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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

5140197

PROJECT PAPER

Proposal and Recommendations
For the Review of the
Development Loan Committee

002663

COLOMBIA - Nutrition Loan

AID- DLC/P-2174

UNCLASSIFIED

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

UNCLASSIFIED
AID-DLC/P-2174
June 14, 1976

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: COLOMBIA - Nutrition Loan

Attached for your review are the recommendations for authorization of a loan to the Government of Colombia ("Borrower") of not to exceed six million United States dollars ($6,000,000) to assist in financing the United States dollar and local currency costs of a project which will finance four sub-projects which are part of the Borrower's National Food and Nutrition Plan ("Project").

This loan is scheduled for consideration by the Development Loan Staff Committee on Monday, June 21, 1976 at 2:30 p.m. in Room 3886 New State; please note your concurrence or objection is requested by close of business on Thursday, June 24, 1976. If you are a voting member a poll sheet has been enclosed for your response.

Development Loan Committee
Office of Development Program Review

Attachment:
Summary & Recommendation
Project Analysis
Annexes

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE ("X" appropriate box)
[X] Original [ ] Change
[ ] Add [ ] Delete

PP

DOCUMENT CODE 3

2. COUNTRY/ENTITY: COLOMBIA

3. DOCUMENT REVISION NUMBER:

4. PROJECT NUMBER: 514 0220,

5. BUREAU: a. Symbol LA; b. Code 3

6. ESTIMATED FY OF PROJECT COMPLETION: FY 79

7. PROJECT TITLE - SHORT (stay within brackets): NUTRITION LOAN

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: a. INITIAL mo. 10 yr. 77; b. FINAL FY 79

9. ESTIMATED TOTAL COST ($000 or equivalent, $1 =)

a. FUNDING SOURCE	FIRST YEAR FY 77			ALL YEARS		
	b. FX	c. L/C	d. Total	e. FX	f. L/C	g. Total
AID APPROPRIATED TOTAL						
(Grant)	( )	( )	( )	( )	( )	( )
(Loan)	(1,656)	(2,341)	(3,997)	(1,799)	(4,201)	(6,000)
Other U.S. 1.						
Other U.S. 2.						
HOST GOVERNMENT		11,723	11,723		45,179	45,179
OTHER DONOR(S)	2,157	40	2,197	2,727	106	2,833
TOTALS	3,813	14,104	17,917	4,526	49,486	54,012

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000)

a. Appropriation (Alpha Code)	b. Primary Purpose Code	c. Primary Tech. Code	FY 77 d. Grant	FY 77 e. Loan	FY 78 f. Grant	FY 78 g. Loan	FY 79 h. Grant	FY 79 i. Loan	ALL YEARS j. Grant	ALL YEARS k. Loan
FN	201	300		3,997		1,276		727		6,000
TOTALS				3,997		1,276		727		6,000
11. ESTIMATED EXPENDITURES										

12. PROJECT PURPOSE(S) (stay within brackets) [ ] Check if different from PID/PRP

1. To provide information to decision-makers developing policies and programs which affect nutrition status.
2. To test various nutrition interventions in a multisector administrative framework.
3. To strengthen and facilitate planning and implementation of the National Food and Nutrition Plan.
4. To provide local vegetable mix for needs of subsidized feeding program.

13. WERE CHANGES MADE IN BLOCKS 12, 13, 14, or 15 OF THE PID FACESHEET? IF YES, ATTACH CHANGED PID FACESHEET.

[ ] Yes. [ ] No

14. ORIGINATING OFFICE CLEARANCE

Signature: James Megellas

Title: James Megellas
Director
USAID/Colombia

Date Signed: mo. 05 day 25 yr. 76

15. Date Received in AID/W, or For AID/W Documents, Date of Distribution: mo. day yr.

AID 1330-4 (7-75)

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PROJECT COMMITTEE

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PROJECT PAPER

PART I - SUMMARY AND RECOMMENDATIONS

A. Face Sheet (See Cover)

B. Recommendations

Loan.....US$6,000,000
(Terms: 40 years, 10 years grace - 2 percent during grace and 3 percent thereafter)
Total new AID Obligation.....US$6,000,000

C. Description of the Project

The proposed $6.0 million loan will finance four sub-projects which are part of the Government of Colombia (GOC) National Food and Nutrition Plan. The sub-projects include:

- an evaluation sub-project to establish a mechanism and organization in the Departamento Nacional de Planeación (DNP) to provide evaluation information to the National Food and Nutrition Council;
- a pilot sub-project in Cauca, with later expansion to two additional Departments, to test and to implement a multisector nutrition program which includes subsidized feeding, rural health service expansion, nutrition education and mass communications, improvement of food marketing systems, and evaluation activities, to be implemented during the first year by the Instituto de Fomento (IFI) and then carried out through a special national budget implementation mechanism (which will go to DNP, IFI, ICBF, MOH "Ministerio de Salud" and INAS - Instituto Nacional de Salud), designed for this loan and the one of the IBRD;
- a sub-project for training, technical assistance and pilot experimental studies implemented by DNP to test future intervention possibilities and train personnel; and
- a vegetable protein mix production capability to be installed in current mixing plants and equipped under this loan with additional assistance from the United Nations Development Program, to be implemented by the Instituto Colombiano de Bienestar Familiar (ICBF).

The proposed loan will finance contracts with various local entities for studies and evaluation activities; local costs of administration, evaluation, and operation of Departmental programs; a program of seminars and training in Colombia; the procurement and installation of a package VPM processing plant; short and long term technical assistance; short and long term training; and purchase of rural health extension vehicles, trucks and fork lifts.

D. Summary Findings

The Mission Project Committee, with the advice and assistance of various technical experts (See Index - for list of experts) have determined that the project is technically, economically, and financially sound. The Committee, after extensive discussions with the implementing agencies, DNP, ICBF, IFI, INAS, and MOH has determined that the project has the support of the Government of Colombia and can be implemented immediately. The Committee, therefore, recommends that a loan be authorized to the Government of Colombia in an amount not to exceed $6.0 million.

The proposed project represents a new approach to nutrition programming because it links several related activities in a multisectoral approach to nutrition goals. The wide range of activities will require careful management during implementation.

The project meets all applicable statutory criteria (See Annex F).

E. Project Issues Raised by AID/W

IRR Approval Cable (STATE 296816 - Annex A)

1. Paragraph A regarding the GOC strategy:

The Project Committee considers that the strategy has been fully described in the Project Paper (See PART II A, 1 - 2 and ANNEX B-1). A detailed description of the coupon program has been made (See PART II B 4.b and ANNEX B-2).

2. Paragraph B on the Bienestarina production has been fully studied in our report to LA/DR of February 27 (See ANNEX C) with an addition to reflect new technology presented in this paper and questions posed in STATE 080333.

3. Paragraph C regarding the Regional Pilot Project has been described in the PART II A and B.

4. Paragraph D on DNP's ability to carry out the evaluation project has been discussed in PART II, PART IV, and ANNEX B-6.

5. Paragraph E on the Communications strategy has been described in PART II.

6. Paragraph F on Beneficiaries is covered by PART III C and D.

7. Paragraph G on PL-480 substitution is found in ANNEX B and C.

8. Paragraphs H, I, J and K are found in the appropriate sections of this PP.

PART II - PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. Rationale of the Project

This is a project to improve the nutrition status of children under four & pregnant and lactating women, from the poorest 30 percent of Colombian families, the groups most seriously affected by malnutrition. The Project incorporates the multisectoral approach to nutrition improvement of the Colombian National Nutrition Plan and complements other activities of that Plan. The Plan's approach seeks to improve target group nutrition status by increasing nutrient consumption sufficently to close the nutrient gap. This difference between needs and current consumption is caused by insufficient income, high costs of nutritious foods, inappropriate food habits, and poor health. The sub-projects here described, together with other components of the National Nutrition Plan, address these causes by providing low-cost nutritious foods through subsidized food distribution and assistance to the private market system, broadened provision of preventive and curative health services, nutrition education and mass communication to modify food habits, and an evaluation system that will assess changes in nutrition status and effectiveness of sub-projects to determine policy and program modifications that will improve impact of the National Nutrition Program.

1. Colombian Nutrition Policy

The establishment of a National Nutrition Institute in 1963, a 20-year experience with supplementary feeding using U.S. Volag and WFP resources, and technical assistance from UNICEF and AID led the GOC in 1972 to establish a National Committee on Food and Nutrition. This Committee presented at the Lima Food Conference (1973) a document called "The Basis for a Food and Nutrition Policy in Colombia." The "First National Seminar of Food and Nutrition" held in Palmira (Dec. 73) emphasized the multisectoral nature of the problem and delegates from 200 international, public and private agencies gathered to draft a suggested approach to the problem.

The Lopez Administration completed its National Nutrition Policy document (See PRP Attachment D) in March of 1975 and decreed a new and smaller National Food and Nutrition Council in June of 1975. During this period working groups were set up to draft programs for interventions to be part of a National Nutrition Plan in rural development, marketing, food processing, fish development, agro-industry, nutrition education, health projects - particularly rural sanitation, legal matters, and evaluation and analysis.

Colombian nutrition policy is an integral part of the new national emphasis on improving the lot of the half of the population that is lowest in socio-economic status. The Administration began implementation of that emphasis with a broad program of tax reform that increased payments from the wealthier group and favored the poorer population. National programs to assist small farmers with credit, technical assistance, access roads, and storage (See AID Small Farmer Development PP and Small Farmer Access Roads PP) also evidence the new concern for the rural poor.

The national nutrition policy, as incorporated in the National Nutrition Plan, complements the agricultural interventions by encouraging food processing and development of low-cost nutritious foods, and stimulating agro-industry and fish production. Related interventions promote use of the new foods through nutrition education, improve water and sewer facilities to reduce disease, and legislate improved food standards. The National Nutrition Plan rests on a multisectoral strategy that links increased production of nutrients with interventions designed to assure that the increase passes to those most in need and is consumed and absorbed by them in ways that improve nutrition status.

2. Colombian Nutrition Strategy

The national nutrition strategy channels nutrients to low-income families, and within them to preschool children and pregnant and lactating women, by provision of a low-cost nutritious food that will be distributed through direct feeding activities and by subsidized sales through use of coupons redeemable through the private marketing system. Health promoters, acting through a health service system linked to the food distribution areas, will deliver the coupons and reinforce desirable consumption patterns with face-to-face education. Their work supplements a national mass media program that is also addressed to encouraging appropriate consumption. Although other nutritious foods are included in the subsidy program, the low-cost protein vegetable mix, developed by Government and to be produced under its auspices, is a key element in the nutrition strategy.

Greater utilization of soybean meal for human consumption to provide required nutrients, development of capacity to produce the product in necessary quantity, and organization of a system for assuring that target families can and will buy and consume it, are essential parts of the strategy. Environmental improvement and health service interventions, addressed to improvement of nutrient absorption and reduction of nutrient waste, complete the multisectoral framework of related activities intended to achieve common nutrition goals. The Cauca Re-

gional Project, a sub-project of this loan, will be the pilot attempt to test the substantive hypotheses of the strategy and feasibility of the administrative arrangements developed to carry it out.

The nutrition strategy is addressed to improvement of the nutritional status of children under four and pregnant and lactating women from the poorest 30 percent of Colombia's population, a subgroup of the broader segment that is the target of the new national development strategy. The National Planning Department has developed a Regionalization Plan, using a set of socio-economic indicators related to incidence of malnutrition, for identifying priority target areas to be served by the National Nutrition Program. By choosing areas clearly ranking amongst the country's poorest, this approach makes total eligibility more efficient than the costly and difficult screening by income that would be necessary with a different method. Details of the Regionalization Plan, including derivation of the rural emphasis among target areas, appear in Annex B-1.

3. Previous Colombian Efforts Related to this Strategy

In 1969, with the advent of the World Food Program Colombia 549 project, the Colombian Institute of Family Welfare (ICBF) adopted a program called PLANALDE (National Plan of Food for Development), intended to link direct feeding programs with programs in education, health and agriculture to solve the nutrition problem in Colombia. Each Department established a PINA (Integrated Program of Applied Nutrition) committee, made up of representatives of health, agriculture, and other Departmental government agencies to focus on the problems. ICBF Regional Directors chaired these committees. The results were mixed and a coordinated multisectoral effort did not occur. Where ICBF had resources for education, direct feeding (food donations) or agriculture (WFP feed grains program), the cooperation fared well, but in those areas which were dependent on other Agency resource the coordination was less effective. For example, in some cases the local Ministry of Health MCH programmers worked closely with ICBF and in others there was no coordination at all.

Despite lack of coordination, evaluations of the program indicated that significant improvements were made in the nutritional state of young children who received supplementary feeding along with MCH child care health assistance. An additional problem arose, however, because the uneven availability of Departmental budget support for costs of transportation, personnel, and distribution centers of the direct feeding program, a prerequisite to participation, often led to the program going to those Departments or major urban areas best able to pay these costs. The national nutrition strategy attacks these two major deficiencies.

of the former program. By development of the National Nutrition Plan, with budget and coordination responsibilities clearly assigned to the National Planning Department, the GOC has converted Departmental Committees into instrumentalities sharing in common goals and charged with execution of a specific set of activities addressed to common nutrition problems, instead of the former committees in which agencies with separate, often unrelated, plans and budgets were expected to work with each other. The new arrangement offers excellent possibilities for obtaining synergistic effects from the diverse related activities that constitute the multisectoral national program.

Secondly, the regional planning strategy for program implementation aims the activities at those who need them most rather than to those areas can afford the required counterpart expenses. Since National Nutrition Program funds are primarily additional to existing budget sources, they should impact strongly in rural and urban poor areas that have been neglected in the past.

4. Relation of this Project with Other Current and Proposed Foreign Assistance

a. The AID Role

This Project is linked directly to current USAID support for development of the National Nutrition Plan and plans for phasing-out Title II inputs to Colombian supplementary feeding activities. The Project assists implementation of the National Nutrition Plan, which includes orderly replacement, by 1978, of PL-480 donated foods with a locally produced protein vegetable mix, using Colombian raw material.

The U.S. voluntary agencies had provided, from FY-54 through FY-76, approximately 526,076 metric tons of food valued at $147,000,000 U.S. and WFP approximately 140,000 metric tons valued at $42,469,000 U.S. Utilizing AID TA in food processing and raw materials donations matched by locally purchased materials, the GOC has begun interim manufacture of a non pre cooked vegetable mix in plants which have sufficient capacity for program needs until modifications can be made for instantized product production. AID and WFP donations to supplementary feeding will decline to 85% in FY-76, 70% in FY-77, 49% in FY-78 and 0% in FY-79.

AID is providing TA, training opportunities and some funds for pilot intervention projects and studies from Health Sector Loan 075. This support is available through fall of 1977.

b. Other Assistance

World Bank is considering an approximately 25 million dollar loan which will carry out the plan in eight Departments not covered under this loan as well as providing centrally funded technical assistance, training, mass communications, legal, and education sub-project support. The bank has indicated it would consider a second loan to complete national coverage.

UNICEF is continuing to provide some experts in the nutrition planning area.

The UNDP is providing $2.8 million dollars in equipment, T.A. and Training to the Vegetable Protein Mix sub-project. This grant has been approved with reservations and the final agreement is in preparation.

5. Conclusions

It was clear as the Nutrition Plan developed that certain sub-projects were critical to initiating implementation. The GOC requested USAID support of the evaluation system, the Cauca pilot project, technical assistance, training, and experimental projects, and the vegetable protein mix plants, because of our past association with these areas as well as the ability to plan, sign and execute a loan promptly. The Lopez Government wanted to move its new and sophiscated Nutrition Program from the planning stage to activities and results with dispatch.

USAID concluded that the Colombian requests offered a sound use of our limited resources, complementing the larger and more conservative World Bank inputs. The activities to be undertaken in this Project will serve as a model for extension of the National Nutrition Program throughout Colombia. With the related Evaluation sub-project will furnish information, useful to both G[illegible]nd the World Bank, about the feasibility, effectiveness, and [illegible] of the innovative multisectoral approach to nutrition problems reflected in the National Nutrition Plan and related programs.

B. Detailed Description of the Project

1. Priority and Relevance

Of the four development thrusts of the Lopez Administration (Exports, Industries, Urban infrastructure, and Nutrition), the National Food and Nutrition Plan represents the principal GOC social development

effort. The goal of the plan is to improve the nutritional status of the poorest 30% of the population. The GOC is currently developing 19 sub-projects to implement the nutrition plan (See Attachment D of PRP). The National Planning Department (DNP), in the course of developing the activities which will be implemented to achieve the goals of the nutrition plan, has asked AID to undertake the four sub-projects described in this PP because of AID's prior involvement in these activities. More importantly these activities will provide some of the mechanisms and experimentation necessary for larger investments by the IDB, IBRD and GOC and must, therefore, be started in 1976. The GOC is already working with the IBRD on a major funding proposal which will not be ready until late 1976 or early 1977. This is in line with its regionalization plan which will begin in 3 Departments under the AID Loan and extend program coverage to 8 Departments with IBRD funding.

The four sub-projects are clearly in tune with the Mission's DAP which is directed toward improving the welfare of the poorest 40% of the population by innovative, experimental interventions in agriculture, education, health and family planning.

USAID believes that these sub-projects are a suitable way of terminating years of U.S. assistance to Colombia in the nutrition area. They allow a responsible "phase-over" of supplementary feeding programs to a program designed by the GOC for its own needs; they establish a nutrition monitoring and evaluation system so that progress can be measured; they provide for a group of pilot interventions that will form the basis for a much larger national effort; and they provide trained personnel to improve the Nutrition Plan in the future. The GOC recognized the ability of AID to provide funds for these start-up and infrastructure activities which it had placed in priority status in its work plan.

2. Project Goal

To improve the nutritional status of the poorest 30% of the Colombian population.

3. Project Purpose

The purpose of this project is to provide part of the infrastructure and to begin the implementation of the National Food and Nutrition Plan.

The four sub-project purposes are:

a. To provide timely information for decision makers to use in development and modification of GOC policies, programs, projects and other activities affecting nutrition status;

b. To test in one Department (State) the effectiveness of various nutrition interventions within a multisector administrative framework and to implement that system in two additional Departments;

c. To strengthen and facilitate the multisector planning and implementation capacity of the National Food and Nutrition Plan; and

d. To provide a locally produced high protein vegetable mix to meet the needs of subsidized feeding programs.

(See Purpose indicators on next page - 10a) - for b above)

4. Project Outputs & Inputs

The following administrative framework was set up to operate the GOC Nutrition Plan. . In Decree 1163 of 1975, the GOC established a National Food and Nutrition Council (NFNC) with the Chief of the National Planning Department as the presiding officer. Eleven Ministers and Institute Directors make-up the rest of the Council. The job of the Council is to coordinate the Plan's implementing agencies, advise the government on necessary methods to carry out the plan, advise the government on the plan's budget, recommend consumption levels for subsidized feeding, promote studies of the food and nutrition situation, promote the training of personnel, and define needed food and nutrition technologies. A budget implementation plan has been devised (See PART IV, B) to assure coordination of implementation agencies in carrying out the Plan.

Departmental Committees will be established with the Governor presiding and a Departmental Coordinator from the National Planning Department acting as the executive secretary. Five Directors of Ministry Sectional Offices or Institute Regional Offices will make-up the rest of the committee. The job of the committee is to coordinate the activities of the institutions in each county, evaluate program implementation in each county based on DNP and local agency reports and recommend changes if necessary, maintain administrative control over departmental agencies, make periodic evaluations of the coverage and impact of the plan, and develop physical targets on monthly and annual basis based on the budget restrictions.

County committees will be formed from the principal local representatives of the implementing agencies, the local government, and the Community Action Councils. They will be involved in control and

SUMMARY PURPOSE INDICATORS FOR CAUCA COUNTIES IN PROJECT

(Sub-Project (b) page 10)

1. Erradicate third grade malnutrition (Gomez) in children under 5.

2. Reduce by 50% first and second grade malnutrition in children under 5 (now estimated at 65%).

3. Reduce infant malnutrition, particularly at birth, by 50% (now estimated at 52%).

4. Reduce sickness attributed to malnutrition in children under 5 by 50%.

5. Reduce deaths attributed to malnutrition and associated diseases in children under 5 by 50%.

6. Guarantee the availability of sufficient enriched foods so as to potentially close the nutrient gap of the beneficiary population.

7. Assure the consumption of foods distributed by coupons at a level of at least 90%.

8. Assure that at least 80% of the adult population makes favorable changes in habits as a result of nutrition education and mass media campaigns.

9. Assure utilization by 90% of the persons of new services of potable water, filters, and latrines installed in their areas.

execution of the plan, in development of local resources in support of plan infrastructure, and in evaluation of the plan's programs.

The National Planning Department, as executive secretary of the NFNC and with delegates in each department, will play a key role in the implementation of the plan. It will provide the Council with quarterly reports on the impact and execution of the plan and an annual report on the Colombian nutrition situation by region (See following section). Its delegates will control flow of funds to Departmental Agencies, provide the Departmental data for the quarterly and annual reports, coordinate activities of implementing agencies, and develop information for the annual investment budget.

The four sub-projects which are part of this loan request and their relation to this administrative structure follow:

a. Evaluation Sub-Project

The Evaluation and Analysis Section in the Nutrition Division of DNP will be expanded to provide to the NFNC regular reports evaluating progress and results of programs which are part of the plan, impact of the plan on target group nutrition, and influence of variables outside to the plan. Analysis of special studies and existing data will permit description of current nutritional status of the population by region. The NFNC will use these reports as well as new intervention ideas from its sub-committee on training, technical assistance, and pilot projects (See II.B.4.c.) to recommend revision and improvement of GOC policies, programs, and projects to the President and his Economic and Social Council (CONPES).

A representative from DNP will be Secretary of each Departmental committee that will be the coordinating entity for implementation of the Plan. This assures appropriate linking of local information collection and analysis efforts to the information needs and analysis of the Central Section. DNP staff have already assisted evaluation groups for the sub-projects to identify information requirements that meet both sub-project operational needs and the broader concerns of the NFNC.

A system of quarterly reports will be developed to indicate budget execution of implementing agencies, progress toward yearly targets,

Best Available Document

analysis of program difficulties and successes, and results of each of the projects under the National Nutrition Plan. Report criteria will be established by the Evaluation and Analysis Section. The reports will be prepared by the implementing agencies and reviewed by Departmental Nutrition Committees, with assembly and analysis of the final report by the Evaluation and Analysis Section. It is expected that this report will lead to more rapid action in the redesign or shutdown of projects that are not achieving their purposes. This Section will have a close relationship with the Department of Cauca where a pilot project will be doing trial interventions to be duplicated in regional program expansion. As the regional expansion program spreads, it is expected that information on projects will flow from other Departments as well. This system will provide some check on information coming from the national implementing agencies. Part of the quarterly report to the Council will analyze the current nutritional situation.

An annual monitoring report will present the nutrition status of the population on a regional basis. Here the Evaluation and Analysis Section will design a computer program to utilize pertinent data stored by DANE (National Statistics Agency) for the Ministry of Health, ICBF, Ministry of Agriculture, Ministry of Labor, and other GOC Agencies. In addition, the AID/DNP Health Model 1976 national morbidity survey (nutrition section), price and economic data, and data collected from departments for the regionalization project will form the basis for a regional breakdown of nutrition status and problems. With each updated report on nutrition status, analysis thereof should provide the NNNC background information for policy recommendations. Such a system will identify problems related to exogenous variables, such as exports and imports, inflation, disasters, epidemics, and crop failures.

Special studies to be financed as part of the Evaluation subproject fall into three principal categories: (a) In-depth investigation of findings emerging from regular program evaluations. For example: it is clear that the first category will include detailed investigation, among a small sample, of family purchase and consumption patterns; since the health promoters, who will supply routine data cannot provide all of the information necessary for evaluation of coupon disposition and other intermediate consumer behavior goals. (b) Investigation of methods for improving monitoring of nutrition status and surveillance (early-warning) of related variables. In the second category, the Evaluation and Analysis Section intends to develop an early-warning surveillance system from its information on exogenous variables. This will require special study of the predictive value for anticipating changes in nutrition status, of agricultural, and economic and other data. (c) Investi-

gation of nutritional consequences of government policies, including those not addressed to nutrition goals. If the Section is to provide timely and useful information to assist the National Food and Nutrition Council in advocacy of nutritional concerns, it must be able to sponsor quick studies of the nutritional consequences of proposed Government policies. These "nutritional impact" studies, similar to the environmental impact statements used in the United States to review environmental consequences, will be an important tool for assuring that impact of the National Nutrition Plan is not diluted by influence of policies and activities that are not part of it.

Sub-Project Inputs

This sub-project will require personnel staffing of six professionals in the central unit with one statistician assigned to each Departmental DNP coordinator as the Nutrition program gets underway. Some training and travel funds are needed in support of the unit. Computer time has been budgeted for those reports that can not be handled by the small DNP in-house facility. Research and studies have been estimated to run 5-10 per year at a cost of five to fifteen thousand dollars each and lasting between one and six months. They will be carried out by private and public institutions with experience in this field. The inputs for the Cauca Evaluation is included in that sub-project.

The dollar inputs include the purchase of 11 typewriters and 14 calculators see the list in Annex B-4 and three person years of short-term Technical Assistance see the draft Scope of Work in Annex B-3.

