PD-AAT-649
43697

URUGUAY FY 1986-87 ESF PROGRAM

CONCEPT PAPER

March 19, 1986

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I. Introduction

The purpose of this paper is to set forth the programmatic and economic conditionality options for the proposed FY 1986-87 Uruguay ESF program. The paper will serve as a discussion document upon which the LAC Bureau can draw in order to determine the program design strategy and to establish a framework for discussions with the Government of Uruguay (GOU) on economic conditionality.

II. Background

In 1985, after 12 years of military government, a freely elected civilian government took office in Uruguay. This return to democracy is considered by the USG as a significant positive political event within the hemisphere. Consequently, the FY 1986-87 Authorization (the International Security and Development Cooperation Act of 1985, Section 720) included an ESF earmark for Uruguay of $15 million per year for FY 1986 and FY 1987. As a result of Gramm-Rudman-Hollings the amount available for obligation in FY 1986 is $14.355 million. While the impact of Gramm-Rudman-Hollings for FY 1987 is not yet known we must assume a $15 million level for FY 1987 which may possibly be reduced by up to 25-50%.

III. Problems to be addressed.

The rationale of the proposed assistance is political, i.e. to provide tangible support for Uruguay's return to democracy. While there exists a serious balance of payments problem in Uruguay, multiple world-wide demands of very scarce ESF resources preclude assistance in an amount greater than that earmarked. Therefore, the amount of funding available to demonstrate our support for Uruguayan democracy is limited and additional funds are not expected to be provided to the GOU after FY 1987 unless there is another earmark in future authorization or appropriations legislation.

The structure of the program should reflect: (1) the probable program size and (2) the liklihood that there will be no additional ESF assistance to Uruguay after FY 1987. Given the lack of A.I.D. staff in Uruguay, an ESF cash transfer rather than fully projectized ESF appears to be the most appropriate mechanism for providing the proposed assistance. A third type of ESF assistance, a commodity import program, is not suitable for Uruguay.

III. Economic Context and Conditionality Considerations

A. Current Macro-economic Situation.

Uruguay is a small country with a population of less than three million people. It is endowed with a relative abundance of land well-suited to agriculture and grazing, a pleasant, temperate climate and a culturally homogenous, highly literate and urbanized population. Uruguay's most important sources of export income are livestock and agriculture [raw and processed], which account for 90% of export earnings. Per capita gross domestic product [GNP] in 1984 was about $1700.

The economy has been in trouble for a generation and although basic reforms in the mid 1970s led to a resumption in growth, major setbacks occurred again in the 1980s. In early 1983 the GOU implemented reforms in the exchange regime, wages, fiscal, monetary, trade and debt management policies. The International Monetary Fund [IMF] provided a two-year standby agreement in April 1983 and external debt service due in 1983 and 1984 [$693 million] was rescheduled. The stabilization program did not achieve its aims and the IMF Standby Agreement was not renewed for 1984. A new agreement for about $125 million was approved in September, 1985 and the 1985 and 1986 commercial debt obligations are being rescheduled.

The current IMF standby anticipates at least 2% growth in national income in 1986 led by export growth in excess of 3% annually. Internally the rate of domestic price inflation is to be reduced from the 85% level of 1985 to less than 45% in 1986. The principal difficulty has been the public sector deficit which exceeded 10% of GDP in 1985. The target is 5 1/2% in 1986. This is to be attained through expenditure restraint, but more importantly, by enhancement of revenues. After rescheduling and the assumed growth in the trade surplus, we estimate the 1986 additional external financing requirement in the range of $200 million. The GOU/IMF have identified a variety of more-or-less assured commitments [including ESF from the United States] which will be adequate to the need. In addition, during the eighteen month period of the IMF Standby, Uruguay is expected to modestly increase foreign exchange reserves, reduce the fiscal deficit and limit expansion of domestic credit and external debt.

The public sector, including public enterprises, constitutes about twenty percent of the economy. Although the stabilization problem results from an extreme public sector

deficit, there are structural difficulties which are the root cause of the imbalance. The livestock sector is technologically backward, the victim of two generations of official policies which transferred income and incentives from agriculture to protected industry and urban services. These policies have only recently been reformed. Their effect, if the reforms hold, will require several years to be fully realized. Similarly, chronic unemployment [in the range of 12-14 percent], and labor unrest [fragmented labor organizations and numerous strikes] reflect ill-advised [protectionist] investment policy and development of weak and dependent production and service enterprises. Internationally, anti-competitive measures, e.g., U.S. trade restrictions affecting textiles and those of the EEC restraining meat and grain imports have compounded the pressures on the GOU as it has attempted to restructure the economy.

