

STRATEGIC CHANGES IN U.S. ASSISTANCE TO UKRAINIAN AGRICULTURE

SUMMARY

In the face of continued slow and uncertain action by the Government of Ukraine to implement fundamental agrarian reforms, USAID is shifting the main focus of its agricultural assistance from the national level to areas of regional concentration where the prospects for progress are favorable, there is local support, and where greater synergies can be achieved with USAID's limited resources.

The focus in 3 to 5 areas of regional concentration will be on private farmers and private farming systems, including both small and larger private farms as well as household plots. A central feature will be the issuance of land titles and the restructuring of former large farms, with an intensified effort to encourage and facilitate individuals and groups to undertake private agricultural production and private agro-industrial activities. Programs outside these areas of regional concentration will be considered on their merits.

This effort will be reinforced by programs that encourage and support private input supply and marketing and processing in the same areas. Given the uncertainty that will persist regarding land and farm ownership, experiments in different modes of private farming will be assisted so long as they are consistent with reasonable degrees of equity and efficiency. The formation of cooperatives and farmers associations will also be supported.

Private household production will receive special attention to improve efficiency and access to inputs and markets, in recognition of its 50% share in national agricultural output. Franchising and other forms of participatory distribution and marketing will be experimented with in the household sector. Needy households will also be considered for special assistance to alleviate poverty.

Local training and education will be supported to create an interest in and knowledge about private farming, and to disseminate successful results more broadly. News media will also be used to inform and educate private farmers.

Every effort will be made to harness the resources of the US and Ukrainian private sector to support these areas of regional concentration, including innovative approaches made necessary by the absence of more fundamental reforms at the national level in land ownership, financial services, agricultural support services and supportive legislation.

A measured effort will continue to encourage fundamental agricultural policy reform, through specialized support to reform-minded officials (e.g. IMCAR), specific problem-solving efforts (farm debt, leasing options and implications, elevator privatization, creation of a land market), and through support to private associations supporting reform -- e.g. National Grain and Commodity Exchange Associations, associations of private entrepreneurs, and cooperative and

private farmers associations.

Concentration on specific regions will have two major objectives: to improve the welfare and efficiency of private farming and agricultural activity in the areas of concentration; and to demonstrate the effectiveness of private farming and private agriculture in order to reinforce the national policy reform process.

I. INTRODUCTION

US assistance to agriculture and agro-industries in Ukraine has been premised on the expectation that fundamental policy reform would take place, resulting in an expanding, open market, private sector-driven agricultural economy. Programs were designed to spearhead these changes nationwide through projects supporting open markets, private input supply, processing and marketing, and private land ownership and farm management.

This strategy is being reconsidered for the following reasons:

First: While there have been significant changes in Ukrainian agriculture and agro-industries in the past five years, the pace of reform in fundamental areas -- land privatization, open markets for outputs and inputs, private ownership and operation of land and agricultural industries, Government's role in agricultural organization and operation -- has been slow and uncertain, particularly in the past two years. This pattern may continue for some time.

Second: The lack of progress in key policy reform areas has brought into question the value of US assistance to Ukrainian agriculture. The magnitude of the program is questioned in light of limited policy reform, and funds for individual projects are often withheld in an effort to leverage policy change with little apparent effect.

Third: While progress at the national level is slow, there are reasons to believe that more progress can be achieved in a few regions, where there is local support for change, where there is Government agreement to allow experiments to demonstrate the effectiveness of private sector approaches, and where greater synergies can be achieved with USAID's limited resources. In addition, with slow policy change at the national level, which is bound to have a continuing adverse effect on the rural population, USAID's concern to sustain private farmers and private household production takes on added dimensions. Support of these target groups can be better provided at the grass-roots level.

Fourth: In the present environment of Ukraine, there are likely to emerge many approaches to private farming. While these might be second best from an optimal -- fully reformed system -- they may nevertheless be workable, or the only options available. It is important that USAID stay abreast of these changes and experiment and support them where warranted.

A. Background

US assistance to the agricultural sector in Ukraine has been provided since 1993, with a multi-faceted program since 1996. As this program was developed, activities were designed to have a broad impact fairly quickly. Although these activities are achieving important results in many parts of the country, the pace of fundamental agricultural sector reform, the program's major objective, has not met expectations.

