	---	3,000	---	2,000
527-0224 SUR MEDIO HEALTH AND FAMILY PLANNING	G	80	81	800 800	800	748	---	---	---	52	---	---
527-0230 INT FAMILY PLANNING AND HEALTH	L	81	81	4,000 4,000	4,000	2,343	---	596	---	861	---	100
527-0231 EXPANDED REFORESTATION PROGRAM - OPG	G	86	86	75 75	---	---	75	---	---	75	---	---
527-0247 EXPANDED FEEDING PROGRAM (OFASA) - OPG	G	86	86	175 175	---	---	175	40	---	135	---	---
527-0248 CARITAS FEEDING PROGRAM - OPG	G	86	86	125 125	---	---	125	---	---	125	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	% G	L OBLIG	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHO	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
527-0261 BASIC INFRASTRUCTURE FOR PUEBLOS JOVENES	G	86	86		125 125	---	---	125	---	---	125	---	---
527-0285 CHILD SURVIVAL ACTION	G	87	90		1,500 ---	---	---	---	---	300	100	383	150
527-0294 PVO NETWORK - OPG	G	85	86		700 700	400	---	300	---	---	325	---	375
527-0297 CARE COMMUNITY HEALTH PRG OPG	G	86	86		42 42	---	---	42	3	---	30	---	9
527-0308 PRIVATE SECTOR NUTRITION/CHILD SURVIVAL	G	86	86		1,050 1,050	---	-136	1,050	15	---	430	---	420
527-0309 TRAINING PHYSICIANS AND NURSES	G	86	86		150 150	---	---	150	28	---	122	---	---
527-0311 CHILD SURVIVAL	G	86	88		658 658	---	---	358	47	300	370	---	241
527-0313 ANDEAN PEACE SCHOLARSHIP PROGRAM	G	87	89		300 ---	---	---	---	---	100	50	100	75
TOTAL FOR ACCOUNT					26,500 24,700	24,733	12,116	3,289	3,407	1,300	8,500	893	4,275
GRANTS					6,700 4,900	4,933	2,910	3,289	716	1,300	3,939	893	1,920
LOANS					19,800 19,800	19,800	9,206	---	2,691	---	4,561	---	2,355
CHILD SURVIVAL FUND													
527-0285 CHILD SURVIVAL ACTION	G	87	90		11,000 ---	---	---	---	---	3,500	1,500	3,162	2,600
527-0311 CHILD SURVIVAL	G	86	88		322 ---	---	---	---	---	---	---	322	150

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column -- All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

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PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- EXPEN- ATIONS DITURES	-ACTUAL FY86- OBLIG- EXPEN- ATIONS DITURES	-ESTIMATED FY87- OBLIG- EXPEN- ATIONS DITURES	-PROPOSED FY88- OBLIG- EXPEN- ATIONS DITURES				
TOTAL FOR ACCOUNT				11,322 ---	---	---	3,500	1,500	3,484	2,750		
GRANTS				11,322 ---	---	---	3,500	1,500	3,484	2,750		
LOANS				---	---	---	---	---	---	---		
EDUCATION AND HUMAN RESOURCES												
527-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	1,230	840	50	395	30	56	25	20
527-0266 VOCATIONAL EDUCATION IN PUEBLOS JOVENES	G	83	85	480 480	360	230	120	158	---	80	---	12
527-0272 PRIVATE SECTOR MANAGEMENT IMPROVEMENT	G	85	89	7,000 7,000	1,489	---	1,750	279	720	1,000	725	1,500
527-0288 NARCOTICS EDUCATION AND PUBLIC AWARENESS	G	85	88	750 750	250	---	500	---	---	750	---	---
527-0304 EXPANSION OF VOCATIONAL TRAINING - OPG	G	86	86	80 80	---	---	80	39	---	41	---	---
527-0313 ANDEAN PEACE SCHOLARSHIP PROGRAM	G	87	89	---	---	---	---	---	400	200	400	275
TOTAL FOR ACCOUNT				8,310 8,310	3,329	1,070	2,500	371	1,150	2,127	1,150	1,807
GRANTS				8,310 8,310	3,329	1,070	2,500	371	1,150	2,127	1,150	1,807
LOANS				---	---	---	---	---	---	---	---	---

SELECTED DEVELOPMENT ACTIVITIES

\*Refers to the planned project summary sheet

CLevel of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

527 PERU

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
527-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	74	C	---	2,395	1,934	823	432	350	950	350	753
527-0061 SPECIAL DEVELOPMENT ACTIVITIES	G	83	C	---	1,599	1,529	100	123	100	120	100	120
527-0241 URBAN SMALL ENTERPRISE DEV.	L	82	83	10,000 10,000	10,000	6,600	---	3,130	---	270	---	---
527-0274 MICRO ENTERPRISE PROMOTION - (OPG)	G	84	85	714 714	714	167	---	134	---	200	---	213
527-0277 DISASTER RELIEF AND REHABILITATION	L	83	85	3,000 3,000	3,000	2,506	---	346	---	148	---	---
527-0298 PRIV SECTOR POLICY PLAN AND INST DEV	G	85	90	6,000 6,000	500	712	1,950	489	1,250	1,300	1,300	1,274
TOTAL FOR ACCOUNT				19,714 19,714	18,208	13,448	2,873	4,654	1,700	2,888	1,750	2,360
GRANTS				6,714 6,714	5,208	4,342	2,873	1,178	1,700	2,470	1,750	2,360
LOANS				13,000 13,000	13,000	9,106	---	3,476	---	418	---	---
ECONOMIC SUPPORT FUND												
527-0244 UPPER HUALLAGA AREA DEVELOPMENT	G	81	88	5,400 8,400	---	---	5,400	31	3,000	3,056	---	4,313
527-0288 NARCOTICS EDUCATION AND PUBLIC AWARENESS	G	85	88	1,900 600	---	---	600	---	700	550	600	800
527-0303 ADMINISTRATION OF JUSTICE	G	86	88	2,850 1,000	---	---	1,000	1	850	600	1,000	1,200
527-0306 POLICY AND PROGRAM IMPROVEMENT	*G	88	88	7,800 ---	---	---	---	---	---	---	7,800	7,800