In sum, the human and natural resource base of the economy has provided relative prosperity in the past and can undoubtedly do so in the future. But the economy assumed long-term debt [both internal and external] during its extended decline, and these obligations overhang the adjustment program. External debt service, after rescheduling will exceed 40% of exports in 1986 and 1987. Service on domestic official debt is greater than 5% of GDP currently. Even assuming internal political stability and adherence to the reforms already initiated and those to come, several years of painful transition will be required to restore the economy to self-reliant growth.

Incremental external resources can ease the reform, the requisite austerity and the inevitable social pressures. The problem is basically political and economic management. The adopted strategy, as outlined in the IMF Standby program is soundly based upon market economy principles. The ultimate outcome, if the momentum can be sustained, will be a viable independent economy.

EXTERNAL RESOURCES, 1986

The IMF Standby request projects the following balance of payments:

Uruguay: Balance of Payments Outlook
[$ millions]

	1984	1985	1986	1987	1988
Exports	925	916	992	1,075	1,164
Imports	-758	-780	-810	870	-935
Net Nonfact. Serv.	61	88	72	84	98
Net Factor Serv.	-362	-362	-374	-359	-346
Transfers	10	10	11	11	12
Current Act. Bal.	-124	-127	-110	-60	-7
Capital Account	74	42	145	79	55
Public Sector	86	238	123	54	30
Private Sector	-12	-196	22	25	25
Overall Balance	-51	-84	35	19	48

The projections incorporate the rescheduled commercial debt for 1985-89 and the following net official inflows during the period Sept. 1985 - March 1987:

IBRD and IDB	$100 million
External Sales of Treasury Bills	$ 20 million
External Financing of Petroleum	$ 50 million
United States ESF	$ 15 million
Refinanced Argentine Debt	$ 15 million
Commercial Cofinancing	$ 45 million
TOTAL	$ 245 million

Source: P.19, IMF/EBS/85/210

Public sector debt service obligations are a major constraint to growth and stability. After 1985-86 rescheduling, the projection of debt service is seen in the following table.

Projected Debt Service
[$ millions]

	1984	1985	1986	1987	1988
Public Sector	475	435	460	413	418
Private Sector	146	135	136	135	135
TOTAL	621	570	596	548	553
Public Debt/ Service/Exports	.36	.33	.37	.33	.30
Public and Private Debt Service/Exports	.47	.43	.46	.42	.37
Note: Total Debt/GDP	.69	.67	.65	.62	.58

Under the terms of the Standby, Uruguay is to limit growth of external public debt over the eighteen month period to eight percent of the debt outstanding in Sept. 1985.

According to the IMF, the GOU expects enhanced lending activity by the World Bank after 1986. It is projected that the annual rate will increase from the expected 1986 level of $35 million to $70-90 million after 1986.

B. The GOU Adjustment Program

The principal objectives of the adjustment program are improved external accounts and reduction of the domestic inflation. The focus of the adjustment must be the 10+% fiscal deficit. The immediate goal is a public sector deficit of not more than 5% in 1986. [This is daunting; skeptics say it won't happen]. But the GOU approach addresses both sides, public expenditures and revenues. In recent years revenue collections declined by 3 1/2 percent to 14% of GDP. The plan is to increase revenues to 16 1/2% of GDP by September 1986. This will be achieved through selected tax increases including higher rates, expanded tax bases, and improved administration.

Spending cuts are targeted for the state enterprises by adjusting fees for products and services in order to restore the traditional surpluses of these activities. The authorities intend to reduce the very large Central Bank deficit on the

private sector portfolio which it recently acquired from the commercial banks. The overall expenditure target ceiling is 18 3/4% of GDP by March, 1987. To attain this, in addition to the above revenue and expenditure measures, it will be necessary to limit public sector wages and social security benefits and to reduce other current expenditures by ten-percent during the period.

The adjustment program outlined in the foregoing is premised upon continued policies of free exchange transactions, maintenance of the current, relatively market-based external trade regulations and a limited expansion of domestic private credit.