Achievements and early expectations

Land ownership has been transferred from the state to the collective agricultural enterprises (CAEs). The process of large farm restructuring has commenced, and land and property shares have been distributed to most members of CAEs. With US support, land titles are being issued. The process of Mass Privatization has been nearly completed with over 4,000 large and medium agro-industries privatized. A major program to privatize most of the grain elevators has commenced. A limited private sector exists in input supply, agricultural marketing and processing, and commodity exchanges. Private industries and the commodity exchanges have developed independent associations to defend their interests and lobby for policy change. A framework has been established, in the form of the Inter-Ministerial Commission on Agrarian Reform (IMCAR), through which the GOU and donors are beginning to consider policy changes in the agriculture and agro-industry sectors.

Before mid-1996, a weakened state capacity to intervene in agriculture, combined with GOU pro-reform policy statements and positive steps to support private farmers, seemed to auger well for future, rapid reform. This "window of opportunity" was the basis for many of USAID's assistance efforts in agriculture -- particularly support to private commodity exchanges, to private input supply, processing and marketing enterprises, to large farm restructuring and land reform, and to private farmers.

Between 1992 and 1995 the number of private farmers expanded from less than 2,000 to 35,000 under a program supported by the GOU. Private, independent commodity exchanges were trading substantial quantities of commodities (nearly \$12 million weekly). Private US "agribusiness partnerships" were rapidly expanding the provision of inputs, processing facilities and marketing outlets, with the expectation that these would serve some 25% of the total farm area within 3 or 4 years. While private land ownership was clearly a difficult political issue, there was (and continues to be) widespread, grass-roots support for large farm restructuring and land titles.

Thus, there was good reason to believe in late 1995 and early 1996 that the pace of change would accelerate, and the US assistance program in agriculture was designed to support this acceleration.

Recent Events

By mid-1996, however, a different set of Government approaches to agriculture began to emerge. This began with a serious drought in 1996 (while production was already nearly 50 percent of the

1990 level), which caused the Government to restrict private grain movements and reserve as much grain as possible for itself. This immediately disrupted commodity exchanges and private input supply, processing and marketing enterprises. Open market commodity trades dropped sharply, and private input supply companies, including US ones, could not collect on their contracts. Both activities were strongly supported by US assistance.

In August 1996 the GOU created *Khlib Ukrainy* ("Bread of Ukraine"), which has acted as a virtual government monopoly controlling the grain market. Other programs have been initiated by the Government to supply agricultural inputs, fertilizer and machinery, which, in turn, are supported by "Khlib Ukrainy's" collection of grain as payment. Throughout the period from mid-1996 to mid-1998 the US and other donors have protested these actions, but for the most part they continue in one form or another despite changes in individuals in the government. Open marketing and private sector development of agro-industries has therefore been seriously impaired.

Support for private farmers within the GOU has also slowed. Few new private farms have emerged since 1995, and the environment has deteriorated, partly due to the impediments noted above, and partly due to an apparent lack of support by the Government and the Parliament. Despite progress in large farm restructuring and land titling, opposition to private land ownership remains strong in the Parliament and in parts of the Government.

The Government of Ukraine seems to have concluded that its participation in agriculture must continue for some years to come. This conclusion, and the Government's continued interventions in agriculture, combine to suggest that agricultural reform will continue slow and uncertain. The Government's position seems to be that:

- a) land privatization will be a slow process given strong political opposition;
- b) a new mechanism must therefore be devised to collateralize land and establish de facto "ownership" (an argument in favor of land leasing and maintenance of large farms);
- c) existing farms are bankrupt and cannot be made commercially viable through private sector efforts;
- d) private sector institutions (such as credit, support services, legislation, real estate markets) adequate to support private agriculture and agro-industry do not yet exist.

There also seems to be continuing serious reservations within the Government and Parliament about market reforms and private enterprise in general, and a reluctance, at least within the present generation of leaders, to abandon the structures and processes that existed in the past. This orientation on the part of the GOU is reflected in its willingness to extend sovereign guarantees for the purchase, under various Exim programs, of large scale agricultural equipment, which is distributed to selected CAEs and state farms, despite their indebtedness and lack of

repayment potential.