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

S27 PERU

CP 88

PROJECT NO. AND TITLE	L / G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
527-0313 ANDEAN PEACE SCHOLARSHIP PROGRAM	G	87	90	2,000 ---	---	---	---	---	200	100	600	450
527-0999 LOCAL COST SUPPORT	G	87	87	250 ---	---	---	---	---	250	250	---	---
TOTAL FOR ACCOUNT				20,200 10,000	---	---	7,000	32	5,000	4,556	10,000	14,563
GRANTS				20,200 10,000	---	---	7,000	32	5,000	4,556	10,000	14,563
LOANS				---	---	---	---	---	---	---	---	---
COUNTRY TOTAL												
TOTAL				263,754 221,029	188,483	99,833	24,587	35,366	19,500	54,287	24,200	41,016
GRANTS				132,954 90,229	57,683	33,081	24,587	14,230	19,500	32,592	24,200	30,875
LOANS				130,800 130,800	130,800	66,802	---	21,136	---	21,695	---	10,141

\*Refers to the planned project summary sheet

362

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

PROGRAM: Peru

PLANNED PROGRAM SUMMARY SHEET

Title Agricultural Marketing and Agribusiness Development		Funding Source DA	AG, RD & N 500	Health	PROPOSED OBLIGATION (In thousands of dollars)		
Number 527-0310		<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	FY 88 500	Life of Project Funding 5,000
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING						Initial Obligation FY 88	Estimated Final Obligation FY 90
							Estimated Completion Date of Project FY 92

Purpose: To expand non-traditional agricultural exports and increase use of improved technologies, services and managerial skills in agricultural marketing and processing.

Project Description: Agricultural markets in Peru are stagnant and inefficient due to inappropriate government policies and interventions, antiquated marketing infrastructure, and inefficient commercial practices. This project will address these constraints in order to expand non-traditional exports and increase internal marketing efficiency. The project will expand the capacity and improve the efficiency of approximately 50 existing and/or new private sector agribusinesses by providing:

- (1) Training and advisory services in agribusiness organization and operation, postharvest treatment, and marketing;
- (2) seed capital and advisory services, e.g., feasibility studies, targeted to develop new rural enterprises; and
- (3) product development and marketing services, e.g., market information, for non-traditional agricultural exports.

Relationship of Project to A.I.D. Country Strategy: The proposed project supports A.I.D.'s country development strategy by encouraging and supporting the Government of Peru (GOP) to implement policies and programs that reactivate sustainable economic growth with private sector leadership. It will achieve increased investment in agribusiness and marketing enterprises and more efficient factor use, thereby increasing agricultural incomes and employment in the agricultural sector. The project will complement the existing Agricultural Planning and Institutional Development project, and the planned production activities of the FY 87 Agricultural Technology Transformation project.

Host Country and other Donors: Project activities will be implemented primarily through the Peruvian private sector. However, the project also will support selected public sector efforts to increase exports and facilitate trade. In addition, the project will complement ongoing marketing infrastructure construction projects financed by the World Bank and Government of Spain.

Beneficiaries: Direct beneficiaries will include farm families of the coast, highlands and high jungle; agribusiness and agricultural export firms, principally located on the coast; and agricultural product market intermediaries in all parts of the country. The project will directly and indirectly create employment opportunities for 4,000 to 5,000 people. Indirectly, the urban poor in Lima will benefit as a result of lower food prices.

<u>Major Outputs:</u>	<u>All Years</u>
New or Expanded Agribusinesses	50
Improved Technologies Adopted	75 - 100
 <u>A.I.D. Financed Inputs:</u>	 <u>Life of Project</u>
	(\$000)
Technical Assistance	3,000
Training	1,500
Commodities	500
TOTAL:	5,000

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	500	4,500	5,000	

Peru

PLANNED PROGRAM SUMMARY SHEET

<b>PROGRAM:</b>						<b>PROPOSED OBLIGATION</b> <i>(In thousands of dollars)</i>		
<b>Title</b>		<b>Funding Source</b>	<b>AG, RD &amp; N</b>	<b>Health</b>				
Private Voluntary Organizations - Operational Program Grants (OPG)		DA	400			<b>FY 88</b>	<b>Life of Project Funding</b>	
						400	Continuing	
<b>Number</b> 527-9999	<input type="checkbox"/> NEW	<b>Population</b>	<b>ED. &amp; HR</b>	<b>Sel. Act.</b>	<b>Initial Obligation</b>	<b>Estimated Final Obligation</b>	<b>Estimated Completion Date of Project</b>	
<input checked="" type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING					<b>FY 78</b>	<b>FY Continuing</b>	<b>FY Continuing</b>	

**Purpose:** (1) To strengthen the capacity of local and U.S. private and voluntary organizations (PVOs) to undertake community action and innovative development activities in areas that complement A.I.D.'s overall development programs; and (2) to enable U.S. PVOs and their Peruvian counterparts which are implementing P.L. 480 Title II Food Assistance programs to undertake development oriented high impact activities.

**Project Description:** A.I.D.'s operational program grant (OPG) program is one of the most effective instruments to encourage development work by local and U.S. PVOs. The OPG portfolio in FY 1987 will provide resources to undertake development activities in agriculture, nutrition, education, child survival, health, vocational training programs, and urban micro-enterprise development.

In FY 1988, A.I.D. will continue to support four PVOs which are implementing the P.L. 480 Title II program. Caritas, the Peruvian counterpart agency of Catholic Relief Services, will respond to the short-term infrastructure, income generation and child survival needs of the poor in the urban and rural areas of Peru. The Peruvian Evangelical Service of Social Action will expand its food-for-work program, primarily reforestation activities and child survival activities, in eight rural highland departments. Under its OPG, CARE will continue its programs of basic infrastructure and job creation and will expand primary health care through child survival activities. An OPG to the Adventist Social Assistance and Philanthropic Work (OFASA) will continue its food-for-work and mother-child health programs which provide community development, vocational education, and nutrition promotion such as child survival activities to the urban slums and rural communities.

**Relationship of Project to A.I.D. Country Strategy:** The OPG program plays an important role in A.I.D.'s strategy by

providing nutritional assistance, testing low-cost models for providing social services, and by integrating P.L. 480 resources into A.I.D.'s development program. The close association of many U.S. and Peruvian PVOs with the private sector also makes them useful partners in tapping all resources available to the development process.

**Host Country and other Donors:** The Government of Peru (GOP) supports PVOs working with P.L. 480 Title II food aid by handling much of the in-country distribution. They are also supported by the GOP through P.L. 480 Title I local currency generations and other government funds. A.I.D. carefully coordinates its PVD activities with other donors.

**Beneficiaries:** OPG programs reach the poorest sector in Peruvian society. Participants receive not only badly needed nutritional assistance, but have also the opportunity to carry out self-help development activities.