Financial Input
(Thousands of Dollars)

	FY-77		FY-78		FY-79		TOTAL	
PESO COSTS	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Administration & Per.		301		221		157		679
Computer Time	6		14		11	3	31	3
Evaluation Studies	91		84		65	30	240	30
Sub-Total	97	301	98	221	76	190	271	712
DOLLAR COSTS								
Typewriters & Calculators	17						17	
Technical Assistance	59		30		11		100	
Sub-Total	76	-	30	-	11	-	117	-
Sub-Project Total	173	301	128	221	87	190	388	712

b. Cauca Pilot Sub-Project and Expansion

A pilot project will be developed in the Department of Cauca to test a multisector approach to nutrition improvement. This project will provide a modis-operandi for testing various interventions to be used in expansion of the program on a Department by Department basis utilizing GOC and international funds. Cauca has been selected as the initial Department for detailed administrative and operational evaluations, because of its diverse population and geography. Situated on the Pacific Coast and covering both the Western and Central ranges of the Andes, its approximately one million people are a micronism of Colombian people and culture. The nutrition project will be expanded with GOC and AID funds to Huila (Magdalena Valley) and Santander del Norte (Venezuelan Border). These two Departments also serve to some extent as pilot areas, because of their location and special problems. IBRD has been asked for a loan to expand the Project to eight additional Departments at the end of 1977. The following are the principal outputs to be achieved in the three Departments programmed for AID Loan funds.

(1) CAUCA

(a) Administration

A Departmental Committee will be established as described in the introduction to this section. DNP will assign a Departmental Coordinator and an evaluation person to Cauca. The DNP coordinator will set up a small office, so that he can perform the functions of executive secretary to the Departmental Committee, the coordination of project development by the implementing agencies, the establishment of contracts for technical assistance and evaluations, and the reporting requirements for the Evaluation sub-project previously described.

During the first one year and six months all GOC and AID funds for Cauca activities will flow to IFI, and the DNP Coordinator will establish contracts with the departmental implementation agencies to carry out their work. However, DNP determined that this method was awkward and not in line with normal budget practice, so that after this initial period, funds for the nutrition project would flow through National Ministries and Institutes with special line items in their respective budgets, aimed at participating departmental agency budgets (See Implementation Plan - PART IV.B.). In this latter method, the DNP Coordinator will still be able to control the flow of funds to the implementing agencies. This critical role is a key element in the GOC's attempt to bring diverse interventions to bear on particular geographic areas to achieve improvement status.

(b) Health

The GOC health policy and programming have evolved to a position of strong support for providing a means of access to health services for the poor, predominately rural population, estimated as 36% of the country population. The program developed in 1975 to do this, Modulo Ampliación de Cobertura (MAC), recognizes 3 levels, MAC-1 local level coverage, MAC-2 regional level and MAC-3 university level. While using and further developing methodologies already tried in the last few years, this program is innovative in pulling them together in a more rational, precise fashion and placing more emphasis on the local level.

MAC-1, which AID proposes to support, basically consists of a health post staffed by an auxiliary nurse and 6 promoters who make home visits to about 1,000 people each (200 homes). This is supported by a health center or local hospital through visits weekly or every two weeks by a physician and other supervisory personnel. The priority population is the mother and preschool children. The seven basic services to be provided according to MOH established norms are medical attention including family planning, medicines, nutrition education, vaccinations, water supply, human waste disposal and home health improvement.

The increased complexities of this system of graded levels of health delivery each of increasing sophistication of health care, requires an adequate system of communication and transportation to carry out necessary functions of supervision, patient referral, supply and information transfer.

An output of the pilot subproject will be 29 MAC-1 units with fully trained staffs in Cauca. This will increase coverage for basic health services to an additional 150,000 persons in 13 counties. The increased availability of these services is expected to decrease infant mortality and morbidity; improve the health of pregnant and lactant mothers; increase the knowledge of the homemaker in food habits, food purchases, home sanitation, and food preparation; provide the whole family with a range of preventive and first aid health care unavailable before; improve the family's water supply and waste disposal methods; and provide transportation and referral to more sophisticated levels of health care (See output summary at end of section for output indicators expected for three years of this sub-project).

(c) Rural Sanitation

INAS through its Sectional office will construct 21 aqueducts and additions to provide safe drinking water coverage for additional 11,930 persons in 19 counties. These services are expected to decrease diarrhea and other water born diseases sufficiently to reduce levels of malnutrition by approximately 20% in the communities covered. These kind of results were found in nearby Candelaria, Valle in a Rockefeller study a few years ago. Human waste disposal component was in preceding section.

(d) Nutrition Education and mass communication will be developed at two levels: (a) Promoters for face-to-face interaction following the system developed by the Ministry of Health and utilizing materials developed in this activity, and (b) mass communication by radio, visual aids, and newspapers of various public and private entities.

DNP is developing a national coordinating group made up of media personnel from various national private and public agencies to prepare a media strategy to be used in a coordinated way with opening and operation of Department programs. Operational responsibility will remain in DNP with media preparation and broadcasting done by the above agencies on a contract basis. Five geographic broadcasting areas have been established with broadcasts related to Cauca originating in Cali, Valle. Printed media will be prepared, so that it can be used on both national and regional levels.

Media preparation will be based on the particular needs of Departmental programs; will include national campaigns for increasing use of high nutritive value processed and non-processed foods, improving home sanitation and health habits, extending the period of maternal lactancy, and providing a national impetus to improved nutrition; and will develop a regional focus in terms of local food habits, seasonal market availability of foods, and differing interventions that will be tried from time to time.

The Evaluation activity will test results from various media campaigns, so as to arrive at those which have the best yield in terms of improved nutrition and food use.

(e) Subsidized feeding programs will be organized and current programs redirected to assist 12,000 pregnant and lactant mothers and 34,000 children 0-4 years of age in the Department of Cauca. This coverage represents 30% of all persons in this group. The GOC intends to continue direct feeding methods of the CARE and Caritas programs where community child feeding centers, nursery and day care centers, and ICBF community centers exist. However, the present semi-monthly distribution of foods to these priority groups will be phased over to a food

coupon program, functioning through commercial channels. (See ANNEX B-2). Counties where income is insufficient and malnutrition is widespread have been determined. All mothers and children 0-4 (except for 0 to 3 mos.) in those counties will be selected as beneficiaries and receive the coupons. These beneficiaries will be able to purchase Bienestarina, Duryea (a commercial veg mix), Colombiarina, and soy fortified pastas in fixed quantities with their stamps with the food processors who will in turn redeem the stamps at IFI (Instituto de Fomento Industrial). Quantities were determined by estimating the nutrient gap which averaged 42% of calories and 37% of protein for children 1-2 years old and 4[illegible] of calories and 60% of protein for pregnant mothers; then sufficient coupon foods are to be provided to cover 100% of that gap and substitution of other family foods. The health promoters will play a key role in monitoring the effectiveness of coupons and graduating beneficiaries from the program when their nutrition status has improved. Most important, they will arrange health facility appointments for those malnourished persons who fail to show improvement under the program.

(f) An evaluation activity will be established to report to the Departmental interagency committee on progress in these projects, the DRI program, and related rural health projects. Initially, part of the Evaluation and Analysis Section in the preceding sub-project will be assigned here, but later will turn their activities over to implementing agencies. One member of DNP evaluation staff will remain in Cauca to provide reporting inputs to the DNP Evaluation Unit. He will also provide information and analysis of current nutrition status in the Department.

Several special studies are currently contemplated for this pilot project. They include: a cost comparison study of coupon food distribution and the direct government food distribution program, biomedical studies to determine iron and Vitamin A deficiencies before and after supplementation, the nutritional benefits of the fortification of Bienestarina with iron, the effectiveness of nutrition education programs (mass communication and face-to-face communication) without other interventions, testing of a pilot wholesale marketing chain for rural store, and studies to determine how to reach mountain and coastal populations. This activity will be assisted by University of Valle personnel. The current Community System/Valle project for low-cost interventions in Villa Rica will be included as a special study and separated from other intervention activities.

This mix of interventions in Cauca on the consumption side has been selected because the GOC Food and Nutrition Plan focuses

on the need to increase consumption and, as part of that strategy, to provide subsidized foods to the most vulnerable groups in the population. The strategy calls for increased use of low-cost nutritious processed foods and expansion of the commercial sector to provide those foods. Government support of the effort with nutrition education and health service follow-up is aimed at better resource utilization. In its evaluation of nutritional improvement, the GOG will attempt to determine the incremental improvement made by each intervention or set of interventions. Results of such studies will determine the kinds of interventions to be accented in other departments. Since the government is politically committed to subsidized feeding both to increase its internal food markets and to increase employment in the food processing sector, it is expected that this intervention will form the centerpiece of the GOG's strategy in the rest of the country. This determination is further accented by the knowledge that the 30% most poor live on subsistence budgets and cannot be assisted very much by other interventions.

(2) HUILA

This Department program will be quite similar to that in Cauca with the following principal differences. The DNP evaluation person will act also as the DNP coordinator and be placed in the Department Planning Office. The number of MAC-1 units to be created is 20 with a coverage of 110,000 persons, 116 rural aqueducts for 11,600 persons will be completed. The first year of funding for the mass communication and nutrition education program is included here and then that program will be funded under the IBRD Loan. The subsidized feeding program will reach 9,000 pregnant and lactant mothers and 23,000 preschool children through coupons and direct feeding programs. Evaluations will be carried out under the National DNP Evaluation Unit.

(3) NORTE DE SANTANDER

This program will be administered from an existing DNP Regional Office with the addition of an evaluation person. Health coverage will be enlarged with 30 new MAC-1 units covering 160,000 persons, 23 rural aqueducts for 8,000 persons will be completed. Mass communication and nutrition education will be provided for the first year under this project and then moved to IBRD funding. The subsidized feeding program will reach 11,000 pregnant and lactant mothers and 32,000 preschool children through coupons and direct feeding programs. Evaluations will also be from the National Office.

Sub-Project Inputs

CAUCA

This activity in sub-project will require an office in the Department with office furnishings and operational costs. Health inputs for 29 MAC-1 units include: five new health posts and improvement to 22, 285 promoters trained and equipped, purchase of 7,000 water filters and 34,000 latrines, 21 aqueducts will be constructed or enlarged. 1,600 hours of radio time; 28 films and slide presesentations; and printing of posters, pamphlets, and other materials have been scheduled for nutrition education. Coupon coverage will reach 12,000 mothers and 34,000 preschool children in 1979. The evaluation component includes 10 studies during the loan period and 5 Technical Assistance contracts.

HUILA

Principal inputs in this activity are: Health: 20 MAC-1 units with remodeling of 20 health posts, training and equipping of 122 promoters, and purchase of water filters and latrines. 16 aqueducts will be constructed or enlarged. Nutrition education and communication materials will be prepared. Coupon coverage will reach 9,000 mothers and 23,000 preschool children in 1979.

SANTANDER DEL NORTE

Inputs in this activity are: Health: 30 MAC-1 units with remodeling of 30 health posts, training and equipping of 170 promoters, and purchase of 6,000 water filters and 28,000 latrines, 23 aqueducts will be constructed or enlarged. Nutrition education and communication materials will be prepared. Coupon coverage will reach 11,000 mothers and 32,000 preschool children in 1979.

Dollar costs for this sub-project include the purchase of 21 jeep ambulances and 11 water pumps (See Equipment List - ANNEX B-4).

Financial Inputs
(Thousands of Dollars)

	FY-77		FY-78		FY-79		TOTAL	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
1. CAUCA - PESO COSTS								
a. Administration (DNP)								
Personnel	-	33	-	34	-	35	-	102
Office Equip.	2	-	-	-	-	-	2	-
Operations	-	5	-	5	-	5	-	15
TOTAL	2	38	-	39	-	40	2	117
b. Health (MOH)								
Health Post Construction	52	-	-	-	-	-	52	-
Health Post Equipment	58	-	-	-	-	-	58	-
Materials & Equip. Promot.	103	53	-	-	-	-	103	53
Promoter Trg.	24	-	-	-	-	-	24	-
Water Filters & Latrines	211	-	-	-	-	-	211	-
Operation Costs New MAC-1	-	502	-	399	-	299	-	1,200
TOTAL	448	555	-	399	-	299	448	1,253

	FY-77		FY-78		FY-79		TOTAL	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
c. Rural Sanitation (INAS)								
Aqueducts	160	20	123	33	90	50	373	103
d. Nutrition Education & Mass Communications (DNP)								
Radio	110	10	70	10	60	20	240	40
Audio Visuals	30	12	24	4	24	4	78	20
Printing	40	10	33	13	23	13	96	36
TOTAL	180	32	127	27	107	37	414	96
e. Subsidized Feeding (IFI)								
Coupon Subsidy	-	907	-	978	-	717	-	2,602
Printing & Delivery	116	-	97	-	50	21	263	21
Administration	10	-	10	-	6	5	26	5
TOTAL	126	907	107	978	56	743	289	2,628
f. Evaluation (DNP)								
Personnel	-	16	-	14	-	14	-	44
Admin. & Office	5	6	-	5	-	5	5	16
Evaluation Studies	90	20	35	-	25	-	150	20
Local Technical Assistance	36	-	25	-	21	-	82	-
TOTAL	131	42	60	19	46	19	237	80
Department TOTAL	1,047*	1,594*	417	1,495	299	1,188	1,763	4,277

* All funds disbursed through IFI first FY.

Financial Input
(Thousands of Dollars)

	FY-77		FY-78		FY-79		TOTAL	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
2. HUILA - PESO COSTS								
a. Administration (DNP)								
Personnel (Eval. Sub-Project)								
Operation Costs	-	5	-	5	-	5	-	15
b. Health (MOH)								
Health Posts	11	-	15	-	-	-	26	-
PH - Equipment	20	-	19	-	-	-	39	-
Equip. & Materials - Promoters	30	7	30	3	-	-	60	10
Promoter Trg.	8	-	9	-	-	-	17	-
W. Filters & Latrines	67	-	53	-	-	-	120	-
Operation Costs - MAC-1	-	73	-	269	-	211	-	553
TOTAL	136	80	126	272	-	211	262	563
c. Rural Sanitation (INAS)								
Aqueducts	240	23	104	44	153	53	497	120
d. Nutrition Education & Mass Communication (DNP)								
Radio, AV & Print	55	15	Will be funded on Nat. Level				55	15
e. Subsidized Feeding (IFI)								
Coupon Subsidy	-	77	-	441	-	410	-	928
Printing	10	-	46	-	30	11	86	11
Admin.	1	-	4	-	2	2	7	2
TOTAL	11	77	50	441	32	423	93	941
TOTAL - HUILA	442	200	280	762	185	692	907	1,654

Financial Input
(Thousands of Dollars)

3. SANTANDER DEL NORTE	FY-77 AID	FY-77 GOC	FY-78 AID	FY-78 GOC	FY-79 AID	FY-79 GOC	TOTAL AID	TOTAL GOC
a. Administration (DNP)								
Existing DNP Regional Office - 50%	-	80	-	80	-	80	-	240
b. Health (MOH)								
Health Posts	24	-	28	-	-	-	52	-
HP - Equipment	41	-	16	-	-	-	57	-
Equip.&Mat. Promoters	100	10	37	5	-	-	137	15
Promoter Training	20	-	9	-	-	-	29	-
W. Filters & Latrines	67	-	53	-	-	-	120	-
Operation Cost - MAC-1	-	215	-	420	-	308	-	943
TOTAL	252	225	143	425	-	308	395	958
c. Rural Sanitation (INAS)								
Aqueducts	120	23	60	20	45	25	225	68
d. Nutrition Education & Communications (DNP)								
Radio, AV & Printing	78	18 (funded in other Program)					78	18
e. Subsidized Feeding								
Coupon Subsidy	-	30	-	655	-	524	-	1,209
Printing & Delivery	35		59	5	50	22	144	27
Admin.	3	-	6	-	3	3	13	3
TOTAL	38	30	65	660	53	549	156	1,239
TOTAL SANTANDER DEL NORTE	488	376	268	1,185	98	962	854	2,523
TOTAL PESO COSTS - THREE DEPARTMENTS								
Cauca	1,047	1,594	417	1,495	299	1,188	1,763	4,277
Huila	442	200	280	762	185	692	907	1,654
Santander	488	376	268	1,185	98	962	854	2,523
TOTAL	1,977	2,170	965	3,442	582	2,842	3,524	8,454
DOLLAR COSTS - THREE DEPARTMENTS								
Jeep Ambulances	147	-						
Water Pumps	11	-						
TOTAL	158						158	
SUB-PROJECT TOTALS	2,135	2,170	965	3,442	582	2,842	3,682	8,454

c. Training, Technical Assistance and Experimental Studies Sub-Project

The sub-committee on training, technical assistance, and pilot projects was established to provide the NFNC with an improved nutrition planning capability. This committee is chaired by the DNP Nutrition Division Chief and includes members from six of the Ministries and Institutes involved most directly in planning nutrition or nutrition related programs. The committee initiated its operation using GOC and AID funds (Health Sector Loan 075).

Committee programs under this sub-project have been expanded and now provide the following outputs. Seminars and workshops will be utilized to train professionals in nutrition planning. Graduate training in this area will be provided to persons working in agencies involved in the plan. In-country grants will support University Professor and graduate student research into nutrition problems in Colombia. University-community programs aimed at solving local nutrition problems will be sponsored. It is hoped that results from the last two activities will prove to have wider application in correcting Colombia's nutritional gap.

Pilot studies and pilot interventions will be contracted which will explore future nutrition interventions on a small scale to determine if they can be adopted by the GOC. A small amount of technical assistance will be provided to assist the above efforts. Some observation trips have been included to see such new efforts in other countries.

By the end of FY-79, 43 seminars and workshops will be held and a total of 1,000 professionals and university professors or 50,000 man/hours of training will be given in areas such as nutrition planning, applied nutrition, and program information and coordination.

Graduate training outside Colombia with a duration of one to two years will be given to professionals working with the Plan, in areas such as nutrition planning, mass communication, food technology, food systems and food research. A total of 20 man/year training at a Masters and Ph.d level will be scheduled during the 3 years of the project.

Develop 5 to 10 pilot studies and pilot projects per year which will provide new approaches for future national nutrition planning. Emphasis will be given to new alternatives that might improve ongoing program implementation.

Make in-country research grants among last year university students and university professors, as a way to promote interdisciplinary nutrition research and as a way to link university work to apply nutrition

programs at community level. Forty research grants including thesis work and interdisciplinary research will be accomplished improving plan development and applied research.

Determine short-term technical assistance for new implementation approaches or innovative aspects of the Plan, which are more at a feasibility stage than a planning or implementation stage. Nine person months will be contracted for these purposes.

Select key people envolved in plan implementation, to visit ongoing nutrition programs in other countries that will help plan implementation. Five person/months of visits will be accomplished during loan period.

Subproject Inputs

Financial Input
(Thousands of Dollars)

	FY-77		FY-78		FY-79		TOTAL	
ITEM COSTS	AID	GOC	AID	GOC	AID	GOC	AID	GOC
In-country seminar	33	41	15	18	-	17	48	76
Research grants	-	20	-	18	-	40	-	78
Fill t pr jects	75	400	72	126	52	118	199	644
SUB-TOTAL	108	461	87	162	52	175	247	798
DIRECT COSTS								
Graduate training	120		85				205	
Technical Assistance	6		6		6		18	
Operational trips			5				5	
SUB-TOTAL	126	-	96	-	6		228	-
SUB-TOTAL	234	461	183	162	58	175	475	798

d. Vegetable Protein Mix Sub-Project

Through this sub-project the GOC will obtain the bulk of its requirements for a high protein veg mix to be used in its direct feeding and coupon programs. Three manufacturing facilities will assure a regular supply of a high quality product at the lowest possible cost. The mix itself, has been developed to specifically suit programmatic needs and the food consumption habits and tastes of the Colombian people. On or before January, 1978 three VPM plants with a productive capacity of 30,000 MT (three shifts per day and 10,000 MT per year per plant) will be operational. The plants will be self contained units each having storage capacity for 2,000 MT of raw materials and/or finished products,

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a bulk bagging unit for 20 kilo bags and a packaging facility to produce 250 and 500 gram packets. Quality, distribution and production control will be provided centrally by ICBF, the owner of the plants. The utilization of the VPM will be monitored through coordination of ICBF and the Nutrition Division of DNP. The effectiveness of the product itself as well as its distribution will be analyzed by the Evaluation Division of DNP.

The entire production of the three plants will be purchased by the GOC with two mechanisms. ICBF will buy 13,000 to 15,000 tons directly in bulk sacks (20 kg.) to ship to the direct food distribution network at health posts and hospitals, infant care centers, nursery and primary schools. The coupon program (described in ANNEX B) will require 17,000 to 24,000 tons in small containers distributed through commercial channels and purchased by beneficiaries with coupons issued by the GOC. It is expected that additional production needed for this program and additional commercial sales will be handled by private contract with industry.

The plants will be owned by ICBF but a joint advisory corporation will be formed to promote and develop the management system for the production of VPM. This joint corporation will consist of ICBF, DNP and LTI and will recommend to the GOC in August 1976 the most efficient practical way of managing the plants. Two methods of management presently under consideration are:

1. ICBF, the owner of the plants, will lease them to private sector corporations under terms and conditions which will require the private operators to provide working capital and operating expenses and the GOC to purchase the plants' output at a price which will provide the private operator a sufficient return on his investment and an incentive to produce as efficiently as possible;

2. ICBF will form a joint public sector-private sector corporation with a private sector manufacturer. The private sector firm will provide a proportionate amount of working capital in the form of an equity investment in the plant. The day-to-day management of the plant will be in the hands of the private sector firm with policy and overall direction set by a joint board of directors.

Under either of the above systems, a private firm or firms experienced in food processing will have day-to-day control of the plants and will be involved in such a manner as to provide adequate incentives for efficient operation. Because this aspect of the plant management has not been finalized, AID will include in the loan agreement a condition precedent to disbursement for the plant, requiring the GOC to provide evidence of the existence of a satisfactory arrangement for managing the plant.

VPM Sub-Project Inputs

Three warehouse additions will be constructed adjacent to existing mixing facilities to accommodate 1,800 MT of VPM. AID's loan will provide funds for one of the additions and the GOC will finance the other two. Construction will be of locally supplied materials such as brick, cement or block. Additional modification to existing facilities will be in the form of block room divisions to facilitate processing, packaging, and steam generation equipment. All piping, ducting, and oil storage tank facilities for processing will be supplied and installed by local contractors and is included in costs of warehouse construction.

UNDP will provide local technical training in the form of seminars and on-the-job training to VPM personnel.

The largest portion of local currency inputs will be made by the GOC for the purchase of the processed VPM for its various program interventions. The project will require a total staffing of over 200 operators, workers, and professionals. Working capital for operation of the three plants will be funded by the private sector operator and/or a joint GOC/private sector investment corporation.

The turn key purchase and installation of the VPM processing equipment will be the major dollar input. Each "package" plant to be purchased will be a self-sufficient unit including equipment such as pneumatic and screw elevators, comitrols, and disc mills, S.T. fan winnowing machines, magnum dust collectors and exhaust fans, sifters, surge bins, blade mixers, bulk bag and pouch fillers, appropriate quality control and safety equipment, air compressor, water treatment systems, and steam generation plant. AID will finance 1 such S.T. processing unit and the UNDP will grant funds for the other two installations. Additional information and specification listing is in ANNEX G Addendum 1.

Other commodity inputs in the AID Loan are for fork lifts and van trucks for handling of material at all three plant sites and for transportation of finished product from the plants to major distribution points.

Process and product technical assistance will be provided for the plants under UNDP grant funding by a 4 year contract between General Mills and the GOC implementing agency ICBF. Additional technical assistance in quality control and industrial engineering

will be given under UNDP funds. Some participant training for seminars and workshops outside Colombia is also provided by the UNDP.

Financial Input
(Thousands of Dollars)

	FY-77			FY-78			FY-79			
	AID	GOC	UNDP	AID	GOC	UNDP	AID	GOC	UNDP	TOTALS
PESO COSTS										
Participant Tech. Training			40			66				106
Commodities		7,700			13,212			13,212		34,124
Working Capital		891								891
Plant Expansion	189	200								354
SUB-TOTAL	189	8,791	40		13,212	66		13,212		35,480
DOLLAR COSTS										
1 Processing Plant (AID)	1,200									1,200
2 Processing Plant (UNDP)			2,000			400				2,400
Transport Equip.	96									96
Participant Trng.			7			8				15
Tech. Assistance			150			162				312
SUB-TOTAL	1,296		2,157			570				4,023
GRAND-TOTAL	1,485	8,791	2,197		13,212	636		13,212		39,[illegible]

b. SUMMARY OF PROJECT INPUTS

LOCAL COSTS (US$000)

	FY-77	FY-78	FY-79	TOTAL
Sub-Project (a)	398	319	266	983
Sub-Project (b)	4,147	4,407	3,424	11,978
Sub-Project (c)	569	249	227	1,045
Sub-Project (d)	8,990	13,278	13,212	35,480
TOTAL	14,114	18,253	17,109	49,486

DOLLAR COSTS

(US$000)

Technical Assistance	215	198	17	430
Training	127	98	-	225
Equipment	3,471	400	-	3,871
TOTAL	3,813	696	17	4,526

SOURCE OF INPUTS

(US$000)

Local Cost				
GOC Funds	11,723	17,037	16,419	45,179
AID Loan	2,341	1,150	710	4,201
UNDP Grant	40	66		106
SUB-TOTAL	14,104	18,253	17,129	49,486
Dollar Costs				
AID Loan	1,633	126	17	1,799
UNDP Grant	2,187	570	-	2,727
SUB-TOTAL	3,813	696	17	4,526
Project Costs				
GOC Funds	11,723	17,037	16,419	45,179
AID Loan	3,997	1,276	727	6,000
UNDP Grant	2,197	636	-	2,833
TOTAL	17,917	18,949	17,146	54,012

PART III - PROJECT ANALYSIS

This project is consistent with both the U.S. Congressional Mandate and the GOC National Food and Nutrition Plan. The beneficiaries of the project fall into the 30% most poor of Colombia which represent the AID Target Groups as well.