Concomitant with the program delineated above the GOU has also taken measures to deregulate interest rates.

It is noteworthy that Uruguay achieved the targets under the IMF Standby for the initial quarter 9/85 - 12/85 and that during these three months unemployment declined to a three month average of about 12.7% in November which is 0.7 point lower than a year ago. Preliminary data also indicate that real GDP growth resumed during the fourth quarter CY'85.

C. Possible Policy Options for an ESF Program

The program adopted by the present government is ambitious and appropriate to the situation. As we have seen, the quantity of U.S. assistance in 1986 and 1987 which will be available is only a small fraction of the expected requirement and a very tiny proportion of the external flows. The American contribution is obviously useful but not vital. U.S. aid can serve to a modest extent as balance of payments and general budget support, the two items whose deficits constitute the imbalance of the economy.

The decision whether or not to impose economic conditionality should be made taking into account the projected program size, the program rationale, including the fact that this program was legislatively earmarked, and the GOU's policy adjustment performance to date. One option is to not require any economic conditionality or to simply require that the GOU covenant to continue the policy directions they are currently following, e g continued free exchange transactions, limited credit expansion, flexible interest rates, and market based external trade regulations. However, in order to maximize the impact of this assistance in Uruguay's economic recovery procress it may be desirable to require certain additional policy adjustments

as conditions to the assistance as well as to implement a small, tightly focused development program with local currency generations and, possibly, dollar financing (See Section V below). Therefore, sectoral or other specific conditionality might be most appropriate. Possible areas for economic conditionality include:

1. Privatization of State Enterprises - Although the possibilities may be limited in Uruguay, the GOU might be encouraged to reduce its portfolio of public enterprise. A study of privatization possibilities might be an appropriate covenant to the agreement.

2. Agricultural Policy - The economy has been able to adjust substantially to changing world markets and there has been reform in taxes and regulation of the agricultural sector, the principal source of exports. Much remains to be done; productivity, efficiency and profits in agriculture, particularly livestock are well below world standard. Uruguay has the potential in natural resources and the ability to acquire the technology and the investment to transform this crucial sector. While it does not appear that the GOU is attempting to control agricultural imput and output prices on an across-the-board basis, there may be other specific sectoral adjustments which might be appropriate to include in our conditionality.

3. Public Enterprise Tariffs - These are also due for reform in order to restore solvency to the enterprises. The tariff schedules should preferably be objective and flexible, able to respond to the dynamics of the economy and cover costs. This is apparently a complex and politically sensitive issue in Uruguay. Nevertheless, There may be specific cases in which there is currently a high degree of subsidization for which full cost recovery could be made a condition precedent or covenant to the agreement.

4. Tax administration - There had been a serious problem which resulted in a large decline in revenue collections. The GOU is aware of this and has undertaken to resolve the problem, within the current year. However the turn-around requires a very substantial improvement [about 3% of GDP]. A.I.D. might consider attaching a requirement for a program of improved tax collection as a condtion of ESF assistance. Nevertheless, given Congressional concerns about A.I.D.'s role in tax administration, conditionality in this area might not be appropriate.

5. Domestic Interest Rates. Interest rates on domestic currency were regulated (and negative) in real terms during much of the first halfof the decade. As a result, the Uruguayan economy became heavily dollarized and experienced significant capital flight. However, the IMF did not require interest rate adjustment as part of its Standby agreement. It apparently reached agreement with the GOU that the latter would begin to deregulate interest rates without the agreement being made part of the Standby. (Many Uruguayan firms are in such desperate financial shape that to require increased financial obligations would cause massive bankruptcies and economic dislocation.) Ultimately, the overall efficiency of the economy depends upon market-based determination of interest rates. While the GOU appears to have made substantial progress on interest rates, this issue may need additional attention. While our assistance could not realistically be expected to leverage interest rate adjustments, a requirement that the GOU conduct a policy analysis of the interest rate issue might be an appropriate form of conditionality if there are any remaining interest rate controls.

6. Central Bank Portfolio of Private Credit - The central bank purchased many of the obligations of the private sector to the commercial banks [in order to ease a crisis in the latter]. Much of this portfolio is non-performing. Part of the GOU program is to improve collections in an effort to reduce the overall official deficit. No relevant conditionality is apparent at this time.