Thus, for the foreseeable future, the pace of reform at the national level is hampered by significant unresolved issues in Ukraine, with wide differences of opinion not only between the donors and the GOU, but within Ukraine between advocates and opponents of change. The private sector, both Ukrainian and foreign, largely shares USAID's perceptions and views. It is strongly opposed to Government involvement in input supply and commodity marketing, and has actively sought redress for non-payment of commercial debts which results from Government interference. But despite adversities, many US and other private companies remain involved in Ukrainian agriculture and agro-industries because of expectations that change will eventually take place, and that future profits will be great for companies that remain involved.

B. The Current USAID Portfolio

The United States has supported a wide range of assistance to Ukraine's agriculture sector. The most important activities are:

1. Supporting 22 Private Agribusiness joint-venture partnerships in input supply and agricultural processing.
2. Large Farm Restructuring and Land Privatization on 600 farms in 17 oblasts, including provision of land and property shares, issuance of land titles, and facilitating emergence of land markets.
3. Assisting Nine Commodity Exchanges, the National Association of Commodity Exchanges and National Grain Association, which support open marketing of agricultural commodities and uniform, insured spot and forward contracts.
4. Mass Privatization of more than 4,000 medium and large enterprises in the agro-industrial complex and privatization of 450 grain storage enterprises.
5. Provision of Agricultural Credit through the Western/NIS Development Fund; the Ukrainian Agricultural Development Company (UADC); and pilot agricultural credit projects.
6. Assisting with Policy Analysis through direct USAID projects and, in collaboration with the World Bank and EU-TACIS, supporting the Inter-Ministerial Commission on Agrarian Reform (IMCAR).
7. Support To Private Farmers in three regional projects, and through Farmer-To-Farmer Volunteers.

II. Rationale for Revised Strategy

Whether or not the policy climate substantially improves, the US will continue to have a vital interest in the agriculture sector in Ukraine. Agriculture plays a central role in the total economy and society -- over 50% of Ukraine's GDP. Solutions to key policy issues in agriculture and the agro-industry sectors are critical to the transformation of Ukraine's overall economy and society. The ongoing debates regarding agricultural sector issues ---open markets, land ownership, private economic activity, foreign investment and trade, role of Government---parallel and influence changes in other economic sectors. Finally, the welfare of the rural population, approximately 30% of the total, depends upon a vibrant agriculture sector and good solutions to the problems of land and farm ownership. Ukraine's economic transformation can not succeed nor be sustainable unless the agricultural sector is stabilized and growing.

In reviewing its agriculture strategy the Mission recognized first that it must remain active in the sector for the reasons outlined above. The Mission also recognized two other points. First the GOU is very divided on key agricultural policy issues with consensus on what course to follow still a long way off. Second there is a desire in many locations, for land titling, farm restructuring and private marketing of inputs and outputs, even though these activities are not necessarily well received at the national level. This has led the Mission to refocus its agriculture strategy on two tracks as described below.

A. New Focus

The overall objective for the refocused agriculture strategy is to shift the emphasis to selected geographic regions of Ukraine, where USAID will engage private farmers, private farm associations and advocacy groups, restructured farms, private plot holders and private agribusinesses in the establishment of market-oriented agricultural activities at the local and regional level.

Efforts will be concentrated in three to five regions where there is a strong conviction that progress can be made, and there is local and national government agreement to support the local effort. Existing projects and programs will be brought to bear in these places, concentrating on land reform and large farm restructuring, provision of private support services and input supplies, private sector marketing and processing, and the organization of farmer support institutions -- cooperatives, associations and direct farmer to market linkages.

Attention will center on private farms, private farmers and household production. One element of the strategy will be to ensure the existing private farmer and household sector is sustained, and enable it to expand its access to resources and its contributions to production, employment and incomes. Another element will be to experiment and support, where appropriate, new forms of private farming both large and small that may emerge within the peculiar constraints that will persist in Ukraine -- unclear land ownership, possible extensive leasing practices, seriously constrained banking and credit institutions, and unclear divisions between the public and private sectors.

There will also be a special focus on people in rural areas whose future will continue to be unclear in the absence of major agricultural policy reforms. In this environment the household plot is likely to remain an important source of rural and urban food supply and income. Household plots may also be an important point for identification of those in need of special support.

More fundamentally, most of USAID's efforts to solve policy problems will be centered at the local/regional level, with the objective of taking solutions developed there to the national level when their effectiveness has been demonstrated.

B. Whither the Policy Agenda?

While the Government's explanation for its recent policy rigidity is disappointing, it may be all that can be expected given its limited capacities and the political opposition to agrarian reforms in the Rada, within the Government and among the people. The institutional, legislative and educational framework for implementing major policy change may also simply take longer than the donors had recognized.