A. Technical Analysis and Environmental Considerations

1. Technical Soundness

The Mission has assisted the GOC in the development of its National Food and Nutrition Plan over the last three years. The National Planning Department drew heavily for guidance on Alan Berg's "Nutrition Factor" and AID's "Nutrition Strategy" in developing its initial analysis of the country situation. After deciding that the key factors in malnutrition involved health, education, and income of the poor; the DNP has designed a multisector approach administered at the Department (state) level to effect these factors. This program aimed at what has been called the consumption side of the Nutrition Plan will be carried out in those municipalities (counties) most in need based on health facilities, income levels, number in the target group (pregnant and lactant mothers and preschool children), and levels of malnutrition (See the national coverage implied in the Regionalization Plan - Annex F-1).

Various experts (See Index) brought in by the Mission have assisted the GOC in the conceptualization of the Plan into a series of projects. These projects have been given detailed technical study by various independent Colombian research and development groups and expanded in coordination activities by the GOC National Planning Department.

Evaluation and analysis is recognized by DNP as one of the means most important to the success of national nutrition plan. Without competent effect analysis the accomplishments and failures go unrecognized. To support possible weaknesses in present the evaluation system the GOC is requesting that portions of the AID loan fund technical assistance for the entire 3 years of the project by a U.S. university or private agency specializing in nutrition research and evaluation/design of data information systems.

Detailed technical studies have been completed by the DNP, Ministry of Health, and ICBF as component parts of the coupon program. The Cauca pilot sub-project and two department expansion will test the actuality of these interventions. Refer to Part II for detailed analysis of these studies and sub-project plan. The Mission has assisted with consultation and will continue to provide experienced technical advisors in the implementation of this project.

The Mission and NFNC under AID health sector loan 075 has developed considerable on-going experience in establishing training needs of personnel, needed technical assistance and suitable pilot projects. Under this loan, this participation is expected to continue and expand with the same efficiency.

The VPM project has been reviewed for technical soundness by the Technical Investigation Institute in Colombia, A.I.D. consultants, DNP, and the technical staff of the VPM implementing agency ICBF. The S.T. package system as requested provides a world-wide, technically experienced, U.S. private sector corporation for direct installation and start-up of their own process which has been producing precooked cereals under similar conditions and materials to those proposed in Colombia.

The Mission feels that the careful planning, the integrated approach, and expert assistance by AID and other international agencies have created a sound Nutrition Program, which merits our investment.

2. Environmental Aspects

The proposed loan is not expected to have any negative effect on environmental quality. The greatest positive impact on the environment will be in the Cauca Sub-Project and expansion where improvement will be made to water and waste disposal systems.
DNP has determined that lack or poor utilities have a high co-relation with low levels of nutrition. These areas will be of first priority for expansion of the health system under the MAC. Through the Cauca sub-project it is planned to improve sewer and water systems in 60 municipalities.

The vegetable-protein mix food processing plants cause no contamination due to the complete processing of all prime material inputs resulting in a small quantity biodegradable waste. The steam system will be a packaged unit with an efficient burner system and # 2 Fuel Oil storage is isolated from causing water contamination. Dust extraction vents will have collectors to trap fine particles for disposition as animal feed. The process involves no dangerous chemicals with dust masks and hard hats being required for employees in the processing areas.

The other sub-projects will have some indirect effect on environmental conditions by analyzing, proposing and in conducting pilot projects for changes in the national nutritional plan.

3. Reasonableness of the Costs

The cost estimates of the project have been carefully made by DNP and USAID project committee. The basis has been an analysis of the needed inputs in each sub-activity based on GOC budget maker's experience and drawing these together for each whole sub-project. In the case of dollar expenditures for equipment, training, and technical assistance, USAID experience and formal quotations have been the criteria. Costs of VPM plants have been determined by quotations from manufacturer.

In summary the Mission concludes that the cost estimates are reasonably firm and meet the requirements of FAA Section 611 (a) and 611 (b).

B. Financial Analysis

1. Financial Rate of Return/Viability for Protein Veg Mix Plant

As shown in table in Annex C. Addendum the total accumulated "Shadow Profit Contribution" in ten years is $19,500,000 dollars based upon an expected shadow sales of 315 thousand metric tons of VPM. Shadow sales and profitability to the extent that these figures have the form of profits and sales but no substance. No substance in that the GOC will only budget pesos for what is required for prime materials, production and distribution. The shadow profitability is based upon simulation of production operation in which the objective is to achieve a profit. In the VPM project the goal is to produce VPM at the lowest possible GOC cost with no profit margin necessary. In four years the plant would reach an overall breakeven point on the initial GOC investment.

2. Recurrent Budget Analysis of Implementing Agencies

a. Colombian Institute for Family Welfare (ICBF)

The Colombian Institute for Family Welfare (ICBF) was created in 1968 for the overall general purpose of protection of minors and improvement of the stability and welfare of Colombian families. ICBF's responsibilities are numerous and varied, and include directing the governments' activities throughout Colombia in the field of direct feeding. These activities include coordinating with the Ministries of Health, Education and Agriculture in order to determine the availability of foods, nutritional condition of the population so that the government can establish nutrition and feeding policies. ICBF has divided its functions into what it calls four programs; administration, community services, infrastructure development, and debt servicing. The direct feeding program will be carried out primarily under the Community Services Program, with supporting activities through the Infrastructure Development Program.

A condensed summary of ICBF's CY 1975 budget and budget execution is shown below.

Colombian Pesos

Detail	Amount Budgeted	Actual Budget Execution	Percent Executed
I. Revenues			
1. Current			
Ministry of Health	116,764,000	100,764,000	86.3
Ministry of Education	34,100,000	31,258,328	91.7
Salinas Concession	58,729,747	29,691,694	50.5
Dept. Contributions	11,500,000	1,255,355	10.9
Utilizations	6,000,000	3,678,678	61.3
Family Welfare Bonds	213,000,000	201,750,000	94.7
Other	1,960,562	1,960,562	100.0
Sub-Total	442,054,309	370,358,597	83.8
2. Accounts from 1974	70,568,253	66,079,198	93.6
3. Ley 27 de 1974	320,901,000	731,541,443	228.0
Total Revenues	833,523,562	1,167,979,238	140.1
II. Expenditures			
1. Personal Services	277,722,151	210,921,458	75.9
2. General Expenses	124,860,503	71,778,139	57.5
3. Transfers	241,515,059	209,958,032	86.9
4. Debt Servicing	847,148	779,815	92.0
5. Accounts from 1974	57,297,142	49,242,164	85.9
6. Direct Investments	139,499,744	18,409,209	14.2
7. Indirect Investments	1,781,815	522,216	29.3
Total Expenditures	833,523,562	561,611,033	67.4
BUDGET SURPLUS		606,368,205	

Budget execution information received from ICBF does not provide a breakdown of expenditures by program area.

The budget summary above shows ICBF's revenues during CY 1975 exceeded the amount budgeted by 40%. However, the entire excess is from ICBF's revenues received from Ley 27 de 1974. Ley 27 provides ICBF its largest single source of funds, and results from a law passed in 1974 and effective in 1975 which requires all public and private entities to pay ICBF an amount equal to 2% of their payrolls. Unfortunately, a special committee has been placed in charge of authorizing use of these funds. They have not developed a program for their use at this time. It is believed that some of these funds will be available for VPM purchases and operation of mother and preschool nutrition programs. These funds paid to ICBF are to be used for the creation and operation of preschool-age child care centers. ICBF is in the process of constructing several of these centers throughout Colombia.

Two other important sources of funds are the Family Welfare Bonds and the Ministry of Public Health. Funds received from the Ministry of Health are budgetary funds for specific project areas. Budget execution during CY 1975 for both sources was good; 94.7% for Family Welfare Bonds, and 86.3% for Ministry of Public Health. During CY 1974 revenues from the bonds was about 90% of the amount budgeted, and 95% for the Ministry. Future budget execution is expected to remain high, especially for the more significant line items.

The basic 1976 ICBF budget as presently approved is:

See next page.

Detail	Amount Budgeted (Pesos)
I. Revenues	
1. Current:	
Ministry of Health	28,000,000
Salines Concession	40,000,000
Dept. Contributions	6,500,000
Utilizations	3,000,000
Family Welfare Bonds	204,000,000
Sub-Total	281,500,000
2. Internal Credit	300,000,000
3. Prior Year Accounts	111,082,226
4. Ley 27 de 1974	110,000,000
5. Municipal Contributions	744,000
6. Ministry of Finance	109,800,000
Total Revenues	913,126,226
II. Expenditures	
1. Personal Services	261,117,067
2. General Expenses	256,082,152
3. Transfers	288,154,506
4. Direct Investments	36,129,834
5. Prior Year Accounts	70,868,498
6. Debt Servicing	744,169
Total Expenditures	913,126,226

Budget expenditures are broken down into the four programs in the following manner:

Budget Line - Item	Administration	Community Services	Infrastructure Development	TOTAL
	Colombian Pesos			
Personal Services	119,844,709	132,092,260	9,180,098	261,117,067
General Expenses	195,864,850	55,799,540	4,417,762	256,082,152
Transfers	80,251,699	205,471,660	2,431,147	288,154,506
Direct Investment	8,418,900	600,000	27,110,934	36,129,834
Prior Year Accounts	54,940,125	15,893,373	30,000	70,868,498
	459,320,283	409,861,833	43,169,941	912,352,057
Debt Servicing Program				774,169
Total				913,126,226

An important feature of the 1976 budget is that it provides 117.8 million pesos to be used by ICBF for purchase of raw materials required in the production of Bienestarina. According to ICBF, this budget item is included under the Administration and Community Services Programs.

The budget, as presently approved, should provide ICBF with sufficient funds to carry out its 1976 program. In our opinion, the amount projected for Ley 27 de 1974 revenues appears too conservative. Based on 1974's actual revenues from this source, 19[illegible] revenue should greatly exceed the 110 million pesos budgeted. Budget execution for other line items should reach a fairly high percentage of completion.

b. National Planning Department (DNP)

The DNP is an autonomous GOC agency responsible for the GOC's development plans. DNP is broken down into divisions covering the major development sectors, Health, Education, Urban Development, etc. All DNP funds flow through the GOC budget, including internal and external credits, as demonstrated in the table below, DNP budget execution for CY 1975 was high.

Line Item	Amount Budgeted	Colombian Pesos Amount Executed	% of Execution
Administration	24,311,756	22,935,988	94.3%
Indirect Investment			
a) Planning & Special Studies	90,500,000	83,500,000	92.3%
b) Eelectrification - Cauca	258,200,000	258,200,000	100.0%
Total	373,011,756	364,635,988	97.8%

Budgetary funds received for the above budget execution came from the following sources:

	Colombian Ps.	
Ordinary Resources	184,835,988	50.7%
Internal Credit	172,200,000	47.2%
External Credit	7,600,000	6.1%
Total	364,635,988	100.0%

The 7.6 million pesos external credit is the amount disbursed by AID during 1975 under the Health Sector Loan No. 514-U-075, and is to be used by DNP for studies on the National Nutrition and Feeding Plan.

DNP's CY 1976 budget, as approved, appears below:

Detail	Pesos Amount Budgeted
Administration	33,844,000
Planning & Special Studies	102,000,000
Electrification of Cauca Valley	30,000,000
Development of Buenaventura	137,000,000
Regional Development	860,000
Total	303,704,000

The 1976 budgeted sources of revenues are:

Source	Amount	%
Ordinary Resources	274,204,000	90.3%
External Credit - AID	8,000,000	2.6%
Internal Credit	21,500,000	7.1%
Total Revenues	303,704,000	100.0%

The budget appears to provide sufficient funds to carry out those programs of interest to AID. The overall budget is lower than 1976, but this is mainly due to the large decrease in the Cauca Valley Electrification budget, of which AID is not involved. Assuming budget execution is about the same as 1975, DNP should be able to carry out its programs as planned.

c. Industrial Development Institute (IFI)

IFI is an industrial development entity of the GOC that directs its credits toward the establishment of new industries or strengthening existing industries in the manufacturing, mining and agricultural sectors. Its lines of credit are destined principally to medium and large industry (assets greater than 5 million pesos). To obtain credit from IFI, a potential borrower must demonstrate that the credit will be used to increase productivity for industrial development of the country, diversify its exports or import substitutes, favor industrial decentralization, or generate new employment. Preferences are also based on destination of the credits, location of the investment, or on the position of the applicant within the basic economic sectors. IFI finances industrial plant construction, acquisition of domestic or imported machinery, installation of services, working capital, technical services and expertise. In all cases the financial situation of an applicant is analyzed, and mortgages, pledges or bank guarantees are required. IFI monitors utilization of credit proceeds in order to ensure funds are used according to the approved investment plan. Credits for importation of equipment or machinery bear interest at rates varying between 8% and 25% with repayment periods between 1 and 10 years. For natural resource credits the repayment periods are similar, but interest rates are from 18% to 26%. Working capital loans are repaid over periods from 1 to 3 years at 25% interest. (Working capital loans are limited to a maximum of 5 million pesos). IFI has lines of credit with the Banks of Paris, Holland, Kredistanstalt Fur Wiederanfban of Germany, Tennat Guaranty, Ltd. of England, Ente Finaziario Interbancario of Italy, Bank of Brussels, Inter-American Development Bank, World Bank and AID. These external lines of credit are primarily for imports of capital assets.

In order to provide a better view of IFI's financial activity, its 1975 budget execution and 1976 budget are shown below. The 1975 deficit was due to an increase in the credit program of 16% above the amount budgeted. The records show no deficit in the recent past, and no deficits are predicted for the future. Note that fifty million pesos has been placed in 1976 budget for start-up of the Cauca Pilot Sub-Project. This is sufficient for first year operation with some carry over expected.

INSTITUTO DE FOMENTO INDUSTRIAL (IFI)
SOURCE AND APPLICATION OF FUNDS - FISCAL YEARS 75-76

		Executed 1975 ($000)	Prospective 1976 ($000)
REVENUES			
A. Current			
Portfolio Recovery		853,975	1,230,670
Amortizations	537,462		
Interests	316,513		
Commisions		97,382	136,310
Other Income		36,813	42,223
GOC Appropriations		-0-	136,500
Sub-Total		988,170	1,545,703
B. Capital			
Internal Loans (IFI Bonds)		549,425	599,276
External Loans (see notes)		346,241	222,599
Yield on Investments		4,228	5,000
Sub-Total		899,894	726,875
TOTAL REVENUES		1,888,064	2,372,578
EXPENDITURES			
A. Personal Services			
Salaries, wages, benefits, etc.		55,826	63,847
B. Overhead			
General Expenses		16,259	12,623
C. Transferences			
Fringe Benefits Reserves		10,002	12,362
Contraloría General		5,350	6,153
Superbancaria		8,791	9,670
Other		3,488	3,000
PLAN NACIONAL DE NUTRICION		-0-	50,000
Sub-Total		27,631	81,185
D. Debt Servicing			
Internal		466,351	653,896
External		437,523	94,715
Sub-Total		903,874	748,611
E. Investment			
Direct		269,416	446,202
Indirect		732,593	1,020,110
Sub-Total		1,002,009	1,466,312
TOTAL EXPENDITURES		2,005,599	2,372,578

d. Ministry of Public Health (MOH)

In regard to the budgetary comments made in this section, the MOH does not include the other decentralized agencies under the Ministry of Public Health, but only the central entity within the Health Sector. The MOH has overall responsibility for administration and evelopment of the National Health System.

The MOH's 1975 budget and actual execution are shown below.

	Pesos ($000)		
REVENUES	Amount Budgeted	Amount Executed	% of Execution
External Credit - AID	104,800	83,967	80.1%
Ley 21 de 1963 Bonds	9,000	9,000	100.0%
Economic Development Bonds	36,678	4,640	13.6%
Ordinary Resources	124,310	121,912	98.1%
Reservas from 1974	37,544	60,559	161.3%
Supplementals to Budget	29,400	2,000	6.4%
Other Resources	49,100	40,450	82.4%
Total Revenues	390,832	322,528	82.7%
EXPENDITURES			
Administration & Planning	19,400	14,700	75.8%
Administrative Development	5,000	2,840	56.8%
Maternal/Child	105,900	99,350	93.8%
Medical Attention	5,088	3,290	64.7%
Tuberculosis	5,100	4,000	78.4%
Human Resource Development	117,984	80,880	77.0%
Sanitation	29,600	29,600	100.0%
Health Maintenance	100,268	77,868	77.6%
Total Expenditures	388,340	322,528	83.1

Overall budget execution was fairly good - slightly over 80% for the year. Revenues from Economic Development Bonds and Budget Supplements were considerably lower than expected.

The 1976 basic budget shows only a slight increase over the 1975 budget.

See next page.

	Amount Budgeted
REVENUES	
External Credit - AID	89,500,000
External Credit - IBRD	15,000,000
Ley 21 de 1963 Bonds	10,000,000
Economic Development Bonds	51,275,000
Ordinary Resources	226,500,000
TOTAL REVENUES	392,275,000
EXPENDITURES	
Administration and Planning	31,000,000
Maternal Child Care	77,470,000
Medical Attention	26,240,000
Health Maintenance	7,000,000
Human Resources	129,123,000
Sanitation	38,600,000
Epidemiology	82,842,000
TOTAL EXPENDITURES	392,275,000

The above budget information was obtained from reports prepared by the Ministry of Public Health and the 1975 Basic Investment Budget. AID Health Sector Loan programs are included in the investment budget. The Ministry of Public Health also receives funds under the Operational Budget from which it pays its salaries and other general operating expenses. A large source of funds under this budget is "Situado Fiscal" which includes taxes from several sources, sales, lottery, etc. The amount budgeted from this source alone for 1976 is 1,618,760,000 pesos. These funds are to be distributed to the departamentos through the MOH based on population of each departamento. "Situado Fiscal" revenues during 1975 were about 1,200 million pesos. This represents a 400 million peso increase (equivalent to about US$11,594,000) for 1976. Funds from this source will be providing the operational cost section under the Cauca Pilot and expansion sub-project.

In general, the outlook for 1976 is good, with budget increases already in the basic budget, and some possibility of supplements to the budget during the year.

e. National Health Institute (INAS)

INAS, formerly known as the National Institute for Special Health Programs (INPES), is an administratively autonomous agency under the Ministry of Public Health. The Institute's three principal functions include:

a) Develops scientific research activities in relation to community health and biomedicine; serve as national laboratory for diagnosis of communicable diseases, diseases caused by radiation and toxics; national epidemiological detection; production of biological and chemical products required in public health programs; carry out analyses of medicines, foods, drinks, and cosmetics; and to participate in the establishment and supervision of a national network of laboratories.

b) Design and carry out applied, operational, economical and sociological research in the field of health, according to the policies and necessities of the Ministry of Public Health.

c) Carry out the Basic Rural Sanitation program in order to install potable water and sewerage disposal systems for rural towns and villages of less than 5,000 inhabitants.

INAS is divided into three divisions in order to efficiently manage the three above functions.

1. National Health Laboratory "Samper Martinez"
2. Special Research Division
3. Basic Rural Sanitation Division

INAS also provides technical assistance within the areas of its specialities such as training technical personnel either directly or in coordination with universities or other institutions.

INAS's budget is primarily financed through the GOC National Budget which includes internal resources as well as funds from external credits. The following table shows the actual budget execution, by Division, during CY 1975.

	Colombian Pesos		
Division	Amount Budgeted	Amount Executed	Percent Executed
Administration	28,006,874	26,033,903	93%
Investment			
National Health Lab.	56,626,135	47,829,651	84%
Special Research	5,910,000	3,850,746	65%
Basic Rural Sanitation	175,032,126	116,567,054	66%
Totals	265,575,135	194,281,354	73%

The table shows that actual budget execution fell short of the amount budgeted for all components, but especially in Special Research and Basic Rural Sanitation. As is true with nearly all GOC agencies, when budgeting cuts are ordered it is the investment budget that suffers.

The current CY 1976 approved budget for INAS follows:

Division	Amount Budgeted (pesos)	% of Budget	% Increase From 1975
Administration	29,500,000	7.25%	5.33%
Investment:			
National Health Laboratory	69,000,000	17.00%	21.85%
Special Research	7,000,000	1.75%	18.44%
Basic Rural Sanitation	301,272,000	74.00%	72.12%
Totals	406,772,000	100.00%	53.16%

As shown above, budgets for all functions and divisons have been increased over the 1975 budget level. The above amounts represent the basic 1975 budget; however, there is always the possibility of budget increases throughout the year by means of supplements to the budget ("adicionales").

Generally speaking, the GOC, through the Ministry of Public Health, has supported INAS's programs and considers INAS to have an important role in the nation's health development programs. Financial support is expected to continue in the future.

3. Financial Plan

Table:

SUMMARY COST ESTIMATE AND FINANCIAL PLAN
(US$000)
PROJECT PAPER

	AID		Host Country		Other		
	FX	LC	FX	LC	FX	LC	TOTAL
Evaluation Sub-Project	117	271	-	712	-	-	1,100
Cauca and Expansion Sub-Project	158	3,524	-	8,454	-	-	12,136
Training, Technical Assistance and Studies Sub-Project	228	247	-	798	-	-	1,273
Protein Vegetable Mix Sub-Project	1,296	159	-	35,215	2,727	106	39,503
TOTAL	1,799	4,201	-	45,179	2,727	106	54,012

TABLE:

Budget Resources for Colombia, the Health Budget and Nutrition Expenditure Projections

(millions of Pesos)

	[1]National Budget Resources	[1]National Health Budget Resources	National[2] Nutrition Budget	Health as a Percent of National Budget	Nutrition as[2] a Percent of Health Budget
1976	88,977	8,313	628	9.3	7.6
1977	104,153	10,042	1,586	9.6	15.8
1978	121,900	11,954	1,699	9.8	14.2
1979	142,690	14,287	1,494	10.1	10.5
1980	167,200	17,240	1,494	11.9[3]	8.7
1985	369,900	47,150		11.9	

[1]Includes investment and recurrent costs, at constant prices. Expected expenditures in health in current prices are expected to be higher.

[2]Budgets for 7 to 10 departments to be financed by AID and IBRD & in constant prices (includes expansion of Health System to rural areas).

[3]There is agreement among many knowledgeable observers of Colombian scene that 11.9 percent is highly inflated figure. Given all things the same the more likely figure is 10.4 percent.

Source: DNP, Government of Colombia - Comparisons Paul Ahued, HEW.

4. Summary Opinion

The Implementation Plan schedules adequately the financial needs and inputs to the project. The Project Committee concludes that the financial plan is reasonably firm. The Project Committee has found the project to be overall financially sound.

C. Social Analysis

1. Social Cultural Feasibility

This loan project provides four sub-projects which are an integral part of the overall GOC Food and Nutrition Plan and Strategy. The social analysis which follows is based on the assumption that the additional investments called for under the Food and Nutrition Plan on the consumption side are made and the program expanded to national coverage.

a. Beneficiaries

The main target group of the National Food and Nutrition Plan are the 30% most poor in the Colombian population. The majority of that group are rural poor and the remainder in urban slums surrounding principal cities. Within that group, the GOC has selected as priority target groups: pregnant and lactant mothers, infants to four years, and malnourished children from 4 to 7. The characteristics of these groups are:

- family income of less than US$400 per year in urban areas and US$200 per year in rural areas.
- losses in nutrient absorption due to disease
- no access to large retail operations
- inappropriate intrafamily food distribution
- a nutrient-gap caused by inadequate income
- lack of knowledge of good food choices, cooking practices and home hygiene.

See the Nutrition Analysis (Attachment C PRP) to find current nutrition problem indicators and analysis of causes of the problem.

The total number of priority target beneficiaries are: 30% of the pregnant and lactant women - 360,000; 30% of the infants 0-4, 1,050,000; and 20% of children 4 to 7 - 600,000. The three veg mix plants will provide sufficient processed food to give daily supplements to the above target population.

Two modes of operation have been selected to move vegetable mix to target groups. The first method, supplementary feeding, has been developed

over the twenty-two year span of the program in Colombia. Distribution through direct feeding is done in nutrition rehabilitation centers and health facilities, day care centers, and community feeding centers. The children in these programs generally fall between ages 2-7 and are followed most carefully depending on the severity of their state of malnutrition. ICBF and Ministry of Health personnel use a health card with height, weight, and age data based on Colombian measures (Gomez Classification). Generally each child is programmed for a six months food supplement, but in practice the poorest remain on supplements beyond that time before they achieve normal growth patterns. The second method of distribution is made with a package of foods given out every two weeks to mothers for themselves and their children under five. An attempt is made to limit these distributions to families earning less than US$400 per year. These distributions are made through community centers, churches, and GOC health facilities. Those distributions made through the GOC Maternal Child Care and Family Planning program offer the best control, because each child is followed with a health card as described above. Health personnel can note whether progress is being made and, thus, help reduce the use of the food ration for the whole family.

The new method selected by the plan to reach the target group is the food coupon program. (See Annex B-2) The GOC is adopting a method similar to that used in the U.S. WIC program. Coupons will be issued to all pregnant and lactant women and, children to age 4 in a municipality (county) with a diagnosed nutrition gap and a low income. The coupon will purchase only processed vegetable mixes and fortified pastas in amounts sufficient to close the target group nutrient gap and an additional percent to cover leakage to other family members and from poor absorption. Follow-up using health cards will be made by rural and urban health promoters who will report cases with little progress to the local health post. Appointments will be made with the auxiliary nurse or visiting doctor depending on the state of malnutrition for follow-up of the problem. This program will operate through the commercial system and the GOC seeks economies over the system of the government distribution network described above. By replacement of the direct distribution system with the coupon system, the GOC would apply any savings to additional investments in the expansion of those parts of its health system which are important to follow-up in the coupon program.

b. Benefits Analysis

Analysis of the Plan must include actions on both the production as well as the consumption side of the nutrition question.

Increased consumption and the DRI project should stimulate increases in food production by small farmers. With additional GOC funds going to food purchases, a demand effect should be felt by both the producers of basic foods and the food processing industry. The size of the GOC subsidization efforts will determine changes in demand. Richard Suttor, LA/DR, in Analytical Working Document No. 16 in the Colombian Agriculture Sector Anlysis series estimated that changes in crop mix would occur with subsidies and food habit changes provoked by education. Processed food investments and coupon use should increase production of corn, soy beans, rice and dairy products. Obviously additional benefits would accrue to the marketing and transportation system as a result of the program. This increase in demand assumes that these projects will not be substituting for existing consumption.