7. Public Sector Wages - The Government has committed itself to limit wage increases to less than expected inflation in order to hold official expenditures and set an example for the private sector. Restraining official or private sector wages will be no small achievement in Uruguay. U.S. support in this effort may be helpful but including conditionality in an ESF agreement might politically too sensitive.

V. Programmatic Options.

A. Type(s) of Assistance Proposed.

There are three types of ESF programs: cash transfers, commodity import programs, and projectized assistance. A cash transfer requires the least intensive monitoring; projectized assistance requires the most monitoring. A commodity import program requires intensive specialized monitoring. Other things equal, a cash transfer is therefore preferable to either a commodity import program or fully projectized assistance.

1. Cash Transfer -- Given the current balance of payments situation in Uruguay, this type of assistance is particularly attractive because it may be quickly and easily disbursed and because it increases the reserve holdings of the Government of Uruguay (GOU) in the short term. This form of assistance would be strongly supported by the IMF and the commercial banks. A cash transfer program would require, at a minimum, attribution of the funds provided to U.S. imports.

The cash transfer could be provided with or without a condition that the GOU make local currency available for development assistance types of activities. Nevertheless, cash transfers, as heretofore implemented in Latin America, require that the host government provide local currency generations and that the foreign exchange be attributed to U.S. imports.

A.I.D. policy guidance establishes a presumption for loan funded bi-lateral assistance including ESF except when the primary purpose of the ESF resources is the fulfillment of U.S. treaty or military base rights agreements or protection of U.S. security interests. A cash transfer made in the form of a loan would use the standard A.I.D. loan terms which would apply to a country with Uruguay's per capita income. (Twenty years, ten year grace; 3% interest during first five years, 4% during second five years of grace and 6% during a 10 year amortization.) Uruguay's per capita income was $1700 in 1984. This is the third highest in Latin America.

It should be noted, however, that our embassy in Uruguay has requested (Montevideo 01149) that the ESF be provided as a grant rather than a loan in order to maximize economic and political benefit. Grant funding would also facilitate creation of an operating expense trust fund which could finance the local currency costs of operating the program.

2. Combination of Cash Transfer and Projectized Assistance -- Provision of the entire amount of assistance in projectized form does not seem warrented because of the longer disbursement period required than for a cash transfer and because of the implications for A.I.D. staffing in Uruguay. However, the GOU has expressed an interest in ESF funded project assistance on more than one occasion (85 State 266874 and Montevideo 1096). Specifically, the Uruguayan Finance Minister stated a preference that the second (FY 1987) tranche be reserved for joint USG/GOU projects "designed to strengthen the private sector, particularly in the area of agriculture and

a semi-public (sic) development corporation. In addition, a memo by the A.I.D. representative to a USG economic consultative mission to Uruguay outlines a number of private sector oriented activities which could be assisted by A.I.D. Many of these initiatives would require some dollar as well as local currency financing. These dollar financed activities would be small technical assistance and training efforts similar to Advanced Developing Country programs in other South American countries. If limited project assistance in conjunction with a cash transfer were provided, it would need to be narrowly focused on not more than two or three specific activities. (Staff limitations would preclude undertaking a large number of discrete projectized assistance activities.) Total funding should not exceed $500,000 per year.

B. Types of Development Activities Which May Be Undertaken

There a number of feasible alternatives to utilize local currency deposits and/or projectized funds for developmental activities. A variety of activities has been identified. The proposed options for activities are based on a number of considerations. These include:

1. A widespread consensus in Uruguay that future economic growth and advancement must come from the private sector;

2. A recognition that Uruguay's comparative economic advantage is primarily in agriculture/livestock and related agro-industrial activities.

3. An emphasis on employment generating exports (traditional and non-traditional) as well as, possibly, a regional service industry role as keys to economic growth;

4. A recognition among some elements of the private sector that new know-how and attitudinal changes are needed to reactiviate economic growth; and

5. A recognition that it is essential that the GOU's economic policy adjustment program be successfully carried out for long term growth to occur.