But, the recent lack of progress in major agricultural policy reforms is itself an argument for continued USAID involvement in agriculture, including the policy arena where it has taken a leadership role. While it would be desirable to avoid acrimonious policy debates, we need to persist with an unequivocal search for ways to encourage the kinds of agricultural and market reforms that are consistent with long-term USG economic, political and commercial objectives in Ukraine.

Over the next three years, unless there are dramatic changes, our focus will shift to the regions in an effort to create "success stories", while US direct assistance to national level policy formulation will be more limited and tightly focused to:

(1) Sustain the policy analysis and reform advocacy institutions that have begun to develop.

USAID support will target public and private Ukrainian institutions and individuals, in and out of government, who favor reform, including institutions such as the private Grain and Commodity Exchange Associations, associations of private entrepreneurs, IMCAR and counterparts in major projects.

(2) Engage the national government in reviewing the impact of regional and local level activities through which USAID plans to assist private farmers and farm advocacy groups.

At a minimum, success of the demonstrations will require a Government commitment to refrain from actions that will defeat private sector efforts in those localities. Maintaining an open channel to national level policy makers will provide the opportunity to feed results of the regional demonstrations into the national policy agenda.

(3) Contribute to the overall donor effort to move forward on agricultural policy reform.

Leverage on major policy issues, including the use of US commercial interests such as use of Exim credits, can only be exerted at the level of the Gore-Kutchma Commission, the IMF and the World Bank. The insights generated by USAID's analysis of key policy problems have bolstered efforts of the GOU, World Bank and IMF to achieve major policy changes, such as privatization of grain elevators. This focused analysis needs to continue.

III. NEW STRATEGY DIRECTIONS

A. Overall and Specific Objectives

Overall Objective

USAID assistance will be concentrated in specific oblasts and raions where the environment is most conducive to private farm production and marketing. By focusing resources and attention on a limited number of demonstration areas, we expect to maximize impact and generate results to bring forward to the national policy arena. To the extent possible, USAID will also engage US private sector interests whether in provision of inputs, in innovative land leasing arrangements to enhance productivity, or in marketing endeavors.

Moreover, USAID will have a heightened concern for the welfare of the rural population that may be adversely affected by the slow pace of policy reform or adverse policy decisions.

Specific Objectives:

- Encourage private farming at all levels -- household plots, private farms and intermediate farm structures that show promise of evolving into private farms through leasing arrangements or other mechanisms.
- Encourage private individuals and groups of individuals to undertake private farming through the issuance of land titles and the process of carrying out large farm restructuring in such a way that the opportunities for private farming are fully explained and reinforced.
- Support sustainable, privately owned and operated systems that provide private farmers, private plot holders and restructured farms with fairly-priced production inputs (seeds, chemicals, fertilizers, feeds, machinery, etc.), production and farm management information, marketing information and markets for agricultural products, as well as sustainable credit systems.
- Promote networking among private farms/farmers, distributors, grain elevators and others so that private actors have greater knowledge of their alternatives to government inputs on grain sales to the government

- Support private sector efforts to influence national agricultural economic policy deliberations, through professional and trade associations and policy analysis institutions that support reform.
- Sustain the welfare of individuals in rural areas, specifically smaller private farmers and household plot owners during what may be a protracted period of uncertainty about agricultural reform, in which the interests and livelihoods of these individuals may be overlooked or adversely affected by inappropriate policy decisions

B. Strategy Elements

1) Geographic Concentration

Depending upon projected costs, funding availability, and satisfaction of selection criteria, three or more geographic regions are proposed. Current possibilities include: Lviv, Odessa/Mykolaiv, Donetsk/Kharkiv, and Kiev/Cherkassi/Poltava. Selection will be based on many, but not necessarily all, of the following criteria:

- support of local (oblast or raion) officials for farm restructuring, land privatization and private farming and support services;
- existence of coops or private farmer's associations, or a strong interest by private farmers in participating in such institutions;
- existence of Ukrainian private sector agribusiness dealerships and distributors;
- a functioning commodity exchange with a demonstrated interest in developing marketing relationships to private farms or farmer groups;
- modern, private agri-business activity, including foreign, in the oblast;
- presence of a number of USAID-funded or related donor activities;
- geographic diversity (i.e., in different regions of the country and different farming situations);
- availability of, or feasibility of creating, sources of farm and enterprise credit;
- progress in privatization and demonopolization, e.g. elevators and input supply;
- share of private land (farms and households) in oblast total.