On the consumption side, the benefits of a better nourished populace should have a major economic effect over the years in reducing the number of mentally and physically retarded children entering the school system and adulthood and reducing the number of work days lost to sickness by the labor force. The side benefits would include sizeable reduction of hospital and health post admissions; increased use of family planning with the reduction in infant sickness and death, and a more knowledgeable use of the family budget.

c. Organization of the Local Level

The type of interventions described in this project should relate well to the local social structure. The community health posts and child care centers, many of which have been constructed and supported by Community Action Groups, will be the distribution points for food stamps, are the focal point of health promoters' talks and provide their base of operations, and represent a gathering and distribution point for the nutrition education programs. Promoters are selected by the community and return to the community to work after training.

The multisector nature of the approach will require the development of local committees which will include county government representatives, the local auxiliary nurse, the primary school teacher, the sanitation personnel, a community action group representative and the commercial sector persons. This reinforcement of the community's technical personnel will create a combined force for dealing with nutrition problems rather than laying the problem solely at the door of health personnel.

2. Spread Effect

The expanded availability of nutritious low-cost foods in the markets should allow those who are not beneficiaries of subsidized consumption to reduce their food costs as well. These, not so poor,

families will benefit from nutrition education, improved health facilities, and food marketing programs aimed at the very poor. The overall economic effect has been alluded to above, but it is worth noting again that this GOC impetus will change crop demands, increase overall food demand, increase income of the food processing and commercial sector and, probably, improve demand for some non food items. There is strong evidence that nutrition habits of the middle and upper classes are not what they should be and, therefore, the mass communication, nutrition education, and new legal measures governing food content will assist them in their roles as consumers.

Local small store owners, often community leaders, will have increased volume as the result of the processed food and food coupon programs. If the pilot wholesale marketing and technical assistance program is effective, the overall benefit would accrue to these same persons.

3. Social Consequence and Benefits Incidence

a. Access to Resources

The National Nutrition Plan and this Project are directed to broadening access of the most deprived families in Colombia to the health service system, to home-produced food, and to real income, including subsidized food. These resources, together with the rural water and sanitation systems that are also included, respond to the priority wants and needs of this population. By linking nutrition goals to both rural development and income distribution, the Project helps to assure that access to resources will lead to favorable nutrition consequences, an important element of human welfare that does not flow automatically from access.

In the Cauca Pilot Project, the GOC plans to start in a county (municipio) by county approach, using census and income data to identify target groups. This will continue in urban areas using neighborhood (barrio) data. They will use existing private and public agencies to assure broad program coverage. Program evaluation will include feedback from program workers, existing health and nutrition indicators, program management results, and special surveys to determine deffectiveness of particular programs. Evaluation will be aimed at determining change in nutrition status of the priority groups to see that program is actually reaching target groups.

b. Employment

Some new employment will be generated in terms of rural health workers, particularly an additional 6,000 health promoters. Additional jobs will be created in the food production & distribution systems. The rural emphasis of the project should impact favorably on agricultural employment.

c. Rural-Urban Migration

It is clear that major program benefits in terms of the priority groups should go to the rural poor and the commercial and community structure surrounding them. Such a program probably will not reverse the continuing migration of Colombians from rural areas to the cities. However, if rural birth rates decline as the result of GOC family planning activities which are linked to the structure operating nutrition programs, and if persons find a more satisfactory environment in rural areas (both probable program results), one would expect that migration would abate.

The Project's rural emphasis and concern for small farmers will slow down the current trend toward concentration of land ownership (e.g., in sugar areas) by allowing small farmers to compete and to feed themselves more effectively. By making it easier for small farmers to retain their land, the Project will help reduce the pool of potential migrants to urban areas.

d. The Role of Women

The Project contributes substantially to improving the role of women in Colombia, through both their participation as workers in its activities and as beneficiaries. The National Nutrition Plan, which the Project supports, relies almost exclusively on health promoters to provide the basic health services, distribute the food coupons, and furnish outreach and nutrition education that are expected to improve target group nutrition status. Almost all of the health promoters are female and the overall Project funds 6,000 additional to the 5,000 already working in Colombia. The role will serve as an acceptable entry level position for many Colombian women, with only primary education, who would otherwise be limited to domestic service or lesser pursuits. The health promoters' skills and respected status in their communities offer a role model that will help to change the image of women in the country.

Pregnant and lactating women from the poorest 30% of Colombian families are one of the Nutrition Plan's target groups. The Project seeks to improve the nutrition status of these women, both to help

their children and to help them break the cycle of deteriorating health that flows from the high-fertility, poor nutrition routine followed by most Colombian women. Not only will mothers' strength be restored more rapidly following childbirth, but the Project impact on duration of nursing will have measurable impact on child spacing, because of the relation between lactation and fertility. The Project's contribution to the general health and energy status of women will provide the physical requisite for many to enter part - or full-time employment. Project impact on the health of preschool children, by reducing sickness, will also help mothers have more time for employment or for other activities that are, for them, an improvement in the quality of life.

D. Economic Analysis

Projects in the area of improved nutrition have historically received little attention from economists. In large part, this neglect has stemmed from the assumption that food distribution programs are a pure consumption item. As such, food distribution could have political, social or income distribution effects, but there would be little sense in applying economic rate of return to analysis to expenditure that was consumption rather than investment. A number of recent studies (e.g., Selowsky and Taylor, "The Economics of Malnourished Children") have shown that this conception is erroneous, especially when applied to certain groups within society. In the case of infants and small children, such studies have found that the economic rate of return to improved nutrition to the society (measured as the increase in the discounted flow of future earnings) is extremely high, perhaps on the order of 20% to 30%. This high rate of return flows from the elimination of irreversible damage to mental and physical development caused by malnutrition during the first two years of life. It is not possible, because of data limitations and analytical problems involved in such a calculation to produce a social rate of return analysis to the Colombian proposal for improved nutrition supported by this loan proposal, but some general appreciations that tend to support the conclusions of such studies in other contexts are possible. First, the use of VPM as proposed here is a low-cost intervention to reach the desired end. Estimates of the cost of alternative feeding rations are 1.2 pesos per glass for VPM. Consequently, the social rate of return, or the benefit-cost ratio for the VPM intervention would be correspondingly higher than that of the other interventions mentioned. (It may be noted that Selowsky's rate of return of 20% or more, is based on the use of milk. If one can assume that relative prices in Colombia are the same as in Chile, this would imply a rate of return four times as high for VPM).

On the other hand, the project can be viewed as one aimed at producing a product with a market value, even if one hasn't entered into the questions discussed above of the return to the economy of providing the commodity to the poor. The VPM sub-project evaluation shows a very high rate return. According to the projection made in the preceding section on financial analysis, the plant will produce an average annual "shadow profit" of 1.35 million if the output is valued at the shadow market price, with an investment of $4.9 million. This yields an annual rate of return of 38% of the investment - which is satisfactory for any type of project.

While the income-distribution impact of the project does not enter into the social rate of return analysis, the emphasis in AID programming of income-distribution and improvement in the quality of life of the poorest elements of society suggests that this is an additional valid criterion of project evaluation. This project supports a major BOC effort to provide assistance directly within the guidelines established by Congress for AID. In terms of the poorest beneficiaries of the assistance proposed for this project, the poorest 10% of the population, the assistance proposed by the GOC (with an average cost of $10 per year per beneficiary) would amount to an increase in income of between 10% and 20%. Thus, the proposal does have a significant redistributional impact for the beneficiaries no matter how food is used. In addition, a stronger, healthier (less absences, longer worklife) more energetic, more educatable-future work force should improve productivity in Colombia.

Costs savings will be made in relation to health, education and population goals. For example, any increase in the number of nursing mothers and the average duration of breast-feeding translates into some impact on child spacing. The National Nutrition Plan goal of eradicating third degree malnutrition should eliminate the need for most nutrition recuperation centers, hospital treatment for extreme malnutrition, and programs for ambulatory or out-patient care of thid degree and the most serious second degree malnutrition. A conservative estimate of savings shows 1,000,000 children under five in the lowest 30% target group families. Since most of the third degree malnutrition is found in this group, the national 1.7% incidence represents a substantially higher percentage among the target group, at least double (3.4%). Assuming that the Nutrition Program reduces that figure to 1 (one) percent, at least 24,000 children will avoid the need for recuperation. The project will reduce both prevalence and annual incidence. Annual savings will be at least $960,000, taking $40 as the cost of recuperation (averaging hospitalization <u>and</u> centers). Colombian data (p. 39, ICBF Plan) show 503 pesos as average cost per child <u>attended</u>. This is much less than the cost per child <u>recuperated</u> (not all children continue in program or recover) and does not include all costs.

The Nutrition Program will reduce infant morbidity and the need for health services among those improved. This includes both new-born infants with higher birth weights and older preschool children. Although there will still be unfulfilled needs for health promoters, the number available will still be able to serve more people or provide better service to a smaller number. Savings in hospitalization and medicine costs are also substantial. The lvel of health services required by a given population, to maintain a stated level of health, is reduced when fewer children get sick because of preventive feeding. This economic impact is often neglected, because medical facilities still keep busy and health goals are rarely stated in terms of level of health, but savings in health expenditures, both private and public, from reduced disease incidence are significant.

Well-nourished preschool children become more educable, healthier, energetic school children. This influences the rate of dropout and also the rate of repetition (being "left back"). The cost of achieving stated educational goals for a given population is thereby reduced, though these savings are used primarily to accelerate coverage and improve facilities, rather than by reducing education budgets.

Reduced infant mortality temporarily increases the rate of population growth. Economists view this as increasing the burden of public services, but this does not change the cost-saving impact of improved nutrition in relation to health, education and population goals for a given group. The temporary impact on population is also a manifestation of the increased infant survival considered to be a major factor influencing long-run success of population control efforts.

The DRI component of the Nutrition Program will improve family nutrition status, via effects on income and home produce available for consumption, when supplemented by mass media and other nutrition education components. This is particularly relevant to productivity of small farmers and farm laborers, whose malnutrition is often a serious impediment to production during peak-level, labor-scarce harvest periods.

PART IV. IMPLEMENTATION ARRANGEMENTS

A. Analysis of the Recipients' and AID's Administrative Arrangements

1. Recipient: Instituto Colombiano de Bienestar Familiar (ICBF)

a. Structure and Legal Status

The National entity implementing the VPM portion of this loan is ICBF (Instituto Colombiano de Bienestar Familiar), a governmental entity created by Law 75 of 1968, which incorporated the previous National Institute of Nutrition and is charged with planning and implementing welfare policy in three areas: nutrition, social welfare, and legal protection of minors. The ICBF is the responsible Institution at the national level, for the nutritional improvement of the children, pregnant women and lactant mothers.

The ICBF is legally a part of the Ministry of Health; in addition the Ministries of Justice, Agriculture, and Education participate in its Board of Directors.

Financial resources devoted to nutrition have increased continually since 1963 as a part of the National Budget under the Ministry of Health. ICBF is headquartered in Bogotá with offices and jurisdiction in each of the departments. In implementing its welfare policy the following commitments have been made in reference to nutrition:

Summary of ICBF Nutritional Commitments:

1. Supplementary feeding still remains the most practical intervention to reach priority beneficiaries of vulnerable population groups.

2. As now envisioned, ICBF will continue supplementary feeding interventions by the manufacture of Bienestarina, a high protein mix that will in combination with purchases of additional commodities made available by IDEMA support the program.

3. ICBF will participate in the Department Interagency Committees.

ICBF Organizational Structure

Since submission of the Health Sector Analysis of 1972 and 1974 no major changes have occurred in the overall purpose of ICBF but several

internal modifications have been made within the last two months which reflect the emphasis upon the National Nutrition Plan and the production of VPM.

Under present organization, ICBF has developed into three functioning management groups: financial, technical, and administrative. For the VPM sub-project, the implementation will be carried out by the Food Production Div. under the Nutrition Department. Reporting to the Nutrition Department Director are the sub-departments of Research and Education, Applied Nutrition, and Food Production. The following is a discussion of each of these sub-departments:

Sub-Department of Research and Education

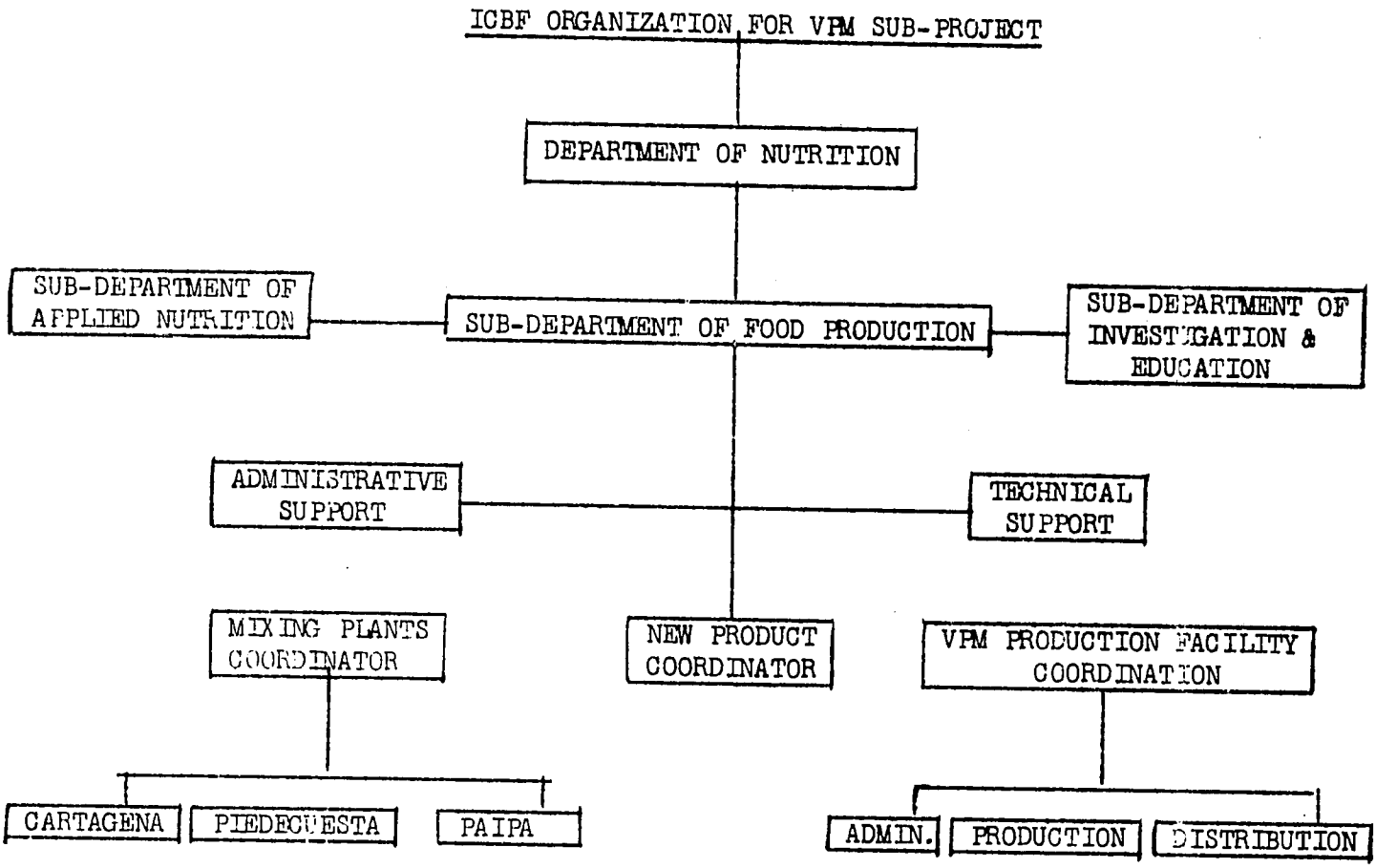
This new sub-department combines two previously separate functions of Education and Research. It promotes nutrition education at all levels within and outside official government channels. The division runs advisory and technical assistance programs for schools of medicine and nursing, and schools of nutrition and dietetics. It also prepares educational material: leaflets, posters, and audio-visual aids. TV, radio and press releases are prepared utilizing all ICBF staff. Research is oriented toward diagnosing the nutrition and food problems of Colombia in order to design appropriate applied nutrition programs.

Sub-Department of Applied Nutrition

This sub-department of ICBF runs the PINA (Integrated applied nutrition program) in 20 departments and Bogotá. Each PINA agency is staffed by the coordinator of the program, a public health physician trained in nutrition, and 3 to 12 nutritionists. The coordinator functions as a representative on the Departmental committee. PINA is financed by the ICBF but also receives state and community contributions thus, encouraging local commitment. The coordinating mechanism of PINA is utilized in the execution of the nation-wide applied nutrition and nutrition education programs.

Sub-Department of Food Production

This new unit was created to coordinate the production of high protein vegetable food supplements in various forms. The Chief of this unit is trained at the M.S. level in Food Science with a staff of 9 professionals. He is in close coordination with all international agencies participating in this VPM sub-project and has been project manager of the three mixing plants producing Bienestarina. The VPM sub-project proposes training of personnel of the Food Production Department to strengthen understanding of production operations. (See following)


ICBF ORGANIZATION FOR VPM SUB-PROJECT
DEPARTMENT OF NUTRITION
SUB-DEPARTMENT OF APPLIED NUTRITION
SUB-DEPARTMENT OF FOOD PRODUCTION
SUB-DEPARTMENT OF INVESTIGATION & EDUCATION
ADMINISTRATIVE SUPPORT
TECHNICAL SUPPORT
MIXING PLANTS COORDINATOR
NEW PRODUCT COORDINATOR
VPM PRODUCTION FACILITY COORDINATION
CARTAGENA
PIEDECUESTA
PAIPA
ADMIN.
PRODUCTION
DISTRIBUTION

Observations

Based on AID's previous experience, particularly under the Health Sector Loans, the implementing agency is capable and experienced in nutritional development activities. A member of the AID/W Engineering Staff has commented favorably on ICBF's architectural capacity. The WFP and UNDP have had the same similar positive experience. ICBF's own staff will be utilized for conversion design of the additional warehouse space required to be added on existing plants. With the contractual usage of the private sector expertise in production, ICBF will be better able to address its weakness in product fabrication.

The ICBF Food Processing Sub-Department will continue to manage the project during implementation. Mission personnel will continue to assist coordination and development and will supervise closely all AID portions of the project. A combined AID/UNDP advisory team will keep the ICBF informed of its findings and cooperate with the Sub-Department in making a formal annual review of the project. The Advisory Team will also participate in the annual review of the project.

2. Recipient: Departamento Nacional de Planeación (DNP)

a. Structure and Legal Status

The general purpose of the National Planning Department (DNP), which is an advisory organism to the President, is to coordinate the different agencies of the Government in the formulation of socio-economic policies and in the implementation of their budgets. In this sense, the different sectors (Agriculture, Industry and Commerce, Health, Education...etc.) are analyzed from a global point ov view, taking into consideration aspects such as the gross national product, employment, balance of payments, income-distribution...etc. to define policies in the plan development of the different agencies of the Government.

Each project from the different sectors is reviewed to assure the appropriate budget. It is integrated with the development plan and then submitted to the Colombian Congress for approval. Once approved this is the annual investment budget.

The planning process in Colombia was first mentioned in the Constitutional Reform of 1936 when the Government received the authority to intervene in the production, distribution and consumption processes.

Since that time, several reforms have been approved by decrees or laws, the latest restructured the National Planning Department in 7 units, 25 divisions, a deputy directorate and a general secretary (Decree No. 627 of April 1974).

b. Organizational Structure

DNP is divided into seven units, they are: Unit of Social Development, Unit of Agricultural Studies, Unit of Infrastructure, Unit of Regional and Urban Development, Unit of Global Programming, Unit of Public Investments, and Unit of Industrial Studies.

The units which concern this loan follow:

c. The Social Development Unit has been charged to act as the Executive Secretariat of the National Food and Nutrition Council. The head of this Unit acts as the DNP representative on the Council. It is within this Unit that the Evaluation Section has been formed for the evaluation of plan activities. In addition, the DNP delegates found in each Departmental interagency committee will report back to the Unit on plan implementation.

The Chief of the Nutrition and Population Division in this Unit has been in charge of the development of the Nutrition Plan and will continue to update and prepare annual investment budgets to carry out the plan. He also serves as the chairman for the sub-committee on Training, Technical Assistance and Experimental Projects which is charged with carrying out that sub-project.

d. FONADE (Fondo Nacional de Desarrollo), is a special fund for research and feasibility studies set up within DNP. It will have contracting responsibility for research and studies proposed and approved by the Evaluation Section and the Training, Technical Assistance and Experimental Projects Sub-Committee.

Observations

Based on our experience during the development of the Nutrition Plan and use of nutrition funds under the Health Sector Loan, this Unit can perform the functions assigned it under this loan.

3. Recipient: Instituto para Fomento Industrial (IFI)

a. Structure and Legal Status

The IFI is a Bank of the Republic rediscounting facility created in 1968 to channel funds through public and private financial intermediaries to small and medium industry. IFI funds are available to manufacturing firms with at least five workers, total assets below 30 million pesos, and capital/employment ratios ranging from 75,000 - 150,000 pesos. The IFI provides financing for working capital, fixed assets (up to 20% of applicant's networth, but no more than 2 million pesos), and repayment of accounts payable.

The maximum maturity of credits eligible for IFI rediscount is five years. Lending rates to final borrowers range from 14 - 16% per annum, increasing with the term. A 3% spread for the financial intermediaries is passed to the ultimate borrower. To encourage better regional credit distribution, loans to enterprises located in cities with less than 350,000 inhabitants can be rediscounted up to 80% as against 65% for clients in larger cities. Financial intermediaries finance the portion of the loan not eligible for rediscounting.

IFI will receive the AID and GOC inputs for the Cauca program during the first year and a half primarily because it has agreed to handle the redemption of coupons for the food processors which is the principal GOC input in this program. It will contract the multisector departmental programs with the approval of the DNP delegate and departmental Interagency Committees during the first year and a half of the project in Cauca. After that time funds for the projects other coupons will flow through the normal implementation agency budget process.

In the coupon program, IFI will act as the Bank of the Republic intermediary in contracting the printing company (now Thomas La Rue) for printing and distribution of coupons. It will also receive coupons for redemption by the food processing companies and rechannel them through the printing company.

Observations

USAID and DNP will work very closely with this agency during the six month implementation stage in Cauca. However, when it moves into the administrative phase of the coupon activity, we believe this Agency will encounter few problems in doing its task.

4. Recipient: Ministerio de Salud (MOH)

a. Structure and Legal Status

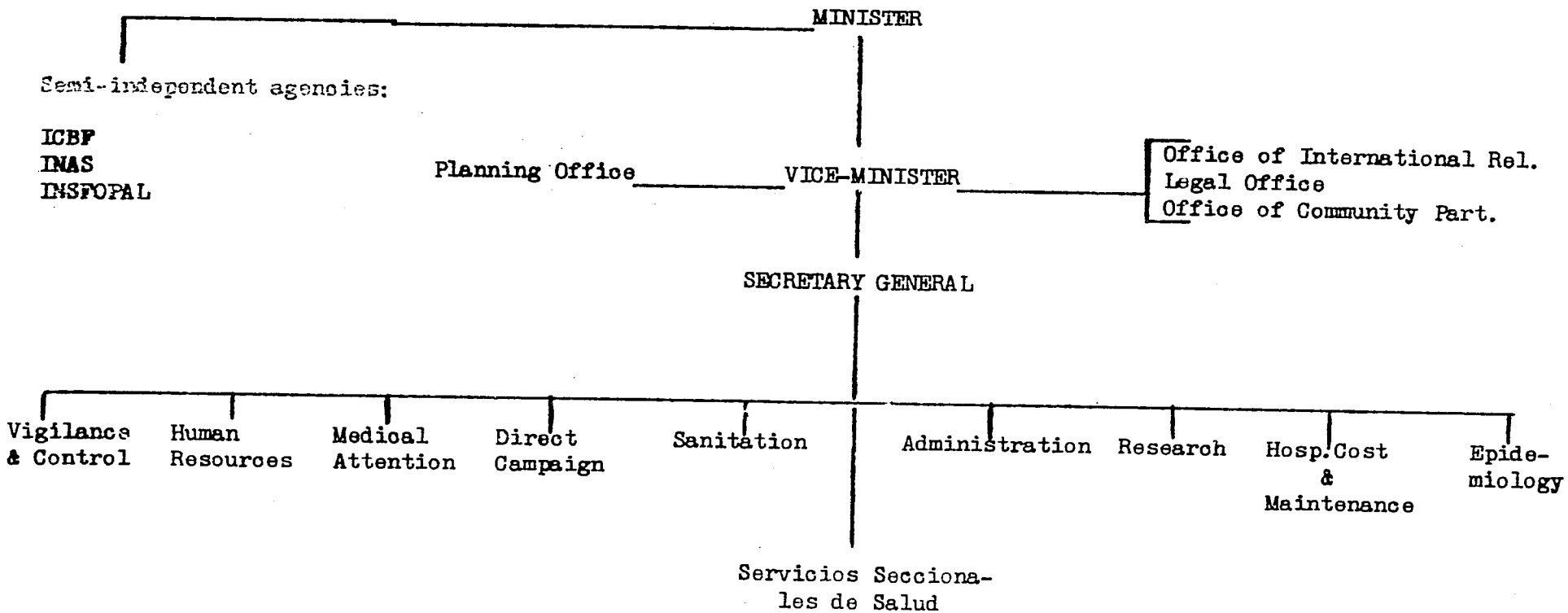
As a result of the constitutional reform of 1968 and Decree 2470 of that year the relatively weak Ministry of Health was administratively reorganized, strengthened and given sufficient authority to assume the role as the director of the Nation's public health system. The decree established as ministry functions (1) Determine and carry out national health policies (2) Prepare national health plans and investment programs, in agreement with the National Social and Economic Plan (3) Develop laws and decrees which set forth the standards of health promotion, protection, and recuperation program and ensure implementation by the proper public or private entity (4) orient, coordinate and control, in the form contemplated by various laws, status and regulations, the public establishments industrial corporations, state corporations, and mixed economic societies which are covered by the regulations.