<b>Major Outputs:</b>	<b>FY 1988</b>
PVOs strengthened	4
PVOs providing employment opportunities and basic services to poor people	4

<b>A.I.D. Financed Inputs:</b>	<b>FY 1988</b>
Grants to Participating PVOs	(\$000) 400

U. S. FINANCING (In thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986	Continuing			
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	400	Continuing		

PROGRAM: Peru

PLANNED PROGRAM SUMMARY SHEET

Title Policy and Program Improvement		Funding Source ESF 7,800	AG, RD & N	Health	PROPOSED OBLIGATION <i>(In thousands of dollars)</i>		
					FY 88 7,800	Life of Project Funding 7,800	
Number 527-0306	<input checked="" type="checkbox"/> NEW	Population	ED. & HR	Sel. Act.	Initial Obligation	Estimated Final Obligation	Estimated Completion Date of Project
<input type="checkbox"/> GRANT <input type="checkbox"/> LOAN <input type="checkbox"/> CONTINUING					FY 88	FY 88	FY 88

Purpose: To support the formulation and implementation of high priority Government of Peru (GOP) economic policies and programs.

Project Description: Despite short-run improvements in domestic economic conditions in 1986, the democratically elected GOP continues to face a severe long-run economic and social crisis. Living standards have dropped in the past ten years and current per capita incomes are no higher than twenty years ago. They are particularly low in the impoverished south Sierra region, which is the site of the intransigent leftist "Sendero Luminoso" terrorist movement. Narcotics production and trafficking threaten the integrity of the government and local institutions and distort the economy. The government has a sizeable fiscal deficit, a difficult balance-of-payments situation, and a heavy international debt load.

This program will provide balance-of-payments support to ease the impact of policy changes necessary to foster sustainable economic growth. Specifically, Economic Support Funds (ESF) will provide balance-of-payments support as the GOP takes steps to stabilize the economy, increase exports, limit imports, and increase output, employment and incomes while it struggles to manage its international financial obligations.

Local currency made available by the GOP as a result of this activity will be used to support critical development activities. These include: activities which complement and support narcotics enforcement, coca eradication, and alternative crop development efforts; rural development efforts to increase production and output in the poor Andean regions, particularly the impoverished and terrorism-threatened south central Sierra region; promotion of increased private sector investment; and activities to help strengthen the Peruvian judicial system.

Relationship of Project to A.I.D. Country Strategy: This program directly supports Peru's economic recovery and helps the GOP to address basic social and economic concerns while meeting its financial obligations. It also relates to A.I.D.'s strategy of supporting GOP narcotics control efforts, strengthening the judicial system, and providing social stability.

Host Country and other Donors: The government has undertaken the tasks of improving the living conditions of the most deprived Peruvian population, stopping terrorism and narcotics trafficking, and restoring the rule of law in the country. It has taken steps to stabilize and reactivate the economy. Other donors support these objectives and are providing assistance.

Beneficiaries: The primary beneficiaries will be the rural poor, especially the populations of the south Sierra and those in the present coca growing zones who will benefit from alternative crop and area development efforts financed with local currency. Both urban and rural poor will benefit from direct GOP development activities as well as the increased employment and income opportunities which will be derived from expanded private sector participation in the economy under more appropriate trade, investment and fiscal policies.

Major Outputs:	All Years
Economic Stabilization	X
A.I.D. Financed Inputs:	FY 1988
	(\$000)
Balance of Payments Support	7,800

U. S. FINANCING (in thousands of dollars)				Principal Contractors or Agencies
	Obligations	Expenditures	Unliquidated	
Through September 30, 1986				
Estimated Fiscal Year 1987				
Estimated Through September 30, 1987				
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1988	7,800	--	7,800	





## LAC REGIONAL

### Introduction

The Latin America and Caribbean (LAC) Bureau seeks to support long-term U.S. interests in its area of responsibility primarily through its bilateral programs. However, certain activities can be administered more effectively through the regionally managed LAC Regional program. This is particularly true for programs which:

- are implemented in more than one country,
- strengthen regional institutions,
- test and transfer innovative technologies on a pilot basis which, if proven successful, can be introduced to bilateral programs,
- are more effectively managed in Washington than in the field,
- enable A.I.D. to support programs in the advanced developing countries in which A.I.D. does not maintain a regular bilateral program, and
- permit A.I.D. to implement on a region-wide basis activities of special concern.

The LAC Regional program concentrates on achieving three goals: (1) basic structural reforms leading to rapid and sustained economic growth, (2) wider sharing of the benefits of growth, and (3) strengthening democratic institutions. These goals are applicable to all country programs within the region.

A major emphasis of the regional program is training, and a major portion of the funding in the program is for this purpose. The major training projects are Training Initiatives II (598-0640) and the Andean Peace Scholarships (598-0647) program, but considerable training also is funded under the American Institute for Free Labor Development (AIFLD) (598-0101) and the National Association for the Partners of the Americas (NAPA) (598-0436) programs. In addition, training is being conducted under the Statistics Training Center project (598-0636). Over 3,000 persons will be trained in both FY 1987 and FY 1988 under the regional program.

Another major focus of the program is health. A key regional health project - Technology Development and Transfer in Health (598-0632) - began in FY 1985, and another - Accelerated Immunization (598-0643) - began in FY 1986. In addition, considerable funding for health is provided through the Inter-country Technology Transfer (ITT) (598-0616) project. These three programs support the two health objectives of A.I.D. in the LAC region which are to improve health and health services and reduce infant and child mortality.

Expanding the role of the private sector is another key element of the regional program. The Private Sector Initiatives project (598-0619) is the major project in this area. Other projects, particularly NAPA (598-0436) and the Inter-country Technology Transfer project (598-0616), also contribute to achieving this objective.

The regional population program seeks to access U.S. microcomputer technology to improve population program management; to strengthen regional training centers so they support managerial development of family planning institutions throughout Latin America; and to expand access to voluntary family planning services. Program Development and Support funds have been used to promote the application of microcomputers in population research and management through training programs. The Intercountry Technology Transfer (ITT) (598-0616) project funds regional training centers and other innovative population activities.

In agriculture, the objective of increasing agricultural production is supported primarily through the Land Security and Land Market Research project (598-0638) which began in FY 1986. The Intercountry Technology Transfer project (598-0616) also funds various innovative agriculture activities, as does the NAPA project (598-0436).

The objective of strengthening democratic institutions is strongly supported by the regional program through an ongoing Human Rights project (598-0591) which was initiated in FY 1978, and an Administration of Justice program (598-0642 and 598-0645) which began in FY 1986. These projects are contributing to economic growth with improved equity, political stability, democratic participation, and civil rights in the region.