Before final determination, the proposed areas of geographical concentration will be visited by teams of USAID and implementor representatives to develop agreements for actions with the local population and obtain the endorsement of local officials.

2) Farm Restructuring and Land Titling

Farm restructuring and agricultural land privatization -- land-titling and private farm formation -- will be central to this approach, since growth in the number of small and medium-sized farms is important in equity, employment, democratic reform and, ultimately, farm-efficiency terms. Farm restructuring and the issuance of land titles by themselves have generally not led to significant changes in farm structures or farming activity, because the supporting environment (input supply and marketing alternatives) has not changed, and because most CAE share holders have no basis on which to make informed decisions about the relative advantages and disadvantages of private farming. Changing this environment and developing increased options will be a central focus of the regional efforts.

In addition to supporting the evolution of private farming from the base of large farm restructuring and land titling, the program would also support a resumption of the Government's earlier program to support private farmers through the provision of land from the land fund. At present there are approximately 35,000 such farmers, averaging 28 hectares, and farming over 1 million hectares (2% of the sown area). Land remains in the fund to be allocated. A resumption of this program, combined with a means of conferring title to those with use rights would be an additional means of advancing private farming.

This strategic approach recognizes that a complex set of issues will need to be addressed and solved before individuals who receive land titles could equitably and realistically transform themselves into combinations of private and group farmers. Among the more complex are those of land ownership and sale, reallocations of land among those wishing to farm and those not wishing to do so, and the creation of community structures and educational support systems that would support such a transition. Dissemination of information on farming and land titling alternatives, and the economic implications of different approaches to farming, will be important. USAID will need to devise a system of strong local integration of multiple efforts to assure effective management and implementation. The input of the Mission's partners in the agriculture sector will be vital in successfully confronting this issue.

Private household ("dacha") plots will also be an important element of the regional focus. Households already supply over 50% of total farm output, especially of potatoes, vegetables, fruit, milk, meat and eggs. Much of this is for family consumption, but a significant amount is marketed. Improving the production on these plots would have both important social as well as economic benefits. Communicating with small householders can be accomplished in a variety of ways including through the mass media and drawing upon US experiences such as the "Victory Garden" campaigns of the Second World War which encouraged efficient, increased household production.

3) Focus on Marketing, Input Supply, Credit and Extension.

A major focus of USAID's agricultural sector involvement to date has been the provision of agricultural inputs (seeds, chemicals, equipment), through creation of private dealerships (either indigenous, or in partnership with U.S. firms), promotion of trade and input supply cooperatives. This emphasis would continue, but in closer collaboration with the farm restructuring and titling activities to ensure that farms and farmers coming out of the restructuring process have available to them the input supply alternatives essential to viable private farming operations.

An important impediment to development of private farming in Ukrainian has been the absence of credit, to initiate farming or expand farming activities, to obtain inputs and to finance market output. Ideally the banking system should be the main source of such credit. Given the absence of effective banking and lack of land ownership in Ukraine it is inevitable that USAID will need to explore project specific approaches in priority geographical area, including credit unions, cooperatives and suppliers credit.

Private farmers, restructured farms and plot holders face serious problems in dealing with all elements of the agricultural production-marketing-processing chain. Marketing deserves high priority, because agricultural activities must ultimately be commercially viable to be sustainable, and because the Government has continued its interference in the marketing of many commodities. To be relevant to private farmers and households, support in these areas would have to reflect the diversified nature of production from private farms and household plots.

C. Other Considerations

1) Ukrainian Government Support

Under the Ukrainian system of government, oblast governors and most other important officials are appointed directly or indirectly by the office of the President and owe allegiance to the center. At the same time, local authorities have some leeway in interpreting and implementing national level laws and decrees. Therefore, the proposed program will require both national and local support or agreement, through Memoranda of Understanding. Given the sensitivity of agricultural policy issues, it will be necessary to undertake discussions with many levels of Government before MOUs can be finalized. MOUs would need to include agreements regarding actions to be taken, but also agreements that would guarantee open marketing, land privatization and private sector input supply and processing in the selected areas. MOUs may also need to be developed at the Oblast and, possibly, Raion levels. At the community level, agreement to participate in the program would require a special effort that could include the CAE restructuring process, but would need to go beyond that activity.