6. A need to increase private sector involvement in the resolution of growing social problems (e.g., shelter, nutrition, health as well as unemployment). -- It should not be forgotten that the long tenure of military rule

resulted, at least in part, because of the Tupumaru urban guerilla movement which was a reflection of the lack of employment opportunities and other related social problems;

Based on the above considerations, five activity categories have been identified for possible inclusion in a developmental program. These are restricted to activities implemented by the private sector (except for possible assistance to GOU privatization and/or policy adjustment efforts). In most cases, a significant portion of A.I.D.'s support would be local currency expenditures which could be generated from the ESF cash transfer. U.S. technical assistance and training, however, would require dollar expenditures.*

Implementation of all five activity categories would potentially constitute an ambitious program. The review of this paper should generate guidance on priorities for inclusion in a development program. A decision to implement a local currency program only, an Advanced Developing Country (ADC) Program, or a more ambitious program is related to the decision to be made in conjunction with the decision on program implementation options discussed in Section VI of this paper. The five activity categories are:

1. Private Sector Innovation. A private sector sponsored Center of Innovation and Development (CID) is attempting to facilitate the process of innovation in the Uruguayan private sector. Another organization called the Christian Association of Entrepreneurs is interested in improving business management training in Uruguay. Support could be provided for these organization's efforts, particularly by providing funding for short term specialized technical and management training in the U.S. and by facilitating U.S. involvement in increasing productivity and/or expanding production, especially in agro-industrial activities. Working relationships might be established with the International Executive Service Corps and the National Technical Information Service as well as with a U.S. university or management association.

* The LAC Training Initiatives II project will provide $100,000 per year (FY1985-FY1987) for Uruguayan participants. An Uruguayan FSN training officer has been contracted. Expanded training efforts could be administered through the LAC Training Initiatives II Program.

2. Export Promotion. Substantial possibilities exist for implementation of an export promotion effort which primarily focuses on livestock, agricultural/agro-industrial, and handicraft exports. The private Association for Strengthening Uruguayan-American trade could serve as the base organization for this activity. Particular emphasis could be given to working with Uruguayan agricultural cooperatives. CLUSA has already carried out a U.S. training program for cooperative leaders financed through the LAC Training Initiatives II project. Further participation in this type of activity might be done through a buy-in to PRE's Cooperative Business International project or through a Minnesota Partners of the Americas program which is already active in Uruguay. Other related activities might be identified by a Presidential Agricultural Task Force which has been requested by the Minister of Agriculture and which could be financed with ESF grant funds.

3. Private Sector Support for Social Programs. Opportunities exist for increasing private sector involvement in social services. These include: (a) expansion of Uruguay's private sector health maintenance organizations with an emphasis on primary health care activities which have a stong focus on the child survival initiative; and (b) expansion of existing self-help cooperative housing efforts, perhaps along the lines of the Cooperative Housing Foundation's Central American Community Improvement Cooperative Agreement.

4. Privatization of GOU activities. Several possible opportunities exist to privatize state enterprises and other public services. The Uruguayan Minister of Agriculture has expressed an interest in privatizing the agricultural extension service to actively involve cooperatives and other producer organizations in the technology transfer process.

5. Support for Uruguayan policy adjustment efforts. A number of the policy adjustments mentioned in Section IV above might benefit from outside (U.S.) technical assistance. While this effort would probably require a small technical assistance project, the management burden would not overly heavy.

VI. Program Management Options

The type of the program which is undertaken in Uruguay must necessarily be consistent with the A.I.D. program management management capacity. It is assumed that an A.I.D. representative for Uruguay will be designated and will be at post in the summer of 1986. Two primary management options have been identified. These are:

A. Direct Management by an A.I.D. Representative in Uruguay.

Direct management by an A.I.D. representative would require that he monitor the dollar attributions for commodity imports. He would monitor economic conditionality and a local currency program as well as implement a small Advanced Developing Country (ADC) program, if these are determined to be appropriate for Uruguay. The size and scope of such a program should be limited. Activities implemented under such a program must necessarily be short term in nature. To minimize management requirements, projectized assistance might be channelled through LAC regional or other centrally funded activities such as the LAC Training Initiatives II project or the PRE Cooperative Business International project. An A.I.D. representative would probably be required through 1989.

B. Establishment of an Uruguayan-American Development Foundation.

Given the repeated interest expressed by the Uruguayan finance minister in a development program of up to $15 million, it is possible that the Uruguayans may strongly push for a program which would exceed the capacity of one individual to monitor. A possible management alternative which would facilitate a larger program would be the creation of an Uruguayan-American Development Foundation to be funded by the GOU in conjunction with a cash transfer ESF program.