The objective of managing and preserving natural resources is addressed by the regional project, Development of Environmental Management Systems (598-0605), which provides several regional technical advisors, studies, training, and support for indigenous environmental private and voluntary organizations (PVOs).

Institution building is an element of the regional program. Of particular significance are the training activities, the PVO Sector Policy project (598-0634), AIFLD (598-0101), Education Networks (598-0635), Human Rights (598-0591), the Intercountry Technology Transfer project (598-0616), and Private Sector Initiatives (598-0619). Program Development and Support (PD & S) funds have been used effectively to promote the integration of women into development programs and for program evaluations.

#### A.I.D. Development Strategy and Accomplishments to Date

In support of A.I.D. objectives in the LAC region, the LAC Regional program has funded about 28 projects with \$25 million in Development Assistance (DA) grant funding and \$9 million in Economic Support Fund (ESF) grant financing per year over the last five years. In FY 1986, the LAC Regional program totaled \$36.6 million of DA funding and \$8.0 million of ESF. The FY 1987 levels are \$27.6 million and \$15.9 million, respectively.

Agriculture, Rural Development and Nutrition. The Tenure Security and Land Market Research (598-0638) project supports applied research on rural land tenure issues, particularly land titling, agricultural land markets and post-land reform adjustment problems. This four-year effort provides the comparative cross-country and longitudinal research needed to evaluate the long term effects of these programs. Currently, studies are being initiated in collaboration with Mission titling projects in St. Lucia,

Ecuador and Honduras. A concept paper synthesizing research work on land transfers and land markets and a policy and program guidelines paper addressing the effects of land tenure issues on the design and implementation of rural agricultural development projects are being prepared.

Under the Development of Environmental Management Systems (598-0605) project, in FY 1986, of project funds provided direct support to biological diversity and improved marine resources management activities through grants to the Nature Conservancy, the Darwin Research Station and other NGOs. Technical assistance in forestry, environmental management and pesticide safety in the region accounted for remaining funds. In FY 1987, training of LDC officials in a newly designed natural resources management course in Spanish and examination of the role of the private sector in protected area management in Latin America are programmed for the first time.

Health and Child Survival. The Technology Development and Transfer in Health (598-0632) project started in FY 1985 and is being implemented over four years by the Association of University Programs in Health Administration; the Interamerican College of Physicians and Surgeons; and the State University of New York at Stony Brook. Services being provided include technical assistance, health care financing, health management training and health program design. The components of the project are intended to meet common technical, training and research needs in the region; to support new directions in health programming; and to support activities and respond to requests which may not receive bilateral support.

A major new program in the area of child survival is the Accelerated Immunization (598-0643) project. Its purpose is to build self-sustaining immunization programs within health delivery systems throughout the hemisphere. There are four major donors in addition to A.I.D. - Rotary International, the Interamerican Development Bank, the United Nations Children Education Fund (UNICEF) and the Pan American Health Organization.

Population Planning. The Program Development and Support funds support new approaches to population program management and delivery of services. The objective is to introduce new technologies so that institutions adapt them as part of their operational programs. Establishment of a region-wide microcomputer users group and computer training has stimulated the use of microcomputers for population planning and management information systems. New demographic evaluation techniques using microcomputers have made it possible to quantify what is required if Latin American and Caribbean nations are to achieve their own population goals by the year 2000. This improves policy dialogue concerning implementation of national population policies. The Intercountry Technology Transfer project provides for management improvement and technology transfer in the area of cost containment, organizational efficiency and income generation. This is accomplished largely through strengthening regional population training centers in countries such as Colombia which have much to contribute to international population programs. The new Colombia regional population management training center has begun to transfer its successful population program experiences to other nations.

Education and Human Resources. The LAC Training Initiatives II (598-0640) project, begun in FY 1985, finances short- and long-term training in the United States for participants from the public and private sectors. This regional initiative, which complements a Central American Regional project, was expanded in FY 1986 to target Caribbean and Andean countries. Importantly, A.I.D. is increasingly engaging the more disadvantaged in the development process through these training opportunities. English-language and remedial training and orientation activities are programmed to permit the disadvantaged to participate fully. Undergraduate training, along with technical training and some select graduate training, is included in the program. Training evaluation and follow-up activities for returned trainees are given increased emphasis under this program.

Selected Development Activities. The purpose of the Private Sector Initiatives (598-0619) project, which began in FY 1982, is to stimulate private sector growth in the LAC region with emphasis on the Caribbean Basin area and to provide support to A.I.D. Missions' private sector efforts. As a result of this emphasis some 147 private sector projects have been developed. This multi-faceted project seeks to encourage private sector involvement and tap private resources to solve social and economic problems facing the region. Current activities include establishing a pilot Joint Venture Feasibility Fund with the International Executive Service Corps, collaborating with the Department of Commerce's Caribbean Basin Information Center on several jointly sponsored activities, and mobilizing A.I.D. private sector programs through timely technical assistance and consultancy in policy reform and privatization. An A.I.D. labor survey supports estimates that A.I.D. assistance has played a role in stimulating several hundred million dollars in new investments in the region producing some \$156 million in non-traditional exports. Countries that have implemented policy changes include Dominican Republic, Belize, Costa Rica, El Salvador, and Honduras. In general, countries are slowly changing the rules, i.e. reducing barriers to export reducing subsidies and price controls and gradually divesting of parastatals.

The LAC Human Rights Initiatives (598-0591) project is supporting programs of national and international organizations working to promote human rights throughout the region. Funds have been used to establish the Inter-American Institute of Human Rights and its sub-entity, the Center for Electoral Assistance and Promotion, and to continue support for their education, research and promotional activities. A.I.D. also is supporting American University's program to examine the role of political parties and civilian-military relations in building democracy.

One project which includes funding in all Development Assistance (DA) accounts is the Intercountry Technology Transfer (598-0616) project. This project facilitates the flow of technical information to several advanced developing countries in the LAC region. Activities include technical assistance in forestry development, health and population technology transfer, environmental studies, and vocational training methodologies. Specific activities include management and agriculture training in Paraguay, small business and environmental activities in Brazil, health and population programs in Colombia, and oral rehydration therapy and immunization projects in Mexico.