2) Activity Implementation and Coordination

The new strategy would be implemented by consolidating capabilities and programs of implementors currently involved in the agricultural sector. An effective coordination mechanism will need to be devised. There could be substantial change in the composition of the assistance program over time and additional, complementary activities would undoubtedly need to be initiated. The following relates to the activities that are expected to continue rather than to specific contractors or grantees.

Activities that would be elements of a regional effort.

- Farm restructuring and issuance of land titles;
- Technical and managerial assistance to private farmers and restructured farms;
- Enhanced encouragement/development of agribusiness input supply and equipment leasing as well as marketing and processing ventures focused on private farmers, private plot holders and restructured farms, including partnerships with Ukrainian companies within the areas of geographical concentration;
- Farm and agribusiness product marketing analysis and promotion, including special efforts to improve local and linked marketing mechanisms to serve areas of geographical concentration;
- Organization and strengthening of cooperatives or farmers associations, as well as, direct links between individual farmers and input suppliers or market providers;
- Encouraging private farmers, restructured farms and groups of farms/farmers to trade on open markets, including on commodity exchanges where relevant and feasible;
- Provision of credit (and equity investment) through supplier credits, banks, credit unions and credit guarantees, as well as, special credit programs that may need to be designed in geographical areas of concentration;
- Training of lenders and borrowers;
- Analysis of, and possible support for, intermediate forms of private farming -- leasing arrangements, contract farming and others -- that assure the rights of land share and title owners, are equitable, and show promise of being both productive and providing a long-term transition to private farming;
- Consideration of *input supply donation programs* for especially disadvantaged household plot holders and private farmers that may be initiated within the areas of geographic concentration.

- Grain elevator privatization linked to local/regional marketing.

Donor and implementor collaboration or coordination would also be required at the national policy level. National-level policy and institutional development activities would include:

- Policy analysis keyed to major reforms, and to activities and issues of private farmers, household plots and restructured farms.
- Assistance, where needed and feasible, to associations such as the National Private Farmers Association, the National Commodity Exchange Association, the League of Entrepreneurs and the Ukrainian Cooperative Foundation.
- Development of commercially accepted grades and standards and enforcement mechanisms

Activities at national and regional levels:

- AIC privatization (grain elevators, input supply and distribution companies)
- Data collection and analysis at oblast and national levels
- Private farmer association and coop development.
- Evaluation of leasing arrangements and the development of land markets.
- Analysis and solution of the farm debt problem.

IV. STRATEGY IMPLEMENTATION

1. Confirmation of target areas: After obtaining AID/W and GOU endorsement of the new approach, the Mission will need to obtain local (oblast/raion/community) endorsement.

2. Management: USAID will have to assign one person with full time responsibility to coordinate the implementation of the program of regional concentration. In each region of concentration there will also need to be one person who manages the program in that area. This manager may be provided by existing contractors, or one may need to be appointed separately, but all implementors would need to agree to work under integrated direction.

3. Concentration of Effort: Regional concentration will require from each contractor an allocation of resources appropriate to the effort. This, in turn, will determine how much of their resources are available to activities outside of the areas of geographical concentration. Since most implementors have ongoing activities, it is anticipated that most will operate in both the geographical areas and elsewhere. Since the specific activities and areas have not yet been agreed

upon, and agreement has not yet been reached with the national or regional governments, the allocation of individual implementors resources will need to be negotiated.

4. Timing: Changing the direction of USAID's agricultural program along the above lines will take time: some contracts, grants and cooperative agreements will continue until termination over the next 12 months; others will need to be amended. There may be need for new, competitively-awarded grants or contracts. Thus, some elements of the new strategy can be initiated fairly quickly, but the full program will take longer, possibly another year to begin full implementation. Every effort will be made to make the strategy shift before the 1999 crop cycle begins.

5. Amendment of existing instruments: If existing contractors are to reallocate resources within existing instruments, major changes in project documents are involved. (Some of this is already underway.)

6. Additional Resources: It may be unrealistic to assume that a geographically concentrated effort can be implemented without some additional resources, because of the associated management costs, because existing programs do not address all of what is needed and because some national level programs will need to be continued. If additional resources are needed, but are not available, some existing projects may need to be stopped or resources redirected so that new elements can be initiated.

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