Since that time the MOH has gradually assumed the above functions and sought to strengthen its ability through further, though less sweeping internal reforms and through the conceptualization and progressive implementation of the national system of health. With the objective of improving the health of all citizens of Colombia, this system seeks to rationalize health policies to more closely meet the need of the Colombian people, coordinate the diverse health programs, improve health resources and establish the regionalized health delivery system. While there has been broad implementation of the regionalized system only recently has there been clear definition of the 3 levels of sophistication of care i.e., Modelo Ampliación de cobertura - University (MAC-3), regional (MAC-2) and local (MAC-1).

It is the MAC-1 (described PART II.B.4.) which is directly supportive of nutrition efforts in the National Plan of Nutrition by (1) routine periodic collection of health and nutrition data at the household level, (2) assisting in distribution of supplements and food coupons to families identified as needing them, (3) provision of person to person nutrition education by the health promotora, and (4) provision of treatment to those identified as malnourished.

b. Organizational Structure

The accompanying chart indicates the existing relationships within the Ministry of Health and between the Ministry, Servicios Seccionales de Salud (SSS) and the semi-dependent health agencies. The Servicios Seccionales de Salud are Department (State) health agencies, responsible to the State Governors, which implement


MINISTER
Semi-independent agencies:
ICBF
INAS
INSFOPAL
Planning Office
VICE-MINISTER
Office of International Rel.
Legal Office
Office of Community Part.
SECRETARY GENERAL
Vigilance & Control
Human Resources
Medical Attention
Direct Campaign
Sanitation
Administration
Research
Hosp. Cost & Maintenance
Epide-miology
Servicios Seccionales de Salud

national health policy according to national decrees but adjusting them to local conditions. The actual implementation of the MAC-1s is the responsibility of the SSS. The semi-independent health agencies were legally established to carry out specifically defined health actions - two of these INAS and ICBF - are described elsewhere as recipients.

While many sections within the Ministry are important in establishing the National Nutrition Plan, of special importance is the Direction of Community Participation which has the MOH responsibility for the development of the MAC-1 system.

The Direction of Community Participation established through decree 121 of 1976, presently limited to the single project of MAC-1 planning, implementation through the SSS and evaluation, has 7 full-time personnel and is assisted directly by 13 other MOH individuals in associated Directions. In addition to governmental decrees giving legal status to the MAC-1 program, the Direction of Community Participation in conjunction with the MOH office of integration of Programs and Projects of Investment directly controls the 15% of the Situado fiscal designated for MAC implementation.

5. Recipient: Instituto Nacional de Salud (INAS)

a. Structure and Legal Status

Originally created as the National Institute for Special Health Programs through Decree No. 470 in 1968, a 1975 decree changed the name to the above, however, the basic functions remained the same. Generally these functions include carrying out a program to provide water and waste disposal means for rural populations of less than 2,500 concentration; carry out sociological, economic and applied research in the area of health; carry out biomedical research; provide means to be the national diagnostic reference center; develop vaccines and provide means for quality analysis of medicines drinks and cosmetics.

b. Organizational Structure

The above functions are carried out through 3 divisions: (1) the National Health Laboratory, (2) the Division of Special Investigations (In charge of the 1975-76 National Morbidity Survey), (3) the Division of Basic Rural Sanitation.

The Division of Basic Rural Sanitation is most directly involved with essentially the same target population as has been identified in the National Nutrition Plan and its objectives are directly and intimately supportive of the Plan objectives. Through its 24 departmental sections this division, in coordination with local citizens, designs, constructs and manages water and sewage system for population

concentration of 50-2,500 and provides individuals units for dispersed population. This unit has developed an exemplary approach to rural sanitation and has repeatedly demonstrated its ability to effectively carry out its tasks.

6. Observations

Based on AID's previous experience, particularly under the Health Sector Loans, the presiding two implementing agencies are capable and experienced in nutrition development activities. IBRD has had good experience with DNP Nutrition Division.

7. AID Loan Monitoring and Evaluation

The Project Committee will continue to manage the project during implementation. Mission personnel will make frequent visits to the three project areas and will supervise closely all portions of the project. The Evaluation Section will keep the Project Committee informed of its findings and cooperate with the Committee in making a formal annual review of the project. The Mission will be responsible for preparing an annual evaluation report on this loan. The responsibility for preparing the data to be used in preparing the annual report evaluation will rest with the GOC Nutrition Evaluation Office. The annual evaluation will be done jointly with the GOC. If outside technical assistance is needed, the Mission will budget for such technical assistance in its technical assistance budget and, with AID/Washington assistance, identify and contract for the services required.

The Mission Controller will review disbursement requests for conformity with AID regulations and will ensure that adequate financial control methods are followed.

The Mission Project Development Office will have responsibility for ensuring that provisions of the Loan Agreement and Implementation Letters are met.

There is, at present, sufficient expertise in the Mission to backstop this project. It is anticipated that even through the phase-out period that the Mission will be able to monitor the project. This assumption is, however, based on personnel decisions to be made in the future. Some assistance from AID/W is anticipated and as noted above would be particularly desirable during the annual reviews.

B. Implementation Plan

1. Borrower and Implementing Agencies

The borrower will be the Government of Colombia. Implementing agencies will the National Planning Department, the Colombian Institute for Family Welfare, the Ministry of Health, the National Institute for Health, and the Institute for Industrial Development. A complete description of each agency can be found in Part IV. A.

2. Loan Disbursement Procedures

Because of the multiplicity of implementing agencies, loan disbursement procedures will be complex. Described below on a sub-project by sub-project basis are the procedures the Mission plans to use. We believe these procedures will provide the maximum assurance that the funds are used according to the project description as well as provide sufficient opportunity for the Mission to tightly manage the project. As with all loans to the Government of Colombia, AID funded activities will have to appear in the National Budget as identifiable line items. Unlike other projects in Colombia, however, AID local currency funding will be identified with specific budget items within each agency's budget. No general budget support type funding for operational and recurrent expenses are included. Also shown below is the budgetary control mechanism for the Cauca Regional Pilot Program. This is of particular importance because only through budget control can the various activities of the different agencies participating in the program be coordinated.

a. Evaluation Sub-Project

1. Dollar Costs - The only direct dollar costs under this sub-project will be for foreign technical assistance and purchase of office equipment. The GOC has indicated a desire to have AID contract for the required technical assistance services in order to expedite the process. A draft scope of work for such services is included in this PP. After further refinement and the selection of a mutually acceptable contractor, AID will obtain authorization from the GOC to act as its agent and enter into a contract. Standard AID PIO/T-contract procedures will be followed. Payments will be made directly by AID from the loan. Office equipment will be purchased in accordance with standard AID Handbook 11 procurement procedures.

2. Local Costs - AID will finance the costs of special studies and computer time. An advance of funds will be made to a special account of the DNP. The advance will be equal to the DNP's projected expenditures for all activities in the first quarter. Subsequent dis-

bursements into the account for the various activities will be supported by expenditure projections for the coming quarter and detailed reports on actual expenditures in the previous quarter.

For computer time, DNP will provide quarterly projections of expenditures as well as documents reflecting actual payments against which AID will make disbursements.

Special studies will be contracted for through a DNP agency called FONADE. Funds disbursed to DNP will be based on the projected value of contracts FONADE is expected to enter into each quarter and reports with supporting documentation for contracts entered into the previous quarter. The scope of work, contractor and price for each study will be approved by AID in order to be eligible for financing.

b. Cauca Regional Pilot Sub-Project

1. Dollar Costs - The only dollar costs under this sub-project will be the cost of procuring jeep type ambulances in support of the health program and water pumps in support of the rural sanitation program. Standard handbook eleven procedures will be used for procurement of the equipment by the implementing agencies. Payment will be made through the Letter of Commitment/Letter of Credit mechanism.

2. Local Currency - From the total budget of almost $12 million equivalent for sub-project activities in three departments, AID and the GOC have assigned for AID-financing specific activities which are largely related to the development of the infrastructure required to carry out the coordinated nutrition program. The details may be found in Part II.

The DNP has proposed a system to control the annual budgets for each department and the flow of funds to the implementing agencies working on various aspects of the Nutrition program in each department. The purpose of the system is to complement administrative arrangements for coordinator of activities. As with the administrative system, DNP will play a central role in controlling funds. Clearly this control of funds is critical because it is only through the power of the purse that DNP can assure coordination.

1976 funds have already been allocated in the budget to initiate activities in Cauca. These funds have been given to IFI to disburse to implementing agencies through contracts. This is an interim arrangement for 1976 and the first half of 1977.

DNP has prepared a budget for Cauca for the remainder of 1977. The funds will be distributed amongst the implementing agencies under budget articles specifically designated for work in Cauca and entitled "National Nutrition Plan". In subsequent years the budgets will be prepared by the Departmental coordinating committees and passed to DNP for review and submission to the National Food and Nutrition Council.

Transfers of funds to Cauca (and later additional departments) will be on a quarterly basis. Initial transfers will be gainst estimated expenditures for the quarter with subsequent transfers supported by expenditure reports. Although funds will flow from the Treasury to special accounts at the National level of the implementing agencies and thence to the regional offices of these agencies, the amounts transferred and the timing of the transfers will be controlled by DNP. In Cauca for example, the Departmental Coordinating Committee will submit its quarterly request for funds to DNP for review. DNP will then instruct the Treasury to transfer funds to the Ministry of Health, INAS, ICBF, etc. These agencies will then transfer the funds to their departmental level offices. Should one agency lag behind in its work or use its funds inappropriately, the amount for the following quarter could be cut-off or reduced. Each agency will be required to submit detailed expenditure reports showing progress toward achieving the annual work plan.

It is not clear at this time precisely how AID funds will flow into the system. Most likely, DNP will identify the amounts in each quarterly request for disbursement from the Departments which are to be funded by AID and then request AID to disburse this amount to the Treasury (Special Account in the Bank of the Republic). The funds will then move with GOC funds to the agencies and down to the department. The first such disbursement would be against a quarterly expenditure projection. Subsequent disbursement requests would be supported by expenditure reports.

It is possible, however, that DNP will obtain approval of an alternative scheme. DNP would like to fund 100% of the first four to six months of activities in the departments. AID funds would then be disbursed during the balance of year in fixed proportion with GOC funds such that AID's and the GOC's total disbursements for the year would be in correct balance as percentages of the total budget.

Under either system AID attains sufficient control over disbursements to assure full funding of activities.

c. Training, Technical Assistance and Experimental Projects Sub-Project

1. Dollar Costs - Technical Assistance will be contracted for by AID using standard PIO/T procedures. Payments will be made by AID directly from the loan. AID and DNP will develop scopes of work and select contractors. DNP will then authorize AID to enter into contracts.

The training participants will be selected by the DNP's Nutrition Training Committee. The Committee will pass the names of the participants approved for financing under the AID loan to the USAID/Colombia. The USAID will execute a contract with ICETEX, the Colombian agency that administers scholarship for external training programs, who will administer the training activities financed by AID. ICETEX will prepare all documentation related to the training activities, be responsible for making periodic payments to the participants, and for conducting follow-up interviews and evaluations of the participants and the training programs. The USAID will advance funds to ICETEX to cover initial disbursements of the first training programs. These funds will be deposited in a special account which will have its own accounting system. Further disbursements by the USAID to this special training account in ICETEX will be made upon receipt by the USAID of a quarterly statement of expenditures to date and expected costs during the next quarter, which ICETEX will prepare for the USAID and DNP.

2. Local Costs - FONADE, a part of DNP, will contract for studies, experimental projects and in-country seminars AID will make an initial disbursement against the estimated value of contracts to be executed by FONADE during a quarter subsequent disbursements will be supported by expenditure reports. All programs to be financed by AID under this activity will be approved by AID.

d. VTM Plant Sub-Project

1. Dollar Costs - ICBF will procure the plant and auxiliary equipment in accordance with Handbook 11. A sole source waiver will be required for the plant since the process is held under patent by one company. Payment will be by the standard Letter of Commitment - Letter of Credit mechanism.

2. Local Costs - After reviewing and approving the plans and cost estimates for modification of an existing plant in which the new equipment will be installed and for a warehouse, AID will advance funds to ICBF. Subsequent disbursements will be made against progress and expenditure reports.

3. Planned Performance Tracing System - The Planned Performance Tracking Network is attached in Annex E.

4. Relationships with Other On-going and Planned AID Projects

a. Health Sector Loan 075

This project has provided several lead ins to the Nutrition Loan. First by allowing the development of the NFNC sub-committee on Training, Technical Assistance, and Pilot Projects which has been further expanded and refined here as Sub-project 4. (Part II.B.4.b.). Secondly, the MAC system, which is being assisted by Sub-project 2 (Part II.B.4.b.) was originally conceived as part of the expansion of rural health services in the two AID Health Loans.

b. P.L. 480 Title II

AID's assistance here since 1954 has set the stage for the GOC to undertake its own supplementary feeding program for target groups. By creating the infrastructure (USAID had provided assistance to INCAP's forerunner - the Nutrition Institute in late '50's and early '60's), and by building the local budgetary requirements, P.L.480 Title II prepared the way for the GOC Nutrition Program.

5. Relationships with Other Donors

USAID has been working closely with IBRD and the UNDP, the other principal donors related to the consumption part of the plan.

The importance of cooperation between donors and the GOC is indicated in the protein vegetable mix sub-project where various actions are noted. Since current plans call for AID to equip one plant and the IBRD the other two, the same company will supply the equipment and provide installation. The food processing expert [illegible] with USAID will [illegible] to maintain close [illegible] with the IBRD and GOC representative in this area.

USAID representatives attended the GOC project-by-project presentation here for the IBRD at the end of Sept. 1975 and met with the April Appraisal Team. As seen from the list which follows, the three infrastructure sub-projects (Veg-Protein Mix, Evaluation, Technical Assistance, Training and Pilot Project Assistance) will have no IBRD funding. These sub-projects however, are essentially related to the IBRD assistance in that they fill gaps at the central planning level and provide operational experience for the GOC.

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Both agencies view Cauca as a well-planned forerunner to the way the GOC implement the larger IBRD funded program. This regional development pattern, similar to the DRI (Integrated Rural Development) system supported by IBRD and BID in separate loans would allow expansion of the nutrition program on a Department by Department basis over a period of three years. IBRD has now indicated that it sees two loans: the first covering 7 Departments (and Bogota) and, later, another covering the rest of the country. It looks to AID experience in assisting its implementation. All agree that it would be helpful if AID loan disbursements could begin in 1976, since IBRD would not be ready until late in the year or early in 1977. The GOC Regionalization plan calls for the program to cover three departments by the end of 1976, eight additional departments in 1977, and national coverage by the end of 1978. Such a schedule would involve AID in the first phase with the World Bank supporting the expansion to national coverage.

The breakdown on a project-by-project basis of requested assistance for implementation of the NFNP is:

a. Processed Foods-Veg Protein Mix - to be developed by UNIP, AID, GOC and private sector. Other foods - Precooked Cereals, Soy Milk, Cotton Seed Flour, Enriched Pastas - to be assisted by GOC and World Bank with loans to private industry.

b. Nutrition Education and Mass Communication - to be developed by several GOC agencies and assisted by World Bank.

c. Nutrition Professional Training - developed through Min/Ed with World Bank assistance.

d. Rural Health Delivery Systems - to be developed by Min/Health doing some pilot work under remaining AID Health Sector Loan and new loan assistance from the World Bank.

e. Food Legal System - to be developed by GOC.

f. Food Coupon System - to be developed by GOC with Banking and Health Agencies utilizing GOC and World Bank funds.

g. Evaluation and Analysis Unit - a central planning unit to be assisted by AID Technical Assistance and research funds.

h. Nutrition Plan Training and Technical Assistance to be provided by AID funds.

i. Cauca Pilot Project - a multisector approach utilizing all the above systems to be carried out with GOC and AID funds. This should provide administrative and operational experience for broader activities to be financed by the World Bank.

C. Evaluation Plan

Evaluation arrangements have been built into the project as indicated in Part II, B.3.c., and in Annex D. In fact, the information/monitoring/evaluation system is an integral part of the Project.

D. Conditions and Covenants

1. Conditions Precedent

In addition to the standard legal conditions precedent to disbursement the Borrower and/or the implementing agencies will be required to submit to AID, in form and substance satisfactory to AID, the following:

a. For the Vegetable Protein Mix (VPM) Plant Sub-Project-

(1) Prior to any disbursement, a guarantee to the operating corporation that the Government of Colombia will procure sufficient VPM per each year from the production of the three new plants for use in direct, coupon or other subsidized feeding programs,

(2) Prior to disbursement for local costs, a plan for the organization and management of the VPM plant to be financed under the loan and a plan for the distribution of the production of three VPM plants,

(3) Prior to disbursement for local costs, a list of equipment to be procured in Colombia, and detailed plans for modification and/or construction of warehouses and the structures which will house the VPM production.

b. Prior to disbursement for the local costs of the Mass Communications and Nutrition Element of the Cauca Pilot Sub-project, a detailed implementation plan including the strategy to be used, the relationship of the activity to on-going efforts and the mechanisms by which the activity will be carried out;

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c. Prior to any disbursement for the Evaluation Sub-project, evidence that the unit responsible for implementation of the sub-project has hired or otherwise obtained the services of a sufficient number of well-qualified officers to implement the sub-project.

2. Covenants

a. DNP shall covenant that the existing sub-committee on training, technical assistance and experimental studies and its operational rules will continue as under Loan 075. ICFES (Colombian Institute for Higher Education) and ICETEX (Colombian Institute for Training Abroad) will serve as invited members when training is under consideration.

b. The GOC shall covenant that it will take legal action against any major missuse of the food coupons and will indicate to AID its authority to carry out such action.

c. The GOC shall covenant that the direct feeding programs will continue at current levels and the phase-over from Title II food donations to locally purchased food by June 1978 will be carried out since this program is an integral part of the Cauca Pilot and Expansion sub-project and provides part of the support to the VPM sub-project.

d. The GOC shall covenant that funds for the planned National Food and Nutrition Plan shall be budgeted from general national budget resources.

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ANNEXES

ANNEX A — AID/W PRP Approval Message

B — Project Technical Details

1. Criteria for Selection of Priority Areas and Beneficiaries
2. Coupon System
3. T.A. Contract Scope of Work
4. Equipment Lists
5. Evaluation Plan

C. — Protein Veg Mix Feasibility Study Requested by LA/DR

D. — Logical Framework

E. — Project Performance Tracking Network Chart

F. — Statutory Checklist

G. — Mission Director's Site Certification

H. — Borrower/Grantee's Application for Assistance

I. — Project Description for Project Agreement

J. — Draft Authorizing Document

ANNEX A

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1. The DAEC reviewed subject PRP and approved intensive review of the proposal. Specific conclusions reached by the DAEC, including the guidance and requirements for further analysis, are provided below:

A. GOC Strategy: The PP should include an analysis of the GOC strategy of providing subsidized food supplements (through the private sector) to the 20-30 percent nutritionally deficient population as the major short-term element of its nutrition program. In this regard, a full analysis should be made of the proposal to use incentives to the private sector for distribution and management through wholesalers and retailers, including an estimate of costs and markup expected at each stage of the process. The PP should delineate and analyze the nature, extent, and cost of incentives to be provided, including GOC pricing policies and subsidies. This analysis should show that the above, when combined with costs of production, storage, distribution, and promotion, will result in a food supplement whose final price to consumers places it within the reach of both the target population and the poorest portion of the population in general. Other elements of the strategy which should be explored by the Mission and analyzed in the PP include:

(1) What criteria, including nutritional need, will be applied for selection of the target group for subsidized feeding;

(2) Full analysis of the proposed food stamp program, including a designation of what foods will be offered, how many food stamps each family will receive for specified amounts of each commodity, and a nutritional analysis of the expected impact of the food stamp program on family diet; and

(3) How will GOC regulate the program to avoid blackmarket and minimize potential abuses. This should include development of legal remedies, as necessary and appropriate.

B. Bienestarina Plant: Considerable discussion was given to the justification for AID-financing of food supplement plant. The DAEC concluded that the inclusion of AID local cost financing for plant construction and equipment in the program would be dependent upon the ability of the Mission and the GOC to justify the need, economic viability, and benefit/cost of the plant over the long-term (i.e., 20 years) as demonstrated by an analysis of present production capacity (and the associated unit costs), vs. a new large facility in light of

the issues below. Furthermore, the Mission was requested to provide AID/W with an interim report prior to PP submission covering the plant in order to determine if AID participation can be justified. The issues are:

(1) Demonstrated level of consumer acceptability and projected consumer demand of food supplement to be produced; especially the ranking of food supplement when competing or measured against currently available food supplements and other foods - i.e., a food preference survey of the target group;

(2) Analysis of volume of production anticipated and availability, probable sources and prices of supply;

(3) Analysis of expected production costs and controls;

(4) Anticipated amount to be purchased by the GOC, either in whole or part over the 20-year term, estimated costs of other subsidies which affect plant production, and the resulting amount and source of GOC resources necessary each year (the latter to be considered by the Mission as a possible covenant to the loan);

(5) Analysis of the nature and costs of the distribution system to be used throughout the country, including adequate regional and local storage capacity to insure minimum spoilage and prompt resupply of inventory;

(6) Detailed description of the ownership and management arrangements to be implemented, and proposed distribution of dividends, profits, and tax benefits, if any, to each of the parties. In this regard, it is unclear why GOC has chosen mixed ownership and management and what advantage this arrangement provides to each party and to production. This should be clarified in light of other alternatives (i.e., GOC purchase contract with private firm obtained through competitive bidding, incentives to private firms, etc.).

(7) Financial analysis of the projected 20-year cash flow, profit and loss, and balance sheets of the proposed corporation; and

(8) Clarification of the availability, timing; and exact scope of the UNDP contribution of equipment and TA in support of the plant (FYI - we are forwarding copy of PRP to UNDP with covering letter asking that UNDP provide AID with its comments as to the status of grant. Will advise.)

C. Regional Pilot Project: The PP should clarify coordinating mechanisms for the various implementing agencies and how each sub-project will be managed to insure that maximum interaction is achieved. The PP should also detail the extent of research and pilot activity already accomplished and the conclusions which have resulted and which justify an expansion to three departments. The cost of implementing the pilot activity in one department should be analyzed carefully in light of the GOC's objective of expanding similar activities to all departments. Is such expansion feasible even with the projected increase in GOC revenues? Will the benefits of the activity be so evident that subsequent GOC Administrations will be likely to continue it?

D. Evaluation/Analysis: The DAEC discussed DNP's relatively poor performance in evaluation under the Urban Sector Loans and the present inability to assess overall impact of these loans to date. In light of this experience, the PP should justify the roles of both DNP and the NFNC Sub-committee, the Division of Labor and funds between them, establish concrete activities and timetables for completion of each agency's activities, discuss how each agency will complement each other and the overall program, and delineate the decision-making role of each in determining resource allocations for nutrition interventions.

E. Communications: The overall GOC strategy underlying the development and implementation of various nutrition education and promotion campaigns should be described in terms of models to be used, what institutions will or can best be involved, including universities such as del Valle and Javeriana, and what mass media programs will be used, and what institutions will be planning, implementing and evaluating their execution. Means of maximizing the scope and effectiveness of the programs while minimizing costs should be discussed.

F. Beneficiaries: The PP should describe the characteristics of the primary target group with regard to rural/urban distribution patterns, food consumption, nutritional status, accessibility to food supplements, general health, and how each element of the program is designed to accommodate their needs.

G. P.L. 480: The PP should describe how the food supplements developed under the program will substitute for P.L. 480 food now used for school feeding programs.

H. Authorization: The Mission should continue to plan for 5th quarter authorization, but should proceed with intensive review and submit Bienestarina Plant Interim Report and PP when appropriate. Any desire to seek earlier authorization would be reviewed at that time.

I. Level of Funding: Mission should limit AID loan funds to dollars 6.0 million CP figure.

J. Project Logframe: The PP should include a consolidated logframe which rationalizes the entire program within overall structure. Separate sub-project logframes may be included and should flow from master.

K. Loan Disbursement Procedures: In view of IBRD Loan and in order to achieve better coordination among programs and agencies, Mission and AID/W agreed to seek establishment of similar disbursement procedures as those which will apply to IBRD Loan, i.e., if IBRD is prepared to make advance payments to GOC Treasury in anticipation of disbursement to implementing agencies, then AID should follow suit (with Caveat of 15 days maximum to apply). Conversely, if IBRD to utilize reimbursement techniques, then AID should tailor disbursement procedures accordingly. (FYI - we are sending letter to IBRD on this issue and will advise. Suggest Mission consult with them of this understanding and forward reactions to

ANNEX B-1

CRITERIA FOR SELECTION PRIORITY AREAS AND BENEFICIARIES

In order to coordinate the activities related to the "consumption" side of the plan, the National Planning Department has arranged the placement of one of its employees in each of the Departmental Planning Offices and to retain control of the flow of funds to each of the agencies with responsibilities under the program. The Food and Nutrition Council will provide national coordination of the program and a Departmental Social Committee will provide coordination at the local level.

Determination of the needs in each area has been established under a Regionalization Plan. Four population strata have been developed under this system:

Strata 1: Large cities: Bogotá, Medellín, Cali and Barranquilla with 28.4% of the population,

Strata 2: Intermediate cities: Those larger than 30,000 persons, excluding Strata 1. 17.7%* of the population.