Economic Support Fund (ESF). The Regional Administration of Justice (598-0642) and the Caribbean Justice Improvement (598-0645) projects support the efforts of regional and national LAC institutions dedicated to strengthening bar associations, law schools, judiciaries, court administration, public defender systems, prosecutorial staffs and investigative capabilities conducted under judicial or prosecutorial control. Under these programs, six mini-states in the Eastern Caribbean and Belize have established judicial reform commissions and signed sub-agreements with the University of West Indies Law Faculty (UWI) in Barbados for quick impact initial assistance to purchase law books, courtroom furnishings and renovate courthouses. The Organization of Eastern Caribbean States (OECS) Secretariat has also entered into an agreement with UWI and initiated a law revision program. In Jamaica resident magistrates have received training in constitutional law, labor law, and sentencing; and plans are underway to renovate court facilities in rural areas and Kingston. In Colombia, A.I.D. is assisting the Supreme Court in replacing law library materials destroyed in the brutal M-19 attack. A.I.D. is also funding training and equipment for judicial protection to help safeguard Colombian judges from the ruthless, intimidating violence of drug traffickers. In addition, the International Criminal Investigative Training Assistance Program (ICITAP) has provided 1231 person-weeks of training for investigators in subjects such as instructor development, fingerprinting, crime scene photography, evidence preservation, and interviewing witnesses.

Under the Human Rights project (598-0591), assistance has enabled the Inter-American Institute of Human Rights to extend its programs into new areas, such as developing new regional standards on rights and treatment of refugees, and helped the Inter-American Center for Electoral Assistance and Promotion (CAPEL) to meet a growing (and sometimes urgent) demand for research and technical assistance on the electoral process. CAPEL has responded to requests for technical advice from Bolivia and Honduras on improving and computerizing voter registries; from Guatemala on drafting a new electoral law and for training poll monitors on balloting and counting procedures; and from Ecuador on improving the vote counting system. More recently, CAPEL has been working closely with a private organization in Haiti, co-sponsoring a seminar on elections and the democratic process, and developing a voter education program prior to the November 1987 elections.

The FY 1987 Supplemental Request includes \$10 million for an expanded ESF regional program to support narcotics control activities in the Andean countries (598-0648), particularly for countries such as Bolivia which is making remarkable progress in narcotics control.

#### FY 1988 Program

A total of \$25.9 million of DA and \$6 million of ESF is requested for the LAC Regional program in FY 1988. All projects which are being implemented in FY 1987 are proposed for continuation and additional funding for FY 1988. No new projects are planned for FY 1988.

The Private Sector Initiatives project (598-0619) will continue to assist Missions in exploring new ways to support necessary economic adjustments. The focus of these efforts will be on small business expansion, investment promotion, privatization and continued policy reform. In population

planning, we propose several new approaches using Program Development and Support funds, including preparation of a population-agriculture model to demonstrate the impact of population growth on the attainment of national agricultural production objectives. Funding proposed under The Inter-country Technology Transfer project would allow continued strengthening of regional training centers in Mexico and Brazil and will expand access to voluntary family planning programs.

Under the administration of justice program, A.I.D. will continue its support for the Caribbean Justice Improvement project which is assisting the English-speaking nations to modernize their courts and legal systems. A.I.D. will also continue funding for the International Criminal Investigative Training Assistance Program (ICITAP) managed by the U.S. Department of Justice. In FY 1988, ICITAP will present more specialized courses in the English-speaking Caribbean in major case management, death investigation, sex crimes, financial investigations, kidnapping, extortion, arson, toxicology, and ballistics.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

593 LAC REGIONAL

CP 89

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION													
598-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		69	C	---	5,386	4,094	2,758	2,713	617	1,000	1,200	1,200
598-0605 DEV OF ENVIRONMENTAL MANAGEMENT SYS	G		79	C	---	2,325	1,583	300	360	275	400	300	300
598-0616 INTERCOUNTRY TECHNOLOGY TRANSFER	G		84	C	---	330	4	463	252	200	425	400	450
598-0622 LAC TRAINING INITIATIVES I	G		82	85	4,730 5,500	4,730	3,292	---	904	---	534	---	---
598-0625 SMALL PROJECT ASSISTANCE PROGRAM	G		83	C	---	1,158	820	400	243	---	495	---	---
598-0638 TENURE SECURITY AND LAND MARKET RESEARCH	G		86	89	850 850	---	---	150	40	250	250	200	250
598-0640 LAC TRAINING INITIATIVES II	G		85	89	2,136 2,446	185	---	1,051	60	---	600	300	600
598-0647 ANDEAN PEACE SCHOLARSHIP PROGRAM	G		87	90	900 900	---	---	---	---	100	25	400	100
TOTAL FOR ACCOUNT					8,616 9,696	14,114	9,793	5,122	5,072	1,442	3,729	2,800	2,900
GRANTS					8,616 9,696	14,114	9,793	5,122	5,072	1,442	3,729	2,800	2,900
LOANS					---	---	---	---	---	---	---	---	---
POPULATION PLANNING													
598-0000 PROGRAM DEVELOPMENT AND SUPPORT	G		69	C	---	1,254	477	925	1,127	162	500	154	200

\*Refer to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

598 LAC REGIONAL

CP 88

PROJECT NO. AND TITLE	L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES
598-0616 INTERCOUNTRY TECHNOLOGY TRANSFER	G	84	C	---	776	---	1,476	593	1,325	1,900	2,000	2,500
TOTAL FOR ACCOUNT				---	2,030	477	2,401	1,720	1,487	2,400	2,154	2,700
GRANTS				---	2,030	477	2,401	1,720	1,487	2,400	2,154	2,700
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
593-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	69	C	---	467	357	632	598	1,535	600	100	900
593-0436 PARTNERS OF THE AMERICAS (NAPA) (PVO)	G	65	C	---	---	---	---	---	60	50	---	10
593-0616 INTERCOUNTRY TECHNOLOGY TRANSFER	G	84	C	---	500	---	1,435	343	1,400	2,000	400	900
593-0632 TECHNOLOGY DEV AND TRANSFER IN HEALTH	G	85	38	3,240 2,240	850	---	500	970	900	1,100	990	1,000
598-0643 LAC ACCELERATED IMMUNIZATION	G	86	89	727 727	---	---	27	---	100	50	200	100
598-0647 ANDEAN PEACE SCHOLARSHIP PROGRAM	G	87	90	800 800	---	---	---	---	100	25	100	50
TOTAL FOR ACCOUNT				4,767 3,767	1,817	357	2,594	1,811	4,095	3,825	1,790	2,860
GRANTS				4,767 3,767	1,817	357	2,594	1,811	4,095	3,825	1,790	2,860
LOANS				---	---	---	---	---	---	---	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