Specifically, the GOU could agree to fund (with dollars and/or local currency) a private, non-profit foundation which could be charged with implementing medium term (five to ten years) development program. Precedent for this approach already exists in Portugal where a Luso-American Development Foundation has already been established with dollars provided by the Government of Portugal which it has received as ESF cash transfers. (See Annex I)

Foundation staff would assume much of the facilitative and monitoring role that would otherwise be carried out by an A.I.D. representative. If such a foundation were to be established it could be financed with the $15 million provided in FY 1987 which the Uruguayan finance minister wishes to use for "projectized" assistance and with $15 million in local currency resulting from the FY 1986 cash transfer.

It should be noted that this foundation might require considerable time and effort to set up. Conseqently, there would still be a need for an A.I.D. representative in Uruguay for at least two years to negotiate and oversee the initial implementation of the Foundation's activities. Furthermore, if this mechanism is to be considered as an option, it is important to introduce it into the initial discussions with the GOU regarding ESF.

VI. Summary of Options for PAAD Development.

A. Economic Conditionality. Given the size and nature of the program, there are three economic conditionality options which would be appropriate:

1. No economic conditionality;
2. Conditionality which covenants that the GOU will continue those macro-economic policies which it is currently pursuing.
3. Limited conditionality in the areas of Public Enterprise Tariffs, Privatization, Agricultural Sector Policies.

B. Type of Program and Implementation Mechanism.

1. Minimum Involvement. This program would consist of a cash transfer with no local currency generations.

2. Short term Development Program. This program could be implemented as follows:
a. Cash transfer with Local Currency Generations; or
b. A cash transfer with local currency generations plus a modest level of dollar funds separately obligated for technical assistance and training costs. For either alternative, a small operating expense trust fund should be established from local currency generations.

3. Medium-term Development Program. This option would finance a program which could focus on some or all of the program areas identified in Section V above; i.e. private sector innovation, export promotion, private sector social programs, privatization, and support for policy adjustment. A program of this scope and duration would necessarily require the creation of a non-profit foundation to serve as an umbrella organization to administer the program and

assume major responsibility for monitoring it. However, it is likely that an A.I.D. officer would also have to be posted to Uruguay for at least two years. This program would be carried out by providing all of the funds to the GOU as a cash transfer. The GOU would in turn provide a mix of dollar funding and local currency to endow the foundation.

C. Terms of A.I.D. Assistance. A cash transfer could be provided on a loan basis using standard terms for a country with Uruguay's per capita income or on a grant basis. Any dollar funds specifically set aside for U.S. technical assistance and training be provided on a grant basis.

ATTACHMENT I

The Portugal Model -- The Luso-American Development Foundation.

Description of the Model. The Luso-American Development Foundation (LADF) has recently been established in an effort to reduce the level of A.I.D. involvement in administering an ESF program while providing a mechanism for long-term U.S. technical assistance and training to Portugal. The LADF is an private, non-profit foundation which will work in areas such as scientific, technical, business and educational development. This foundation has been created with resources from the State "resulting from cooperation between the Portuguese Government and the United States Government," as a result of an ESF agreement. Specifically, the GOP will initially transfer $38 million to the Foundation (in dollars, not local currency). The foundation's first executive director is a retired A.I.D. officer with prior experience in Portugal. The U.S. Ambassador will be one of the three directors of the Foundation. The Foundation will be "grant-making" rather than operating, i.e. it will serve as a financing mechanism to Portuguese and American organizations to carry out programs rather than attempting to implement projects. In essence it is an "umbrella" PVO which serves as a partial surrogate for the administration of an A.I.D. program. It will have a small cadre of professional staff to make evaluate funding proposals (or in some cases assist to develop proposals), to monitor implementation of activities funded by the Foundation, and to handle financial matters.

A number of documents are available which describe the proposed nature and operational characteristics of the Foundation including the Decree-Law, the Statutes, and a diplomatic note from the Portuguese Foreign Minister to the Secretary of State. The use of Foundation as a financing mechanism has been reviewed and concurred with by A.I.D. lawyers. It is of interest to note, however, that A.I.D. continues to maintain an office in Portugal with a U.S. direct-hire Representative. Also, the concept of a Foundation was discussed for three years before the GOP took action on the matter. Much of this time, however, was apparently devoted to developing and agreeing upon the operational nature of the Foundation.