Strata 3: Small towns: 1,500 to 30,000 persons with 15.5%* of the population.

Strata 4: Rural Areas: Less than 1,500 persons with 38.5%* of the population.

A. Target Group Definition

The Colombian nutrition strategy and the food coupon program concentrate attention on the poorest 30 percent of the population and, within this group, on children under four and women who are pregnant or lactating. To avoid the social and administrative problems caused by initiation of income eligibility criteria, the DNP has developed a classification system that allows full eligibility in project communities while assuring that the overwhelming majority of those served comes from the target groups. Communities are ranked in accordance with socio-economic criteria selected for their demonstrated high

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* 1973 Census Data.

correlation with nutrition status. These include education levels, literacy, sewer and water coverage, home electricity, family income, numbers in target group and their average nutrient gap. By initating the coupon project among groups with the lowest ranking, the GOC assures that the possible losses due to participation by non-target people are far lower than the costs of screening, thereby avoiding many of the problems that plague similar activities in other countries.

Because of relative incidence of malnutrition varies widely between urban and rural areas, the Colombian plan stratifies all communities into four groups, to provide guidance for choice of those to be included in the coupon project. Using differences in family income among the four strata as a surrogate for nutrition status differences, the system evolves a practical method for directing coupon participation in accordance with relative need.

Within the strata, the program will identify two levels of assistance. The first is the objective population or that group of the 30% most poor (family income under $1,150.00 pesos (1974) per month) who will receive the benefit of health, education, and general marketing projects. The second is the target population of pregnant and lactant mothers and children 0-4 who will receive food supplementation through the coupon or direct distribution program.

The size of the objective population using the income level above has been determined to be 18% of the population in the first strata, 40% of the population in the second strata, 90% of the third strata, and 100% of the fourth strata. The result is the following urban/rural division of the objective population:

Urban	2,994,000
Rural	4,104,000
Total	7,098,000

We can see that this method strongly aims the GOC assistance towards rural areas which have had few benefits in past development programs.

Target populations are determined by analyzing each municipality (county) within a Department using as determinants: educational levels, literacy, sewer and water coverage, house electricity, family income, number of pregnant and lactant mothers and preschool children and nutrition gap. Those municipalities in the worst conditions are then placed in the coupon program with 100% coverage of the pregnant and lactant

mothers and children 0-5. These counties are the first priority for expansion of the health system under the MAC (Modules of Annual Coverage) plan. At the same time, the direct distribution food program will be aimed at those members of the objective group in non-selected municipalities. Direct beneficiaries will total by 1978:

Pregnant and lactant mothers	Coupon	32,000
	Direct	302,000
Children 0-5	Coupon	1,042,000
	Direct	813,000
Total Target Population		2,485,000

THE CAUCA REGIONAL PROJECT FOOD COUPON COMPONENT

The food coupon project, by complementing existing direct food distribution projects, is the Colombian nutrition strategy's key element for eliminating the nutrient deficits found among preschool children and pregnant and lactating women, particularly those from families among the bottom 30 percent in socio-economic status. First execution of the project will be as part of the pilot Cauca Valley Regional Project and, following elaboration of the field-tested activity model, use of coupons will be extended to the two other Departments included in the Loan. By assisting the GOC to carry out and evaluate these early efforts, the AID Loan contributes to the ultimate creation of a national food coupon system.

Present plans for the coupon project respond effectively to concerns expressed by AID consultant Dr. James E. Austin, who emphasized the need to deal specifically with (a) Target group definition, (b) Eligibility and Enrollment, (c) Coupon design and distribution, (d) Coupon to food conversion, and (e) Coupon redemption. The following description outlines Colombian Plans for each of these elements and thereby also responds to the questions raised in the DAEC review and airgram of December 17, 1975.

Population is classified as:

1. From the four largest cities (Bogotá, Cali, Barranquilla and Medellín) with 28.4% of the population;

2. Intermediate cities, with more than 30,000 people, that contain 17.7% of the population;

3. Small towns, with 1,500 to 30,000 people, having 15.5% of the population; and

4. Rural areas with fewer than 1,500 persons per settlement, having 38.5% of the population.

Review of 1974 income-distribution data determined that the poorest 30 percent of the population earned less than 1,150 pesos (Approx.$35) monthly. Coupon project participants were then selected from the four strata in proportion to the percentage within each below the income level. In stratum one, 18% of the population are below the stated income lvel, the percentage for number two is 21%, and it is 40 in each of the other strata.

Using the foregoing approach, the planners selected 12 municipios (counties) for initial participation in the Cauca Regional Project pilot food coupon effort, modifying choice of the most poor to reflect geographical balance and to provide a semi-experimental design that will assist generalization from evaluation information. In 1976, the Cauca coupon project will reach 21,114 beneficiaries, including 2,803 pregnant and 2,460 lactating women, 6,944 children under two, and8,907 children between two and four years old. By 1978, this total is expected to increase to 41,803. Including those still fed in remaining direct distribution programs, all of the target population in the poorest municipios, with 36% of the total populace, will be beneficiaries of supplementary feeding. Existing direct distribution programs in other municipios will assure that the entire Departmental target population is substantially covered.

A. Eligibility and Enrollment

The Colombian plan avoids the difficult eligibility problems that stem from use of income criteria. Pregnancy, lactation, and age are the only factors determining participation in the coupon project. The only exception is for children between four and seven, who are eligible only if classified as malnourished. Their participation will be subject to clinical review every six months. All families in the participating municipios are eligible for coupons, but the location and function of the health posts, primary distribution points for the coupons, make it likely that most applicants will be from the poorest group.

The health promoter, Colombia's chosen instrument for delivery of primary health services, will also be the families' initial contact for coupons. The national nutrition plan includes extension of the health service network to meet the coverage requirements of the coupon project. The promoters, already committed to systematic outreach efforts to expand enrollment in the health system, will simultaneously encourage enrollment for coupons. Their work will be supplemented by the extensive mass media campaign included in the national nutrition plan. The health cards used to record immunizations and other health information will be adapted to reflect participation in the coupon project and the promoters' regular home visits will permit routine checking of amily coupon use and encouragement of participation. The promoters' review of height, weight, and medical history will provide both useful evaluation information and clues to possible misuse of coupons, since lack of nutritional progress will be prima facie evidence of failure to use supplementary food appropriately. The coupon project complements the health services system effectively

and stimulates attention to prevention instead of the traditional curative approach of that system. Nutritional impact of the coupons should reduce the heavy burden of curative services now borne by promoters.

B. Coupon Design and Distribution

The Vegetable Protein Mix (VPM) sub-project of the loan will provide the principal food component for the coupon project. The ICBF mix, formerly called Bienestarina and currently being renamed, will, with private produced Duryea and Colombiarina, be the only foods provided for children initially. Participating women may also use their coupons for enriched pastas, nutritionally favorable modifications of currently private produced, well-accepted items. All products will be packaged in 250 gram units, with unsubsidized prices estimated at 4 pesos (PVM), 4.5 (pastas), 8.0 (Duryea) and 3.7 (Colombiarina). Although VPM is most economic, from the nutrient point of view, the four elements are sufficiently similar in composition to assure that (e.g.) 100 grams of any will have consequential nutrition impact on daily diet. The Government has made a conscious choice to include the high-priced Duryea in the coupon project, to encourage private production and free consumer choice, though emerging consumer purchase patterns may lead to subsidy or coupon changes intended to encourage more nutritionally efficient buying.

The quantity of food to be distributed via coupons, and the related design and distribution of the coupons, have been determined by examination of (a) the nutrient gap, (b) estimates of substitution effects and (c) eligible population and family composition. The average daily deficit of calories and proteins among the targeg groups was calculated and then converted into equivalent grams of each product included in the coupon project. This permitted calculation of the number of 250 gram packets needed to eliminate the deficit and their cost. By then making explicit assumptions, based on family consumption patterns related to income, about substitution effects (e.g., replacing roots and tubers by VPM), the subsidy required to provide reasonable assusrance of filling the deficits was determined. This, in effect, permits the family to meet its nutrition needs with the same expenditure that previously yielded substantial malnutrition. The subsidy represented by each coupon for the purchase of 250 grams of product will be 3.50 pesos, approximately 80 percent of total market value, depending on quantity of higher-cost products bought. The higher subsidy is an alternative to a lower subsidy on more product for off-setting substitution.

Deviations from recommended intra-family distribution patterns are expected to be minimized by mass media campaigns emphasizing that the subsidized foods are "for babies" and introducing the children's foods first. The health promoters will also contribute to assuring that food purchased with coupons passes as intended. The coupon approach, by segregating foods intended for the target groups, offers significant advantage, in prevention of diversion to other family members, than the conventional bulk distribution used in most take-home feeding.

The average annual cost of the coupon subsidy per beneficiary for the first full year of distribution in Cauca, based on the analysis of deficits and substitution and the prices described above, is:

Category of Beneficiary	No. of Packets (250 g.)	Cost (Pesos)
0-2	160	720
2-4	240	972
Pregnant women (per woman-year)	276	1,152 (per woman yr, 576 per participant)
Lactating women	360	1,697

Source: Table 22, Regional Project Description (March 1976).

The design of the coupons, the amount of the subsidy, and the total costs of the food coupon project flow from the foregoing. There will be two classes of coupons, one for children from birth to two and the other for the rest of the target groups. The first class can be redeemed for any of the three infant foods and the second can obtain these and also the enriched pastas. All coupons will be worth 3.50 pesos in 1976, with higher values assigned in later years to offset inflationary changes. All coupons will buy, upon payment of cash equal to market value minus subsidy, 250 grams of product. Coupons will be emitted quarterly. For the 21,114 Cauca beneficiaries expected to be reached with coupons in 1976, total cost (including 1,000,000 pesos for issue of coupons) is projected at 9,954,948 pesos. In 1977, with 40,516 beneficiaries, costs increase to 35,940,155 pesos, and in 1978, with 41,803 beneficiaries and allowance for inflation, the total costs are 48,182,710 pesos in Cauca.

C. Coupon to Food Conversion

For the pilot coupon effort in Cauca, the initial communities have been selected, quantities based on nutrient gap and substitution determined, and required subsidy calculated, leading to the 250 gram, 3.50 peso subsidy, coupon and related volume of packets described above. Similar analysis is underway for Huila and Santander del Norte, the other two departments included in the AID loan. Starting with this programming, the Cauca sub-project has evolved an administrative plan for converting the coupons, delivered by the health promoters, into food to be consumed participating families.

Institute for Industrial Development (IFI) has been chosen, because of independence and administrative capacity, to manage the task. The required number of coupons will be ordered for one year in advance, with number in each class determined from the plan. Coupons are expected to circulate quarterly and to last through six cycles.

The ICBF regional office for Cauca will receive coupons quarterly, dividing them by municipio and into units related to family size. The Health Ministry Office for Cauca will verify the coupons and send them to the municipios. In each municipio, the coupons will be distributed, through health auxiliaries, to the promoters. The auxiliaries will record the distribution to provide a control. The promoters will provide families with a two-month supply of coupons through bi-monthly visits.

From the supply side, the government will enter into agreements to buy product, in accordance with planned needs, to be delivered to stores, after initial stocking, against coupons obtained by stores for participating families. The producer and distributor will identify those intermediate distributors authorized to accept the coupons as money in maintaining their inventories and will establish the necessary channels for passing the coupons through the distribution system.

The storekeeper, who will be trained as part of the project, will accept the coupons as cash and use them to renew inventories in the customary way. This helps to assure that the coupons are not accepted for other products, since doing so would lead to accumulation of inventories for subsidized foods. The relationship between initial and subsequent stocks of the products will be very useful for determining both the relative appeal of the participating products and the extent of storekeeper diversion of coupons.

The coupon project makes the coupons very similar to money. This may encourage consumer diversion of the coupon, or the product brought with it, but it also eases integration of the coupons into the existing private distribution system.

E. Coupon Redemption and Control

With the coupons being treated almost like cash, the producer can routinely redeem them through IFI, completing the cycle whereby the government subsidy passes through the system. The coupons suitable for new issue will be delivered by IFI to the printer corporation, which is charged with initial delivery and recording.

The control system, based on enumeration of coupons and regular recording of their progress through the system, should prevent successful counterfeiting. By tying use of coupons to participation in the health service system, the project reduces falsification of recipients, since fraud would require creation of entire imaginary health records and involve collaboration of auxiliaries and promoters.

The health records of participating families are also be used as part of the control system. If beneficiaries fail to show expected absorption, the promoter will be expected to look for an explanation during regular home visits. Poor absorption, diversion to family members, and excessive substitution may explain much of the result, but the promoter will also be able to detect sale of the coupons, or of the product bought with them, by, for example, inspection of family food stocks.

The GOC is well aware that the coupon project can become a vehicle for subsidizing middle class consumers and chicken farmers, who can buy the food purchased by participants at subsidized prices. As a condition of the loan, the Mission will require a commitment from GOC to institute criminal legal sanctions available against all who seek to defraud the government. The Government is reluctant to penalize consumers, because the income redistribution goals of the national development strategy are served even when coupons are misused, but has no such reservations about making examples of non-participants who exploit poor people by misdirecting a large part of the subsidies intended for them.

Unlike traditional feeding programs, the coupon project's close involvement with health promoters, who make regular family visits, gives it a way of checking end-use. The vigilance of the health promoters, combined with supervision and spot-checking by the auxiliaries who supervise them, should be adequate protection against serious black market and similar abuse problems.

NUTRITION IMPACT

The coupon project's ration and subsidy calculations make possible substantial reduction of malnutrition among the target group participants. By making realistic provision for substitution, the project avoids a pitfall common in other feeding activities. The close relation to health services, which will reduce parasites and other contributors to poor absorption, reduces impact of another common barrier to goal achievement. The ration selected is based on a deficit above the average shown by available imperfect data, to compensate for underestimation and to increase the number of beneficiaries for whom the nutrient gap is likely to be filled. The impact of the coupon project on target group diet will be to eliminate all income barriers to adequate nutrition status. To the extent that families deviate from projected preferred consumption patterns, deficits will continue, but substantial nutritional improvement can still be anticipated. If, for example, the subsidized foods are shared throughout the family the target group may still benefit from increased consumption of other foods, made possible because the family's real income has increased.

The project's evaluation system, emphasizing early determination and feedback of information to the Cauca Project Coordinating Committee about whether coupons are moving as anticipated to the groups intended to benefit from them, will speed identification of administrative improvements and outreach efforts necessary to improve nutritional consequences.

ANNEX B-3

SCOPE OF WORK - TECHNICAL ASSISTANCE - EVALUATION AND ANALYSIS

Two types of evaluation are required:

I - "Operational Evaluation", ie., feedback of system performance of operational programs at departmental and national levels.

The system performance data will include, generally: (1) progress toward the sub-objective for each nutrition program, (2) the cost of obtaining that performance, and, (3) the time elapsed from inception, to obtain that performance.

The evaluation procedure is to compare planned system performance with actual system performance. Each nutrition program is evaluated both independently and jointly with the other nutrition programs operating on the same target population. Each independent program evaluation is available to its respective program manager to assist him in making program modifications and adjustments.

For a particular target population in a region, in which more than one nutrition program is operating, the performance of each program and the performance of the joint programs are evaluated and the [illegible] evaluation results made available to the managers, administrators, and planners of the region. The evaluations are used to assist in decision-making on the need to delete programs, add new programs, and to manage the set of individual nutrition programs.

The evaluation of a regional plan (i.e., for an area in which more than one program is operational) will include an evaluation of the combined effects of the several programs on: (1) the nutritional status of the target populations, (2) the health status, and (3) the nutrient gap.

At the national level, summary performance of each program within an area and the joint impact of the programs on nutritional status, health, and consumption (i.e., regional performance) are made available to allow comparisons among regions. The comparisons are used to make decisions concerning: (1) the planning for new regions or departments, (2) the development of additional nutrition programs, (3) the deletion of existing programs, (4) the need for new national policies in non-nutrition sectors.

The "Operational Evaluation" will become an operating part of the implementation of the nutrition plan. Eventually, it becomes the management information and control system for the implemented plan.

Specific Technical Assistance Tasks - Operational Evaluation

To provide technical assistance to the planning teams at all levels in:

(1) Specifying the specific data needs for the evaluation of each nutrition program.

(2) Designing the data collection procedure for each data used, or if the data is already being collected by some other institution (i.e., health, agriculture, etc.) to design the procedure for separating out the particular data needed in the form in which it is needed for use in nutrition planning. The data collection procedure will include the design of measurement procedures with respect to technique, frequency (i.e., every 3 months or every 6 months) sample size, and method of selecting sample for each of the data needs.

(3) Design of the evaluation and/or analysis procedure for decision-making for each program, and for the collection of programs which make-up a regional or departmental plan and for national planning.

II - The second type of evaluation is more concerned with improvements in the basic planning model used by National Planning. The type of evaluation has the character of being more scientific rather than operational. It does not become an operational part of the implemented plan.

Perhaps an example is in order: given the current planning model being used by DNP, the nutritional impact of any of the nutrition programs cannot be predicted with sufficient accuracy to set priorities among programs on a cost-effective basis - to be able to set priorities for nutrition interventions (programs) on a cost-effective basis is the essence of good nutrition planning.

The departmental field operational nutrition programs offer an excellent opportunity to improve the knowledge of the relationships among the variables in the planning model and thus, improve the planning process. To improve the national planning process by improving the planning model is the primary aim of this second type of Evaluation.

SPECIFIC TASKS

Task No. 1

From the departments in Colombia in which the nutrition plan is being implemented, a selection of up to 4 pilot areas. The selection criteria will be based upon different values in the areas for the (1) nutrition gap, (2) the health state, and (3) environmental sanitation. Also, the areas selected will be those in which nutrition programs are being implemented to change the values of: the nutrition gap, health state, and environmental sanitation.

(a) From the diagnostic information for each area (i.e., nutrient production, nutrient losses, nutrient distribution, nutrient gap, types of foods consumed, costs of those types, environmental sanitation level, health status, and nutritional status) predict quantitatively the impact of the proposed nutrition programs on the nutritional status of the target population and predict, as well, the change in each of the intermediate variables of the planning model.

(b) Calculate the cost-effectiveness of each nutrition programs for each of the areas.

( ) Measure (and/or use data being collected by other organizations) the effect of nutrition programs individually and jointly on the intermediate variables as well as on the nutritional status. The predicted values are then compared to the observed values.

> The differences between the predicted effects for the nutrition programs and the observed effects is to the measure of a country's capability for national nutrition planning and implementation.

In addition to the above tasks, the second type of evaluation will include, for each of the four areas selected, special evaluation studies on the relationships between changes in nutrition variables (nutritional status, gap and health state) and other social-economic indicators (income, prices, migration, productivity, education, etc.). The additional specific tasks are as follows:

(f) Document explicitely, the now implied relations among the variables in the nutrition planning model and the variables exogenous to the plan.

(e) Specify the necessary data and its method of collection and analysis which will test the hypotheses about the relations.

(f) Document the results in a form usable to national nutrition planning functions.

Task No. 2 - Analysis of Policies in other Sectors

Policies and programs which implement these policies in sectors other than nutrition often have significant impact on the nutritional status of populations - sometimes the effect is to improve nutritional status and other times to worsen nutrition status. In either case, it is extremely important for National Nutrition Planning to analyze those policies and programs of other sectors.

Where beneficial to nutritional status it is possible that such programs may be more cost-effective in the nutrition sector than more directly related nutrition programs. If so, National Nutrition Planning should not hesitate to change its plan.

When analytic results, supported by evidence, demonstrate a negative effect on nutritional status from policies and programs of other sectors, these results and evidence should be well documented, disseminated, and argued by the National Nutrition Staff.

The Task is then to analyze, and confirm by field data, where appropriate, the nutritional impact of policies and programs of such sectors as:

a. Agriculture
b. Public Works
c. Economic
d. Health
e. Education
f. Commercial, Industry

EQUIPMENT LIST

The following is the list of equipment required to be purchased with dollars under the nutrition loan:

Qty. Required	Purchasing Agency	
	MOH	
21	Jeep Ambulances	1/2 ton four wheel drive "Station Wagon" or "Travel All" Model 1976 or newer, standard, white color; 3 speed and reverse manual transmission; 8 cylinder engine; 4 tires and spare for common use; heavy duty clutch.
	CIF $7,000 each	Body: Metallic, uniform back floor with 43" minimum interior height between the floor and the ceiling, 4 lateral doors and windows with running glass, fixed glasses in back door. Minimum 75" free space between the front seat and the back door closed. Seats: 1 front fixed seat for three (3) persons (including the driver). 1 lateral movable back seat to permit the entrance by the left lateral door.
	ICBF	
3	Fork lifts	2 ton battery powered fork lift trucks with solid rubber tires, 12' extension lift, adjustable forks, recharging equipment for each fork lift, and recommended spare parts as may be required for 3 year usage.
	CIF $4,000 each	
3	Van trucks	5 ton van trucks 1976 or newer, standard with 8 cylinder gasoline engines, manual 4 speed and reverse transmission, heavy duty rear end, clutch and transmission, standard cab design, 5 heavy duty mounted 5 ply tube tires, standard lights and turn signals; van portion to be of metal extension construction, weather proof and lockable with double rear doors; 1 fixed front seat for three; Included are spare parts and tires for 1 year normal usage.
	CIF $28,000 each	

Qty. Required	Purchasing Agency	
	INAS	
11	Water Pumps CIF $1,000 each	Gasoline or electric drive as required, self-priming pump, channel base mounted 5 Hp - 3940 RPM and air-cooled engine, 8000 gallons per hour; 3" inlet and discharge; 200 GPM at 5' lift.
	DNP	
11	Typewriters CIF $1,000 each	Desk type, electric, Spanish key - board 23" carriage.
14	Calculators CIF $428. each	Electronic printing and visual display calculator with memory and capacity for 15 digits.
	ICBF	
1	Lot equipment & services for production of VIM	Mechanical Services 1-300 HP - 200 psi Boiler - Deaerator, etc. with accessories - # 2 fuel oil. 1-3x 2 feedwater pump with HP-1800 RPM motor and drive. 1-water softening equipment and chemical feeders. Includes salt tanks, chemical tank and mixing valve. 1-Air compressor 125PSIG tank mounted w/15 HP 1800 RMP motor and drive. 2-Superheaters (electric) with control panels (45 KW).

Receiving and Transfer System

2-Ingredient dumpers with 1/4" screen, 5 cu ft hopper and 6" conveyor to grinder with magnet.

2-3 cu ft hoppers above grinder with high-level indicator

2-Grinders - disc type with 20 HP 1800 RPM motor and drive

2-500 CFM dust collectors 2/fans and duct

2-3 sieve sifters floor mounted box type with 94 mesh SS wire
Overs & thrus outlets
1 HP motor

Mixing Area

2-Bag dump in 5 cu ft hoppers with dust collectors 1/2" screen
5 cu ft

2-1000# back iron mixers - Interior coated with poly - clutch, 100 HP motor and drive approx. 30 RPM

2-5 cu ft hoppers with 6" screw feeder and drive

2-3000# surge bins with poly-clutch coating inside (4.50' round x 5'0" high + hopper)

2-Bin activators (2'0" diameter with 6" outlet) with 1 HP motors

2-3" heavy-duty feeders with mechanical drive 3/4 HP motor

2-Dry-wet mixers with 10 HP 1800 RPM motors and drives

2-6" round S.S. screw conveyors with 3/4 HP motor reducer and drive

2-Water flow meters with piping and valves

2-Oil holding kettles 2' round x 3'0" high S.A.

2-Oil pumps with motor and drive 1/3 HP

2-Rotometers - oil and water

2-S.T. units with port valve, variable orifice, controls, motors and drives (5HP) (3/4 HP)

2-In line cutters with 10 HP - 3600 RPM motors and drives

2-Product cyclone receivers with duct work

2-Product rotary valves S.S. with motor and drives
1 HP - Gearhead - 28-32 RPM

2-Comitrols with 20 HP motor and drive plus cutting attachments

2-18" slide pan conveyors with motor and drive
1 HP Gearhead

2-Exhaust fan with motor and drive 7.5 HP

4-Ventilation fans in operating areas (4) at (3 HP)

Product Handling
2-Grinder disc type with motor and drive 20 HP 1800

2-Floor mounted box type sifters with minimum of 3 sieves
100% thru 80 mesh S.S. wire

2-inclined screw conveyor or bucket lift with motor and drive

1-Bag packer for 10, 25 kilo bags semi-automatic

1-Platform scale for check weight

1-Bag closing machine
1-Pouch packer w/heat sealer semi-automatic

Miscellaneous Equipment
Laboratory equipment as Cenco Moisture Tester, etc.

Small scales, volume measuring, equipment, plastic containers, etc.

Tool kit including small hoist

Spare parts for dry-wet mixer, stuffer, in-line cutter, etc.

S.T. valve liners

Ear protection

Vacuum cleaner and wash-down station

Electrical Services
Power wiring from incoming service to motor control area

Motor controls for equipment. Start-Stop Dences with overload protection.

Power and control wiring.

Engineering Services

Layout drawings, detail work and equipment purchasing Engineering and travel time - technical

Construction supervision and start-up

Freight

CIF $1,200,000

The following equipment will be required for completion of the VPM production plant costing approximately $59,000 and is included in the AID Loan but will be negotiated by ICBF and included in the warehouse construction estimates.

1 lot as follows:

600 0 gal. fuel tank w/level ind. size 10' 0" around x 10'0" long black iron.

Piping - steam, water, condensate includes valves, strainers, regulators, etc.

Piping, valves, separators, regulators, etc.

Piping insulation.

Spouting and valves.

Equipment supports.

Oil piping, fittings and valves.

Steam, condensate, comp. air, piping and valves - S.T. area insulation.

Exhaust duct S.S. with manual damper.