593 LAC REGIONAL

CP 83

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	FY85- EXPEN- DITURES	-ACTUAL FY86- OBLIG- ATIONS	FY86- EXPEN- DITURES	-ESTIMATED FY87- OBLIG- ATIONS	FY87- EXPEN- DITURES	-PROPOSED FY88- OBLIG- ATIONS	FY88- EXPEN- DITURES
CHILD SURVIVAL FUND												
598-0616 INTERCOUNTRY TECHNOLOGY TRANSFER	G	84	C	---	---	---	---	---	---	---	1,000	400
598-0643 LAC ACCELERATED IMMUNIZATION	G	86	89	9,270 18,540	---	---	500	75	2,500	1,700	3,000	2,500
TOTAL FOR ACCOUNT				9,270 18,540	---	---	500	75	2,500	1,700	4,000	2,900
GRANTS				9,270 18,540	---	---	500	75	2,500	1,700	4,000	2,900
LOANS				---	---	---	---	---	---	---	---	---
EDUCATION AND HUMAN RESOURCES												
593-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	69	C	---	340	286	709	653	323	350	334	300
593-0101 FREE LABOR DEVELOPMENT AIFLD (PVD)	G	62	C	---	84,686	78,377	6,156	6,761	5,883	9,000	5,883	7,000
593-0616 INTERCOUNTRY TECHNOLOGY TRANSFER	G	84	C	---	498	20	500	545	600	800	600	700
593-0622 LAC TRAINING INITIATIVES I	G	82	85	10,477 10,511	10,477	7,487	---	1,442	---	580	---	668
593-0635 LAC EDUCATION INFORMATION NETWORK	G	84	88	1,854 1,966	200	79	200	211	271	400	200	400
593-0640 LAC TRAINING INITIATIVES II	G	85	89	41,511 41,511	5,535	279	12,553	2,823	5,000	11,000	1,533	6,000
593-0647 ANDEAN PEACE SCHOLARSHIP PROGRAM	G	87	90	4,500 4,500	---	---	---	---	400	75	1,500	500

\*Refers to the planned project summary sheet

C Level of effort activity

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

598 LAC REGIONAL

CP 88

PROJECT NO. AND TITLE	• L / INITIAL G OBLIG	FY OF FINAL OBLIG	FY OF OBLIG	LOP PLANNED AUTHO	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES	OBLIG-	EXPEN- DITURES
TOTAL FOR ACCOUNT				58,342 58,488	101,736	86,528	20,118	12,435	12,477	22,505	10,050	15,568
GRANTS				58,342 58,488	101,736	86,528	20,118	12,435	12,477	22,505	10,050	15,568
LOANS				---	---	---	---	---	---	---	---	---
SELECTED DEVELOPMENT ACTIVITIES												
598-0000 PROGRAM DEVELOPMENT AND SUPPORT	G	69	C	---	1,194	734	961	1,050	2,600	1,500	1,346	1,900
598-0436 PARTNERS OF THE AMERICAS (NAPA) (PVO)	G	65	C	---	8,208	7,316	1,090	1,083	700	1,165	760	800
598-0572 SCIENCE AND TECHNOLOGY INFO TRANSFER	G	77	86	3,773 5,473	3,373	3,016	400	536	---	107	---	114
598-0591 HUMAN RIGHTS INITIATIVES	G	78	C	---	6,264	4,756	838	1,531	300	350	700	800
598-0605 DEV OF ENVIRONMENTAL MANAGEMENT SYS	G	79	C	---	3,257	2,549	480	692	325	675	400	400
598-0616 INTERCOUNTRY TECHNOLOGY TRANSFER	G	84	C	---	1,297	37	797	754	582	1,200	600	800
598-0619 PRIVATE SECTOR INITIATIVES	G	82	C	---	4,321	2,758	1,095	1,446	800	1,295	1,000	1,300
598-0630 FLA ASSOC OF VOLAG FOR CAR ACTION-OPG	G	83	85	430 430	355	233	75	165	---	---	---	---
598-0634 PVO SECTOR POLICY AND PROGRAM DESIGN	G	85	89	450 450	162	44	56	140	---	34	100	30
598-0636 LAC STATISTICS TRAINING CTR.	G	85	89	1,000 1,000	347	---	100	412	245	200	250	250

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.

For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

598 LAC REGIONAL

CP 88

PROJECT NO. AND TITLE	*	L	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
						OBLIGATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT					5,653 7,353	28,778	21,443	5,892	7,809	5,552	7,026	5,156	6,394
GRANTS					5,653 7,353	28,778	21,443	5,892	7,809	5,552	7,026	5,156	6,394
LOANS					---	---	---	---	---	---	---	---	---
ECONOMIC SUPPORT FUND													
598-0101 FREE LABOR DEVELOPMENT (PVO)	G		62	C	---	5,490	4,000	2,064	1,913	1,000	2,350	1,000	1,200
598-0587 SOLIDARI00S (PVO)	G		78	84	1,100 1,100	1,100	1,000	---	100	---	---	---	---
593-0591 HUMAN RIGHTS INITIATIVES	G		78	C	---	---	---	400	70	656	850	800	850
598-0626 CARIBBEAN BASIN SCHOLARSHIP FUND	G		83	83	7,476 7,500	7,476	4,776	---	2,370	---	330	---	---
598-0640 LAC TRAINING INITIATIVES II	G		85	89	4,000 804	---	---	804	---	---	304	---	400
593-0642 REGIONAL ADMINISTRATION OF JUSTICE	G		86	C	---	---	---	925	---	4,200	3,500	4,200	4,000
598-0644 INTL INVESTIGATIVE TRG ASSISTANCE PROG	G		86	86	1,350 1,350	---	---	1,350	---	---	1,000	---	350
593-0645 CARIBBEAN JUSTICE IMPROVEMENT	G		86	86	2,500 2,500	---	---	2,500	---	---	900	---	1,500
598-0648 NARCOTICS CONTROL PERFORMANCE FUND	G		87	87	10,000 ---	---	---	---	---	10,000	2,000	---	7,000

\*Refers to the planned project summary sheet  
C Level of effort activity

379

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SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

593 LAC REGIONAL

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
TOTAL FOR ACCOUNT				26,426 13,254	14,066	9,776	8,043	4,453	15,856	11,234	6,000	15,300
GRANTS				26,426 13,254	14,066	9,776	8,043	4,453	15,856	11,234	6,000	15,300
LOANS				---	---	---	---	---	---	---	---	---
COJNTRY TOTAL				TOTAL 113,074 111,098	162,541	128,374	44,670	33,375	43,409	52,419	31,950	48,622
GRANTS				113,074 111,098	162,541	128,374	44,670	33,375	43,409	52,419	31,950	48,622
LOANS				---	---	---	---	---	---	---	---	---

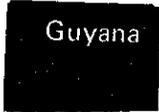
\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column — All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date. For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.