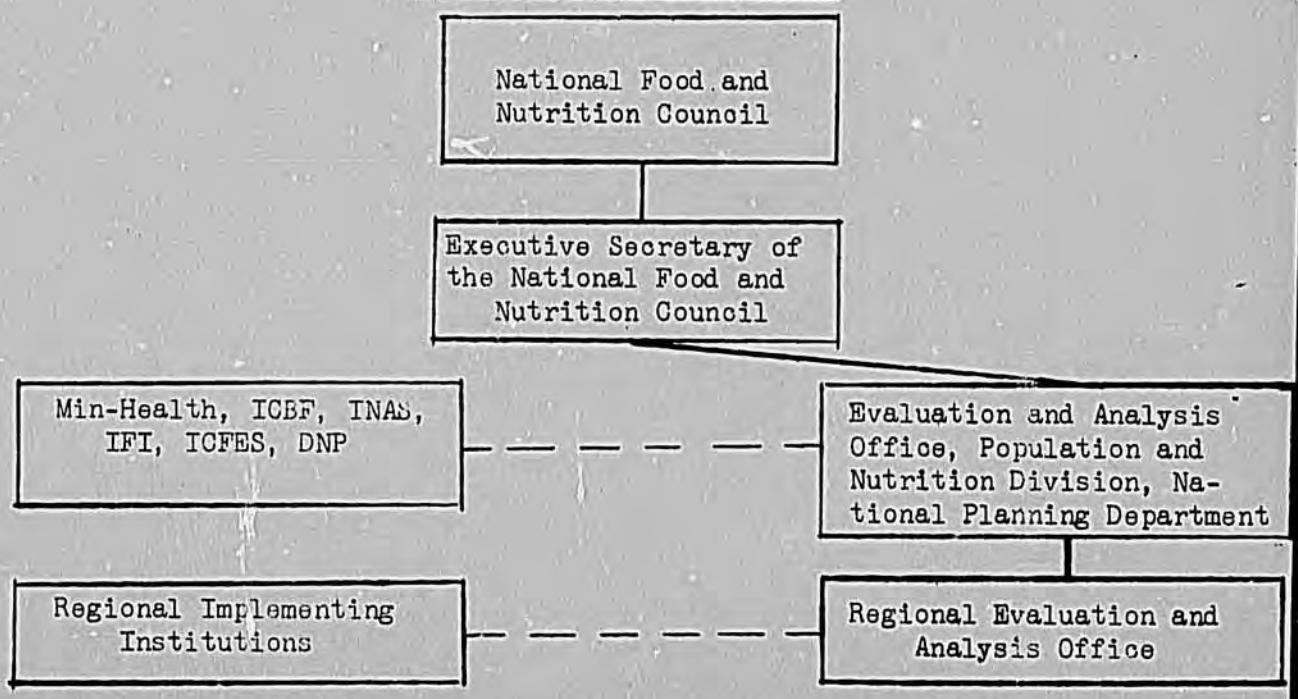
ANNEX B-5

Evaluation Plan

The evaluation activity to be implemented as part of the Colombian National Nutrition Program will have a number of important functions. First, it will provide decision makers with timely information about the implementation of the National Nutrition Plan's projects through the preparation of quarterly reports which will show the budgetary performance of each project in each department, and the achievement of physical output targets against the levels planned for. Second, it will prepare quarterly and more detailed annual analysis of project performance. Because of the large number of activities to be undertaken the evaluation staff will necessarily limit its analysis to those areas of exceptional performance. Third, the evaluation staff will collect, process and analyze data from regular institutional channels which will show the National Nutrition Plans impact on nutrition status and nutrition status related to indicators of the target population. Forth, the evaluation project will identify and undertake special evaluative studies to determine the feasibility of innovative evaluative methodologies and to examine areas of difficulty that have been identified during the regular evaluation process.

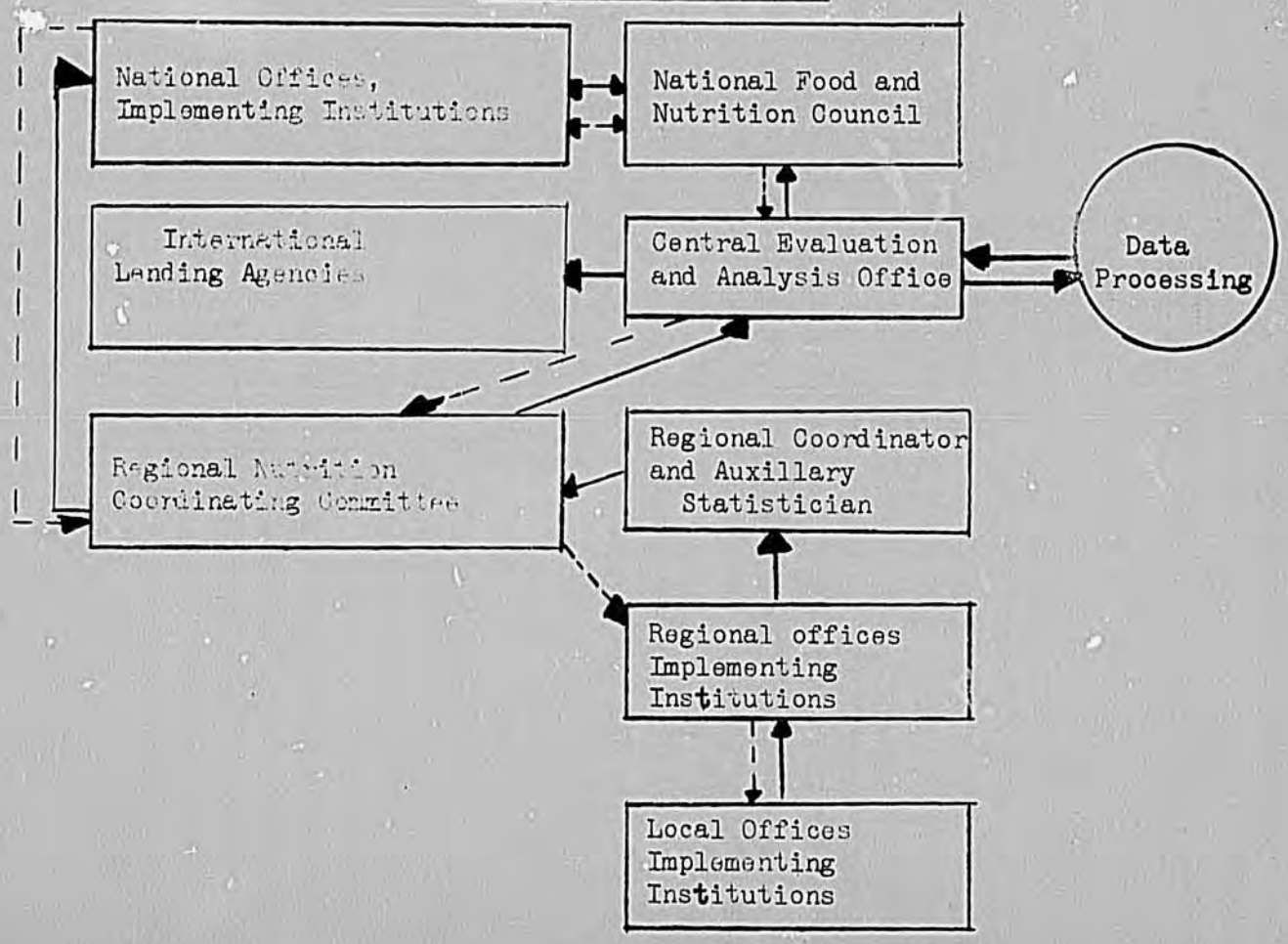
While monitoring and evaluation will be the direct responsibility of the evaluation staff, it also will be an important responsibility of all managerial personnel. The decisions as to resource allocation and rates of expansion of the various activities of the National Food and Nutrition Plan will be based on the information provided by the Evaluation and Analysis Office. In order to be useful the reports prepared by the Evaluation and Analysis Office must be timely, accurate and easy to read. The organization of the Evaluation and Analysis Office is such as to facilitate the preparation of reports with these characteristics.

INSTITUTIONAL ORGANIZATION



The Evaluation and Analysis Office headquarters is located in the Population and Nutrition Division of the National Planning Department. The Office will be staffed by as many as six professionals and two auxiliary statisticians. The Central Office will be responsible for compiling the quarterly reports from each department and making an analysis of the National Food and Nutrition Plan's implementation progress and impact. These reports will be presented to the National Food and Nutrition Council who will use them as sources of information on which to base the decisions they must make as to resource allocation and program modifications. The key to the success of this portion of the evaluation activity is timeliness. The reports must be prepared in time to be useful to the National Food and Nutrition Council. In order to assure rapid processing of the information at the departmental level the Evaluation and Analysis Office will have in each departmental office an auxiliary statistician whose responsibility will be to work closely with the implementing institutions in each department helping them to prepare as quickly as possible their reports on project implementation and impact. As the National Food and Nutrition Plan gets under way in each new department the departmental personnel working on evaluation, the coordinator and the auxiliary statistician, will receive assistance from the central evaluation office in implementing the reporting system.

INFORMATION FLOW CHART



The Cauca Pilot Project will be the first departmental level project implemented under the National Food and Nutrition Plan. There the Evaluation and Analysis Office will install for the first time the quarterly reporting mechanism and it is expected that the experience gain in Cauca will serve in the design of the installation process for the other departments.

Also in Cauca there will be undertaken the development of an econometric methodology which will serve to evaluate the relative impact on the target population, the relative effectiveness and efficiency of each component of the National Food and Nutrition Plan in such a way as to be replicable in the other departments where the National Food and Nutrition Plan is to be implemented. In Cauca, the Evaluation and Analysis Office will have its first occasion to implement the process of identification, contracting for and carrying out special evaluative studies on factors which become identified during the implementation of the project.

The Evaluation and Analysis Office will be producing information for decision making. The budget disbursement process of the GOC will be tied to the accomplishments of the implementing agencies in budget execution and achievement of physical targets, continued financing of programs will be justified according to its impact on the target population. Through the preparation of quarterly and annual reports and the evaluation of same, the carrying out of special evaluative studies and the testing of innovative evaluative mechanisms, the Evaluation and Analysis Office intends to produce the information needed, when it is needed, in a form easily understood for the key decision makers to be able to carry out their responsibilities of management of resources to meet the development goal of the Colombian National Food and Nutrition Plan.

ANNEX C - ADDENDUM

Project Paper

VEGETABLE PROTEIN MIX SUB PROJECT

COLOMBIAN NUTRITION LOAN

VEGETABLE PROTEIN MIX

VPM

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GLOSSARY OF ABBREVIATIONS

BHP	Boiler Horsepower
DNP	National Planning Department
FX	Foreign Exchange
GOC	Government of Colombia
GPM	Gallons per minute
ICBF	Colombian Institute of Family Welfare
IFI	Institute for Industrial Development
Kw - h	Kilowatt hour
LC	Local Currency
M^2	Square meters
M^3	Cubic meters
MCH	Maternal Child Health Program
M/T	Metric Ton
PER	Protein Efficiency Ratio
p.m.	Person months
R.H.	Relative Humidity
S.T.	Steam Texturization
UNDP	United Nations Development Program
VPM	Vegetable protein mix or Bienestarina

ANNEX C - ADDENDUM

VEGETABLE PROTEIN MIX SUB PROJECT

I SUMMARY OF ANALYSIS

A. Introductory Comments

Since submission to LA/DR of the interim report on the Colombian vegetable protein mix sub project a different process has been released for general usage that was previously held by private patent. This grain precooking operation (steam texturization); is ideally adapted for use in the VPM project and provides an alternate equipment installation plan using the three existing mixing facilities, combined with construction of inexpensive warehouse space, instead of the requirement for one large processing facility.

The VPM output of the three steam texturization plants remains the same as the one large extrusion plant, 30,000 metric tons per year. The three plant system has the following advantages:

1. Overall cost economies in production and distribution of VPM to the GOC estimated to be a minimum of $350,000 each year.

2. Elimination of total dependency upon one production system and the related "no product outputs" during maintenance time.

3. Provides a more "instant" product with lighter color and greater blandness in taste enhancing acceptability.

4. Elimination of any possible product over heating.

5. Overall reduction in space required for processing operation.

6. Multi pre-cooking systems allowing for independent expansion or reduction in production of various plants.

7. Greater employment and dispersion of production operations throughout Colombia supporting the GOC policy of decentralization.

8. Reduction in the yearly production breakeven point from 6,000 to 5,000 M/T per plant.

The major disadvantage to the system is the elimination of small existing plants for a back-up to large plant production of 30,000 metric tons per year. (NOTE: Under original proposal small plants would only be able to mix flours-no pre-cooking, therefore non-instantized).

USAID believes that the steam texturization, three plant system improves upon the previously presented extrusion, one plant system. The following

paper relates to modifications in overall sub-project design as compared to the VPM design initially presented in the interim report and PRP.

B. Project Summary

The three vegetable protein mix plants and warehouse facilities, which are to be utilized are in the Departments of Santander, Boyacá, and Valle or Cundinamarca, will pre-cook and grind rice, wheat, soy and corn grits into flours together with a vitamin/mineral pre mix and non-fat dry milk to create a high protein vegetable mix at a maximum production rate of 10,000 M/T per year for each plant. The GOC is to recieve a 2.8 million dollar grant from UNDP to finance the purchase and turnkey equipment installation of two plants and the AID loan will provide for purchase of the third system. The formal UNDP grant approval is expected by the GOC this July. On completion before or during January 1978,[1] each plant will have raw material and finished product storage capacity of 2,000 tons and a bulk bagging and container packaging operation for 250 or 500 gram cartons.

As reflected in the interim report, the production required by the two principal subsidy programs (coupons and direct feeding) exceeds the maximum GOC owned VPM production capacity. The GOC plans to contract with the private sector for the additional production requirements.

Below are the revised total costs and inputs during the 3 years of this project, CY-76 to 78, (costs are projected in U.S. Dollars):

AID: Dollar Costs - Commodities: Three 2 Ton fork lifts and 3 five ton van trucks ($96,000); equipment and turn key installation for one VPM processing plant for 10,000 M/T per year ($1,200,000 US).

AID Dollar Total - $1,296,000

Peso Costs: Other costs: construction of piping, ducting, oil storage tank and warehouse space adjacent to existing mixing plants ($159,000).

AID Peso Total - $159,000

UNDP: Dollar Costs: Technical Assistance: One industrial engineer and one quality control advisor to coordinate two plant equipment installation and operations, a 4 year technical assistance contract with regard to S.T. operation product application and training of personnel ($312,100); commodities: purchase and erection of 2 systems of equipment to produce VPM at the rate of 20,000 M/T per year ($2,400,000); and training: three equipment and food technology

1/ The one plant financed by the AID loan is expected to be totally in operation Aug. of 1977. The two other plants (UNDP Grant) in or before Jan. 78.

trainees outside Colombia (18 p.m. - $15,800).

UNDP Dollar Total - $2,727,900

Peso Costs: Training: equipment and processing seminars together with on-the-job training for operating personnel at start-up ($106,300).

UNDP Peso Total - $106,300

GOC: Peso Costs: Commodities, purchase of all finished goods output of plants, to include all operational plant costs (or as may be negotiated with private sector) both direct and indirect for 1/2 1977 and 1978 ($19,811,00); prime material and operational expenses for the three small mixing plants in 1976 and 77 ($5,499,00); and rennovation expenses for 2 small plants ($1,091,000).

GOC Peso Total - $26,401,000.

SUMMARY COST ESTIMATE AND FINANCIAL PLAN

CY 76-78 (US$000)

	AID		GOC2/		UNDP		TOTAL
	FX	LC	FX	LC	FX	LC	
TECHNICAL ASSISTANCE							
Plant Mgt & process Eng.					312.1		312.1
COMMODITIES							
Processing machinery 1/ (Milling, Extrusion, Packaging)	1,200				2,400		3,600
Transportation Equip. (lift trucks)	96						96
Cost of Purchase 4/ 45,000 M/T 77-78				19,811 3/			19,811
Prime Materials & 4/ Operation of small plants 76-77				5,499			5,499
TRAINING							
Equipment & Food Tech.					15.8	106.3	122.1
OTHER COSTS							
Working Capital				891 3/			891
Expansion of Plants		159		200			359
TOTALS	1,296	159		26,401	2,727.9	106.3	30,690.2

1/ Includes plant start-up for operating personnel
2/ This is total for GOC for VPM project
3/ In addition to working capital requirements in '77 and includes total costs of Production of VPM in '77 and '78. This is total for three plants.
4/ Does not include cost of 22,000 M/T donated by WFP, CARE and CRS from PL-480.

C. Conclusions

U.S. AID/C continues to support the VPM sub project for nutrition and feels the new three plant alternate processing system strengthenes AID's position in participation in this activity. The following conclusions will reflect and reference answers to questions raised during the AID/W review of the interim report on VPM and State 080333.

1. Plant Ownership and Management - Section III D

Under the new three plant system all plants land and equipment will be owned by ICBF, the GOC implementing agency. A joint temporary commission has been formed between DNP, IFI and ICBF to determine and make recommendations as to the most effective management system for the three VPM plant. A condition to disbursement of the AID loan will be the establishment of a GOC/private sector management system through direct private sector production lease of the plants or a joint operational corporation for the production of VPM. Appropriate factors will be considered in the management system to insure production efficiency and quality control as well as production volume. See Section IV D of PP.

2. Product Acceptability - Section II B

The results (see Attachment A) of preliminary acceptability tests between Colombiarina and Bienestarina in urban and rural areas reflect several negatives which will be eliminated in the usage of the new steam texturization process. Elimination of off colors, soy taste, and gritty texture is part of the VPM improvement accomplished by steam texturization.

3. Coupon System - Section II A

See Cauca Sub project in PP for major discussion.

4. Plant Engineering - Section III A, B, C

The input of prime material is to be three types of grits or whole grains (depends upon the desired fibre/oil content of final product) for grinding into 60 mesh. Processing capacity of equipment is not a problem due to the reduced inputs of a three plant system. Communtators, hammer mills or disc grinders will be used for the various particle size reduction steps throughout the process.

Pre cooking time of the grains in the S.T. Gun is the basic element of output determination; therefore, all other equipment has been sized accordingly taking into account possible expansion to 3 S.T. guns in each plant.

5. Foreign Exchange Expansion - Section I

The alternate three plant system increases the foreign exchange dollar input from 130,000 to $1,296,000 with a local cost input of $159,000 versus $1,200,000. As noted in Project Paper a negotiated purchase waiver will be required to insure project continuity and process uniformity.

II SOURCES OF DEMAND

A. Government Program

The overall demand for VPM has not changed since submission of USAID's interim report; however, the AID portion of this production program is now directed to the installation of one processing plant for production of VPM destined for the coupon program.

The following is a review of the product demand of this program as prepared by DNP:

Coupon Program

The coupon system, while directed to specific foods and quantities final selection is still by free consumer choice. Therefore, only estimates can be made in reference to the number of coupons that will be directed and used to subsidize the purchase of VPM.

Pregnant and nursing mothers would be able to choose among enriched noodles and texturized vegetable protein mixtures. It is calculated that 40% of the total of coupons in this distribution will be for vegetable mixtures in general.

Children from 0-2 years will only be able to select from vegetable mixtures, therefore 100% of coupons in this distribution will be of this product.

Children from 2-4 years will choose from the same products as the mother; and it is calculated that 50% will utilize vegetable mixtures.

1977

	No. of coupons	No. Tons/year	Tons/year vegetable mix.
Pregnant and nursing mothers	11.836.548	2.959	1.184
Children from 0-2	7.436.292	1.859	1.859
Children from 2-4	8.222.502	2.055	1.028
			4.071

1978

	No. of coupons	No. Tons/year	Tons/year vegetable mix.
Pregnant and nursing mothers	24.951.648	6.238	2.495
Children from 0-2	15.609.047	3.902	3.902
Children from 2-4	17.251.569	4.313	2.156
			8.553

1979

	No. of coupons	No. Tons/year	Tons/year vegetable mix.
Pregnant and nursing mothers	42.549.910	10.637	4.255
Children from 0-2	26.671.753	6.668	6.668
Children from 2-4	29.480.510	7.370	3.685
			14.608

The number of tons per year for vegetable mixtures will be distributed among Bienestarina, Duryea and Colombiarina. DNP estimates indicate that 70% of the required coupon distribution tonnage will be for Bienestarina.

The rest of the production will be commercialized or sold to Institutions.

B. Acceptability

During April of 1976 a new independent study was conducted comparing Bienestarina with a commercial unfortified vegetable mixture called Colombiarina. This study (a summary is in Attachment A) is a start of a continuing program of acceptability studies including other commercial VPM's showing another step in the GOC's efforts to make VPM widely acceptable to all classes in Colombia.

It is significant that the major objections or negative comments received during the sampling of the VPM as mixed now in a unprecooked state are eliminated in the S.T. process as now proposed. The following is a summary of these product modifications:

1. The color of the resultant S.T. processed product is from cream to an off white eliminating the brownish yellow color in the present VPM.

2. The grittiness of VPM is eliminated by the precooking and subsequent rapid rehydration of the S.T. produced product.

3. Any flavor desired can be applied to the almost bland product. The S.T. system totally removes any "soy taste" which has been objectionable.

Additional tests are expected to continue throughout the period of the loan with the technical assistance provided for under a four year assistance contract with General Mills (UNDP portion of the project) and AID funds under sector loan 075.

C. Marketing

As a result of product flavor and rehydration modifications under the S.T. system it is expected that the acceptability will be even greater than was reported in the initial interim report.

These advantages are even more important when considering the overall cost savings of the new VPM process. The following chart reflects a possible savings of approximately $40 U.S. per metric ton of VPM using the three plant system versus the 1 plant proposal. See VPM detailed Cost Comparison in Section IV

VPM COST COMPARISON SUMMARY (US$)

	Mix 1124B			MIX 1207A		
	3 plants		1 Plant	3 Plants		1 Plant
VPM - Costs /M Ton	$454.33	<	$466.40	$407.17	<	$435.53
Effective Savings M/T	12.07 or $410,38 pesos			28.36 or 964.35 pesos		
Savings in one year Usage at 30.000MT/year	$3.621.00 or $12,311,400 pesos			$850,800 or 28,930,596 Ps.		
Savings expected over 10 years life of equipment	$3.6 million or $235 million pesos			$8.5 million or 289 million		

No negative modification to the Colombian Nutritional Strategy has been made by introduction of the S.T. system, but rather a resultant process with newer technology and a better product. The positive modification is the inputs and participation of the private sector guaranteed under the AID portion of the VPM project in the form of management and technical service.

D. Storage and Distribution

The major change in storage of both raw materials and finished product is in the decentralization from one inventory location to the multiple of three areas spread throughout Colombia. $100,000 of the AID Loan will be used in local peso cost in construction of warehouse facilities adjacent to an existing mixing plant. This will expand plant receiving warehouse capacity to 1000 metric tons and finished good storage to 800 M/T.

Another major advantage of the multiple plant arrangement is reflected in the ITT feasibility study of Bienestarina and in Section III-C-1 of the USAID VPM Interim Report regarding transportation costs. As shown in the above references the savings occuring with multiple plants would be approximately 25% of total transportation costs.

III PRODUCTION

A. Mixes and Materials

In utilization of the small mixing facilities the GOC has determined that initial requirements for corn degermination is not practical due to excessive capacity of the private sector to provide such processing at a nominal cost (private sector has interest in germ for an oil source but have a market demand problem for the cracked corn grits).

The new S.T. system provides the same various grain input form capability of the initial plant. Again this input is dependent upon how much fibre and oil can be tolerated in the final product.

The S.T. process also permits single mixing operations of all products to include milk and vitamins prior to precooking without damage to nutritive value. This is due to the fact that the vitamins and minerals are held in the process for such a short time.

Besides VPM the following are examples of how this corn-wheat-soy or soy-rice extension can be used for other products without additional equipment.

STEAM TEXTURED PRODUCTS TASTE TESTED BY S. Ryner and C. Rozo at General Mills Inc., Minnesota Test Kitchen
4-8-76

1. Wheat Hearts (processed and unprocessed) - Excellent acceptability as cereal good texture.

2. Chicken Flavored Chunks in White Sauce over Rice - Excellent use of extension product.

3. Wieners (40% meat) 30% reduction in overall cost

4. Seafood
   Clam Cakes (50% extension))
   Fish Cakes (50% extension)) Excellent for more expensive product

5. Meat loaf (50% extension) - Excellent

6. Beef Flavored Chunks in Vegetable Souce - Excellent solution to the dry product problem

7. Chili with beans (75% extension) - Excellent for cost savings.

8. Pork Sausage (40% extension) - Excellent but 50% extension not profitable for solving nutritional problems

9. Breakfast Sausage (contains no real meat) - Good solution to feeding if spiced to Colombian tastes.

NOTE: Samples similar to the above were submitted to further taste testing in Colombia by IFI, ITT, DNP, ICBF, UNDP and AID personnel in a demonstration conducted by General Mills. Acceptance was expectionally good and increased overall interest in the S.T. process and project was experienced.

B. Production System

The combined total of funds $3.7 million dollars of the AID Loan and UNDP grant will be for purchase of total equipment necessary to process and package grain grits into VPM, install all equipment, start-up training of operations and four years of technical and product assistance. General Mills Inc. has submitted a formal proposal to ICBF as exclusive contractor for this turn key project (see Attachment B).

Considering that the S.T. system is a patented process under the control of General Mills waivers are being prepared by all agencies to provide for Proprietary Procurement Waivers for a negotiated sale of this 3 plant system. (See Annex G for Waiver Request). Each plant will have total interchangeability and standardization of equipment to afford total duplication of finished product.

1. Equipment Costs

Refer to the PP Annex B-4 for the various equipment and services required for each plant at an estimated total cost of $1.3 million dollars.

2. Process Description

General Mills steam texturization systems are currently in operation in the U.S., Canada, and Japan. A system is now being installed on a turnkey basis by General Mills in the UK for GMB Proteins Ltd. and will be on stream by the end of May 1976.