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FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (504) GUYANA

\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS,MID 1986) 766  
 PER CAPITA GNP..... (DOLLARS,1984) 590  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 0.5%  
 ANNUAL RATE OF INFLATION (1973-84) 7.8%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..( . ) . %  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 65.8 MALE 63.5 FEMALE 68.3  
     (1970) TOTAL 59.1 MALE 57.9 FEMALE 61.8  
 ADULT LITERACY RATE (1970) TOTAL 92% MALE 94% FEMALE 89%

\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) -1.3%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 20%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1983) 45  
 MAJOR CRDP(S) ARABLE LAND YEAR  
     SUBSISTENCE: RICE ,ROOTS AND TUBERS ,BEANS-DRY 20% (1985)  
     CASH: RICE ,SUGARCANE ,. 70% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) RAW SUGAR ,RICE ,.  
 MAJOR AGRICULTURAL IMPORTS:(1985) OILCAKE ,DAIRY PRODS. ,EGGS  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1977) 29%

\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     (1981) 237 (82) 217 (83) 224  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     (1982) 512 (83) 380 (84) 461  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     (1981) -161 (82) -295 (83) -155  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. (1982) 4.6% (83) 5.5% (84) 4.2%  
     AS % OF GNP..... (1982) 5.4% (83) 4.9% (84) 4.9%  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1982) 11 (83) 6 (84) 6  
     EQUIVALENT TO 0.2 MONTHS OF IMPORTS (1984)

\*FOREIGN TRADE\*

MAJOR EXPORTS(1984)BUAXITE ,SUGAR ,RICE  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983) 33 (1984) 80 (1985) 49  
     AS % OF TOTAL EXPORTS (1983) 19% (1984) 39% (1985) 24%  
 MAJOR IMPORTS(1984)MANUFACTURES ,MACHINERY ,FOOD  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 53 (1984) 56 (1985) 48  
     AS % OF TOTAL IMPORTS (1983) 27% (1984) 29% (1985) 24%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1983) -32(84) 15(85) 5  
 TRADING PARTNERS: UNITED STATES ,UNITED KINGDOM ,TRINIDAD AND T  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 161%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 31  
     AS % OF EXPORT EARNINGS (DEBT SERVICE-RATIO).... (1984) 12.6%

\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 1.9% (1978) -0.3% (1986) 0.1%  
 POPULATION IN URBAN AREAS.....(1970) 30% (1986) 23%  
 TOTAL FERTILITY RATE.....(1970) 5 (1986) 3  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. (1975) 32.0%  
 POPULATION (1986) IN AGE GROUP:  
     (0-14YRS) 38.2% (15-64YRS) 57.9% (65+ YRS) 3.9%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 45  
 PEOPLE PER PHYSICIAN..... (1979) 9,271  
 MAJOR CAUSES OF DISEASE ( . )  
 DEATH.. (1977) CEREBROVASCULAR ,DIARRHOEAL DIS. ,OTHER HEART DIS.  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 105%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 72%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
     PRIMARY..... (1981) TOTAL 109 MALE 110 FEMALE 108  
     SECONDARY..... (1975) TOTAL 58.6 MALE 57.7 FEMALE 64.5  
     POST SECONDARY.. (1979) TOTAL 2.3 MALE 2.6 FEMALE 2.0  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 0.2%

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

504 GUYANA

CP 88

PROJECT NO. AND TITLE	* L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
AGRICULTURE, RURAL DEV. AND NUTRITION												
504-0073 MEANING FOODS DEVELOPMENT	G	78	82	1,168 1,168	1,003	598	---	404	---	---	---	---
TOTAL FOR ACCOUNT				1,168 1,168	1,003	598	---	404	---	---	---	---
GRANTS				1,168 1,168	1,003	598	---	404	---	---	---	---
LOANS				---	---	---	---	---	---	---	---	---
HEALTH												
504-0066 RURAL HEALTH SYSTEMS	L	79	79	2,900 ---	2,900	2,330	---	48	---	---	---	---
TOTAL FOR ACCOUNT				2,900 ---	2,900	2,330	---	48	---	---	---	---
GRANTS				---	---	---	---	---	---	---	---	---
LOANS				2,900 ---	2,900	2,330	---	48	---	---	---	---
COUNTRY TOTAL												
TOTAL				4,068 1,168	3,903	2,928	---	452	---	---	---	---
GRANTS				1,168 1,168	1,003	598	---	404	---	---	---	---
LOANS				2,900 ---	2,900	2,330	---	48	---	---	---	---

\*Refers to the planned project summary sheet.

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date.  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.



SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

508 SURINAME

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHO	-THROUGH FY85-		-ACTUAL FY86-		-ESTIMATED FY87-		-PROPOSED FY88-	
					OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES	OBLIG- ATIONS	EXPEN- DITURES
ECONOMIC SUPPORT FUND												
508-0019 TECHNICAL CONSULTANTS AND TRAINING	G	78	82	500 500	500	---	---	---	---	---	---	---
TOTAL FOR ACCOUNT				500 500	500	---	---	---	---	---	---	---
GRANTS				500 500	500	---	---	---	---	---	---	---
LOANS				---	---	---	---	---	---	---	---	---
COUNTRY TOTAL												
TOTAL				500 500	500	---	---	---	---	---	---	---
GRANTS				500 500	500	---	---	---	---	---	---	---
LOANS				---	---	---	---	---	---	---	---	---

\*Refers to the planned project summary sheet

C Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date  
For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.



FY 88 CP ECONOMIC AND SOCIAL DATA

COUNTRY: (528) URUGUAY

\*BASIC DATA\*

TOTAL POPULATION.. (THOUSANDS,MID 1986) 2,953  
 PER CAPITA GNP..... (DOLLARS,1984) 1,980  
 ANNUAL PER CAPITA REAL GNP GROWTH RATE.. (1965-84) 1.8%  
 ANNUAL RATE OF INFLATION (1973-84) 50.0%  
 NATIONAL INCOME RECEIVED BY LOW 20% OF POPULATION..(1981) 5.6%  
 LIFE EXPECTANCY AT BIRTH, IN YEARS  
     (1986) TOTAL 70.9 MALE 67.7 FEMALE 74.2  
     (1970) TOTAL 68.1 MALE 64.9 FEMALE 71.5  
 ADULT LITERACY RATE (1975) TOTAL 94% MALE 93% FEMALE 94%

\*AGRICULTURE\*

ANNUAL PER CAPITA AGRICULTURAL PRODUCTION GROWTH RATE  
     (1976-1985) 1.2%  
 AGRICULTURAL PRODUCTION AS % OF GDP.....(1984) 12%  
 POPULATION DENSITY / SQ KM OF AGRICULTURAL LAND (1980) 19  
 MAJOR CROP(S) ARABLE LAND YEAR  
     SUBSISTENCE: POTATOES .. . 1% (1985)  
     CASH: WHEAT ,RICE ,CORN 21% (1985)  
 MAJOR AGRICULTURAL EXPORTS:(1985) RICE ,BEEF AND VEAL ,WHEAT  
 MAJOR AGRICULTURAL IMPORTS:(1985) BARLEY ,RAW SUGAR ,POTATOES  
 PROPORTION OF LABOR FORCE IN AGRICULTURE.....(1975) 16%

\*CENTRAL GOVERNMENT FINANCES\*

TOTAL REVENUES AND GRANTS (\$ MILLIONS, U.S.)  
     (1982) 1,974 (83) 1,162 (84) 989  
 TOTAL EXPENDITURES AND NET LENDING (\$ MILLIONS, U.S.)  
     (1982) 2,812 (83) 1,373 (84) 1,262  
 DEFICIT(-) OR SURPLUS (\$ MILLIONS, U.S.)  
     (1982) -838 (83) -211 (84) -273  
 DEFENSE EXPENDITURES,  
     AS % OF TOTAL EXPENDITURES.. (1982) 13.2% (83) 12.4% (84) 10.9%  
     AS % OF GNP..... (1982) 4.1% (83) 3.4% (84) 2.9%  
 OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS END OF PERIOD,  
     (\$MILLIONS, U.S.) (1983) 610 (84) 782 (85) 822  
     EQUIVALENT TO 8.9 MONTHS OF IMPORTS (1984)

\*FOREIGN TRADE\*

MAJOR EXPORTS(1984)WOOL ,HIDES ,MEAT  
 EXPORTS TO U.S.  
     (\$ MILLIONS, US, FOB) (1983) 104 (1984) 138 (1985) 129  
     AS % OF TOTAL EXPORTS (1982) 7% (1983) 10% (1984) 16%  
 MAJOR IMPORTS(1984)FUELS & LUBRI. ,METALS ,MACHINERY  
 IMPORTS FROM U.S.  
     (\$ MILLIONS, US, CIF) (1983) 52 (1984) 66 (1985) 71  
     AS % OF TOTAL IMPORTS (1982) 16% (1983) 8% (1984) 9%  
 TRADE BALANCE(\$ MILLIONS, U.S.)(1982) 218(83) 417(84) 191  
 TRADING PARTNERS: BRAZIL ,UNITED STATES ,ARGENTINA  
 EXTERNAL PUBLIC DEBT AS % OF GNP (1984) 51.9%  
 SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT,  
     (\$ MILLIONS, U.S.)..... (1984) 411  
     AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO).... (1984) 31.4%

\*SOCIAL DATA\*

POPULATION GROWTH RATE...(1970) 0.8% (1978) 0.3% (1986) 0.4%  
 POPULATION IN URBAN AREAS.....(1970) 82% (1986) 85%  
 TOTAL FERTILITY RATE.....(1970) 3 (1986) 2  
 MARRIED WOMEN AGED 15-44 YRS. USING CONTRACEPTION. ( . ) . %  
 POPULATION (1986) IN AGE GROUP:  
     (0-14YRS) 26.1% (15-64YRS) 62.7% (65+ YRS) 11.3%  
 INFANT DEATHS IN FIRST YR OF LIFE PER 1000 LIVE BIRTHS (1986) 37  
 PEOPLE PER PHYSICIAN..... (1982) 514  
 MAJOR CAUSES OF  
 DISEASE (1978) INFLUENZA-GRIPPE,VIRAL HEPATITIS ,MUMPS-OREILLONS  
 DEATH.. (1978) ISCHAEMIC HEART ,CEREBROVASCULAR ,MALIG. NEOPLASM  
 PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS.. (1977) 103%  
 POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(1980) 80%  
 TOTAL SCHOOL ENROLLMENT AS RATIO OF POPULATION IN AGE GROUP:  
 PRIMARY..... (1982) TOTAL 115 MALE FEMALE 121  
 SECONDARY..... (1982) TOTAL 63.2 MALE 46.0 FEMALE 53.6  
 POST SECONDARY.. (1982) TOTAL 16.7 MALE 14.7 FEMALE 18.8  
 ENERGY PRODUCTION AS % OF CONSUMPTION.....(1984) 22.7%

SUMMARY OF ACTIVE AND PROPOSED PROJECTS  
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN

523 URGUAY

CP 88

PROJECT NO. AND TITLE	• L G	FY OF INITIAL OBLIG	FY OF FINAL OBLIG	LOP PLANNED AUTHD	-THROUGH FY85- OBLIG- ATIONS	-ACTUAL FY86- OBLIG- ATIONS	-ESTIMATED FY87- OBLIG- ATIONS	-PROPOSED FY88- OBLIG- ATIONS	EXPEN- DITURES		EXPEN- DITURES	
ECONOMIC SUPPORT FUND												
523-0104 ECONOMIC RECOVERY PROGRAM	G	86	87	29,355 ---	---	---	12,122	---	---	12,122	---	---
523-0107 ECONOMIC RECOVERY PROGRAM	G	86		---	---	14,000	---	---	---	---	---	---
523-0108 TECHNICAL ASSISTANCE & TRAINING	G	86		---	---	355	---	---	---	---	---	---
523-0999 LOCAL COST SUPPORT	G	87	87	30 30	---	---	30	---	---	30	---	---
TOTAL FOR ACCOUNT				29,385 30	---	14,355	12,152	---	---	12,152	---	---
GRANTS				29,385 30	---	14,355	12,152	---	---	12,152	---	---
LOANS				---	---	---	---	---	---	---	---	---
COUNTRY TOTAL												
TOTAL				29,385 30	---	14,355	12,152	---	---	12,152	---	---
GRANTS				29,385 30	---	14,355	12,152	---	---	12,152	---	---
LOANS				---	---	---	---	---	---	---	---	---

\*Refers to the planned project summary sheet

•Level of effort activity

FY of final obligation column - All projects in this column with an initial obligation date before December 31, 1986 are based on the authorized date. For all projects with an initial obligation date after December 31, 1986 the FY of final obligation is based on a planned date.