The essential details are shown schematically in the following drawing. The process consists of adding water, color, flavoring, and supplemental nutrients as desired to various flours in a continuous in-line mixer. The mixture is then fed into the steam-texturization unit (S gun) where under the influence of opposing steam forces, the flour is rendered bland by the mechanism of steam distillation and texture is imparted to yield a bland, expanded product. Due to the nature of the process, the product emerges from the steam texturization unit with moisture in the range of 7-10%, whnch is self-stable for extended periods. Thus, there is no drying required in the steam-texturization process. The important product characteristics are:

1. The products are very bland due to the removal of off flavor components by steam distillation and elimination of over-heating in the texturization process. (This would be a major advantage for fruit and plain coladas because of the removal of the soy flavor).

2. The background color of the product is very light since over-heating has been eliminated. This is very desirable in applications involving the extension of fish, poultry, and pork products. Colors, of course, can be added to match the foods being extended or replaced. (This would be a major advantage.)

3. Flavors and heat-sensitive nutrients survive the process very well since over-heating has been eliminated.

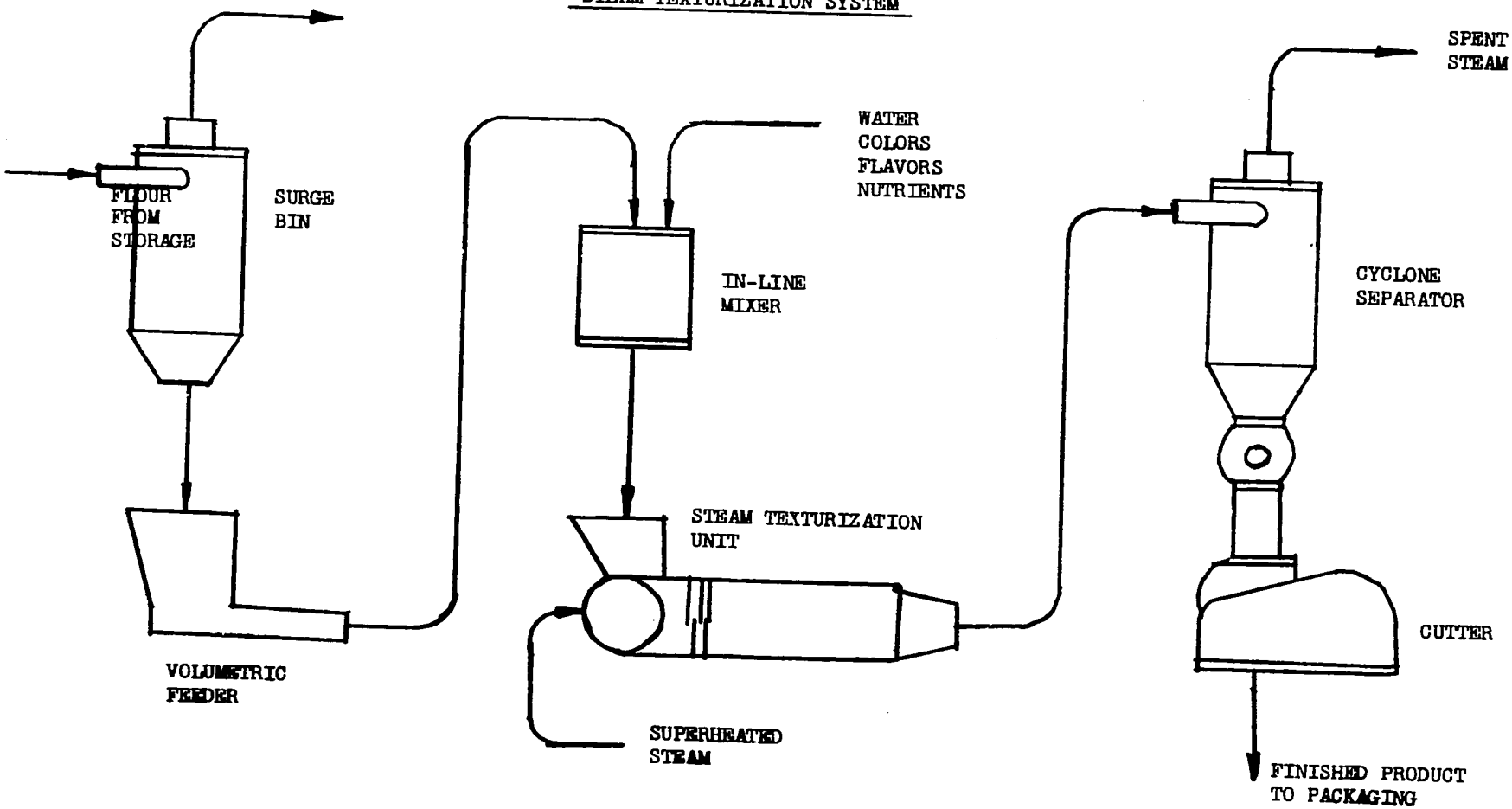
4. The products have excellent texture upon rehydration and will readily absorb in excess of 3 times their weight in water.

5. Rapid rehydration is due to the unique pore-structure imparted by the steam-texturization process.

6. On a moisture-free basis S.T. products contain approximately 50% protein, exhibit low bacterial counts, and have fat-absorptive properties characteristic of texturized products.

7. The various flours can be mixed with other protein materials to give a wide range of products with the same desirable characteristics as products based solely on soy flour.

STEAM TEXTURIZATION SYSTEM



3. Estimated Production Outputs - per plant

Production output are based upon a 3 shift operation with 6,000 hours per year i.e., 50 weeks x 5 days x 24 Hr = 6,000 Hrs. These inputs and outputs are based upon precooking of mix 1124 B of VPM. Other products will be at reduced output.

Production System	Estimated % Weight Loss	Metric Tons Input per Hour	Metric Ton Production/ Hour Output
Corn-Soy-Wheat (Rice) System			
Receiving		1.83	1.83
Cracking to 80 mesh	(2%)	1.83	1.77
Bulk Storage Capacity	Corn 20 M/T - Soy 20 M/T - Wheat 10 M/T		
Pre Cooking System			
Mixing		1.77	1.77
Steam Texturization System	(6%)	1.77	1.66
Milling System	(3%)	1.66	1.61
Major Vitamin System		.16	.04
Dry Milk System		.16	.083
Minor Ingredients		.083	.007
Surge Storage Capacity		2 Tons Milk, .33 Tons vitamins	
Final Blending System		2	2
Surge Storage Capacity		20 tons	
Packaging System Capacity 1/			
Bulk 20 Kg. sack		60 - 20 Kg. sacks/hr.	
Commercial 250 grams or 1/2 kilo		100 250/500 gram packages per minute	
Receiving Warehouse Capacity			1,000 M/T
Shipping Warehouse Capacity			800 M/T

The final product of 10,000 tons per year has a 8.5% moisture content, 100% will pass an 80 mesh screen and an expected shelf life of 9 month free of any flavor modification or infestation.

1/ Provides for total production output in either bulk sacks or 250 gram consumer pack.

4. Estimated Employees and Costs

The following estimates relate to 3 shift production at maximum production capacity of the plants.[1/]

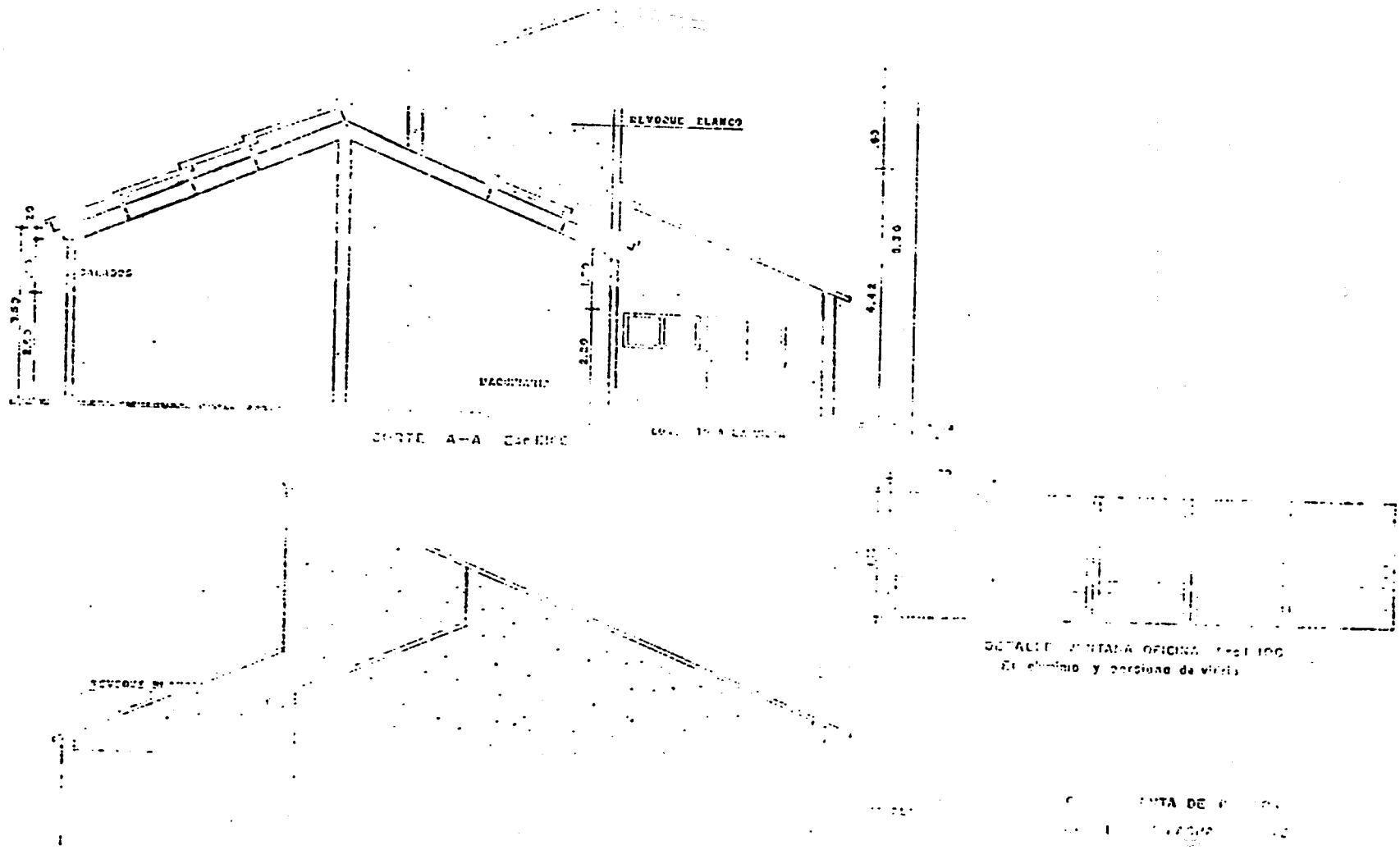
Direct Labor	Each Plant per Shift	One Plant 3 Shifts	3 Plants Total	Monthly Salary & Benefits	Total Pesos (000's) Per Year
Managers	-	1	3	$15,000	$ 540
Shift Supervisors	2	6	18	10,000	2,160
Operators	8	24	72	7,000	6,048
Mechanics	1	3	9	5,000	504
	11	34	102		$ 9,288
Production Workers	6	18	54	3,000	1,944
Warehouse Workers	6	18	54	3,000	1,944
	12	36	108		$ 3,888
Sub-Total Direct Labor					$ 13,176
Indirect Labor					
Indirect Labor			21 Ave. $10,800		$ 2,723
Sub-Total Indirect Labor			21		$ 2,723
TOTALS	23	70	231		$ 15,899

1/ The S.T. pre cooking system has a short start-up time therefore, 1 or 2 shift operations are practical depending on product, the extrusion system should be operated on a 3 shift basis.

C. Building Requirements

1. Building Requirements

The following drawings reflect the construction detail in existence at the present time in two of the three VPM mixing plants. These plants were designed and constructed under the staff control of the AID Loan's implementing agency ICBF.



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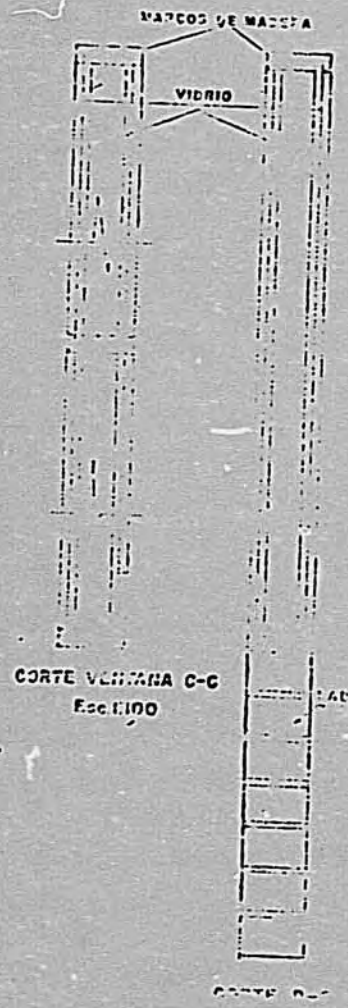
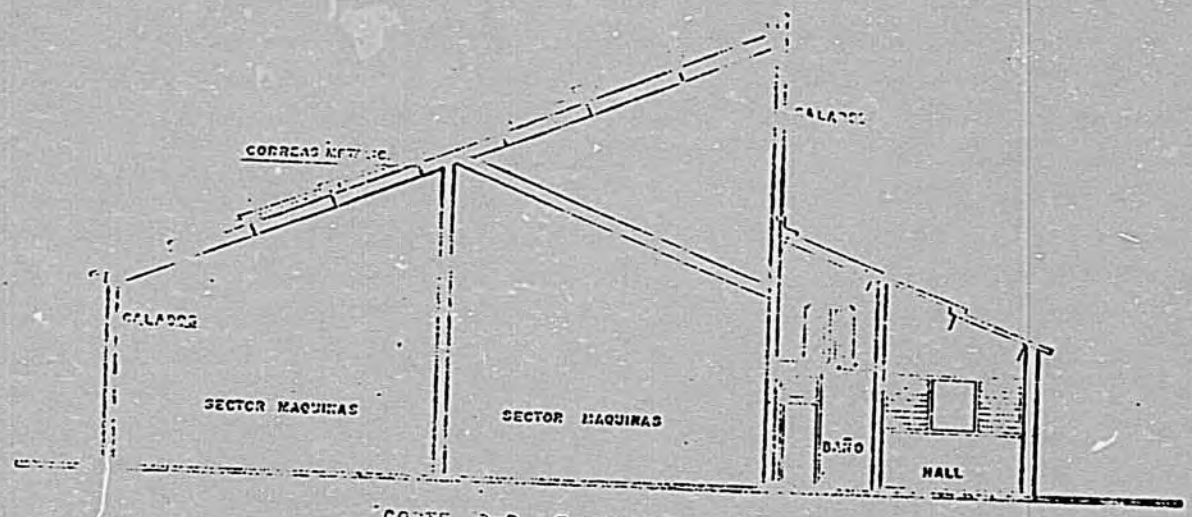




CORTE B-B Esc. 1:100

DETALLE VENTANA HALL
Esc. 1:50

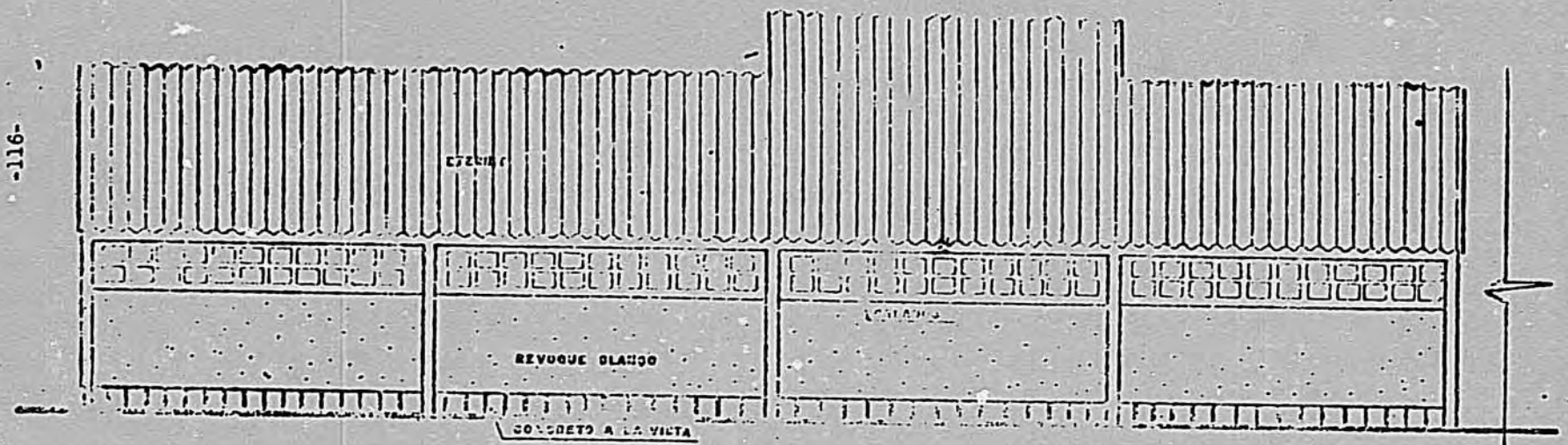
DETALLE PUERTA
Esc. 1:50

OBRA: PLANTA DE PIENSOS

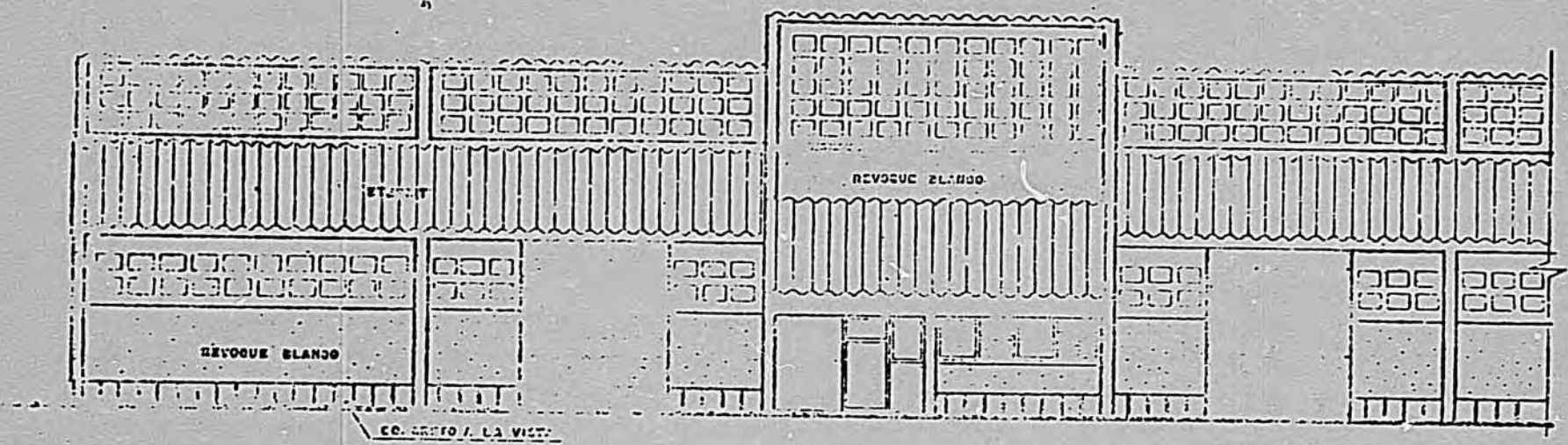
CORTE B-B Y DETALLES

Esc. 1:100 1:50

PLANTA GENERAL
Esc. 1:100



FACHADA ORIENTAL Esc. 1:100



FACHADA OCCIDENTAL Esc. 1:100

It is planned that portions of the AID Loan will reimburse the ICBF for expenses in preparing the building for installation of the S.T. process and construction of warehouse space adjacent to the existing facility. Such modifications are estimated to cost $159,000 U.S. Final plans for such improvements will be with the coordination of local AID personnel and possible TDY of AID/Washington staff. (See AID/W Engineer's Report in Annex K of Interim Report.)

The physical requirements for the S.T. system are as follows:

Building

Boiler Room	20' x 30' x 15' clear
Receiving Grinding	30' x 40' x 15' clear
ST Area	15' x 40' x 15' clear
Packaging-Storage	40' x 40' x 15' clear

These are minimum figures for this system and encompass 4,000 square feet.

The existing buildings are considered ideally suited for such an installation.

2. Utility Requirements - per plant

The only use of water will be for the boiler. Feed water is to be transformed into steam as a processing medium. For boiler operation, water will have to be treated (treatment included in proposal). It is estimated that the water requirements could be an average of 16 GPM with a peak of 30 GPM.

Steam will be required for the precooking operations. Estimated peak steam load will be 15,000 lbs./hr. or 300 BHP. Fuel requirements will be 30 to 40 gallons per hour of #2 fuel oil. A 15 HP compressor is supplied with the equipment for compressed air supply.

Electrical energy will be required dependent upon the production thru put but for estimation purposes is between 230 and 250 Kw-h per M/T.

UTILITIES REQUIRED PER PLANT

	Unit	Consumption M/T	Cost ($) U.S.	1 Plant Cost per Year
Water	M^3	.612	.09	$ 550
Fuel	U.S. Gal.	26	.066	17,160
Electricity	Kw-h	230	.019	45,410
				$63,120

D. Management System

A joint temporary commission has been formed consisting of ICBF, DNT, and IFI to recommend to the GOC in August of 1976 the most efficient and practical way of managing the plants.

Two models of management presently under consideration are:

1. ICBF, the owner of the plant, will lease it to an experienced food processing private sector corporation under terms and conditions which will require the private operator to provide working capital and operating expenses and the GOC to purchase the plants output at a price which will provide the private operator a sufficient return on his investment and an incentive to produce as efficiently as possible;

2. ICBF will form a joint public sector-private sector corporation with a private sector food processor. The private sector firm will provide a proportionate amount of working capital in the form of an equity investment in the plant. The day to day management of the plant will be in the hands of the private sector firm with policy and overall direction set by a joint board of directors.

Under either of the above system , a private firm experienced in food processing will have day to day control of the plant and will be involved in such a mannor as to provide adequate incentives for efficient operation. Because this aspect of the plant management has not been finalized, it is recommended that AID include in the loan agreement a condition precedent to disbursement for the plant, requiring the GOC to provide evidence of the existence of a satisfactory arrangement for managing the plant. While the final arrangements are delayed, the resultant organization will be much stronger and a more appropriate procedure in the end.

IV FINANCIAL ANALYSIS MODIFICATIONS

The Colombian Government continues to make policy commitment to the phase-over in 1978 of all feeding programs presently administered by various agencies to complete monetary and physical support of the GOC. The VPM portion of this phase-over will require the GOC to provide subsidies in the form of simulated[1/] purchase of 30,000 tons annually of VPM. The following chart reflects the estimated peso/US$ investment of the VPM portion of this venture over the next 7 years assuming total GOC contribution.

VPM SIMULATED[1/] GOC YEARLY INPUTS (3 Plants)

(Pesos 000's)

	C/Y 76	C/Y 77	C/Y 78	C/Y 79	C/Y 80	C/Y 81	C/Y 82
Simulated Inputs	115,453[2/]	339,000	534,000	694,000	762,000	876,000	1,007,000
Additional Losses or (Profits)		(25,410)	19,400[3/]	(69,870)	(61,040)	(92,400)	(122,500)
Total GOC Inputs	115,453	313,590	553,400	624,130	700,960	783,600	884,500
U.S. Dollars (000's)	3,499	8,639	14,263	15,186	16,077	16,961	18,051

1/ "Simulated" to the degree that the GOC will purchase all product and any profits will be returned to GOC to reduce the cost of its subsidy program.

2/ Relates to small mixing plant operating and prime material inputs for the interim production.

3/ Reflects the start of a positive accumulated contribution which will reduce the overall total cost of the program yearly.

The initial capital investment including U.S. AID Loan inputs of 1.5 million dollar and UNDP grant of $2.8 million together with GOC capital of 1.5 million with the exception of training costs is reflected in the following table:

INITIAL INVESTMENT REQUIREMENTS (For 3 plants)
(US$000)

Fixed Investment	Total Value	Yearly Depreciated Value
Machinery and Equipment (1 plant USAID)	$1,200	$ 120
Rolling stock (USAID)	96	10
Expansion of plant	154	15
Rolling stock depreciated for 5 yrs 1/		145
Building & Equipment depreciated 10 yrs.		
Machinery and Equipment (2 plants - UNDP Grant)	2,400	240
Depreciated for 10 years		
Sub-Total Fixed Investment	$3,850	
Working Capital Investment		
Cash Contingency	500	
Plant Expansion (2 plants)	244	
Start-up Costs & Organization expense 2/	347	
Amortized 10 years		69.4
Sub-Total Working Capital Investment Required	$1,091	
Total Capital Investment	4,941	

Debt and Interest Costs

Assume: Machinery and equipment - no debt UNDP grant; private sector/GOC will supply the working capital.

Debt - AID Loan

Interest at 2% per year first 10 years	30
Interest at 3.9% per year second 10 years	39
average	69

Estimated at $35 each year

1/ Assumes replacement every 5 years.
2/ Assumes factory would operate at 60% of total output during the first six months while personnel are being trained. This was assumed to be a non-absorption of overhead and capitalized as an investment cost.

Working capital for the VPM project is estimated at $1.1 million and will be provided by the GOC. This capital does not include the actual prime material costs of VPM operations in 1977 and 78. It is expected that the GOC through their simulated inputs will account for the remaining operational expenses.

WORKING CAPITAL NEEDS (US$000) (3 plants)

Start-up Costs	$347
Plant Expansion	244
Cash/contingency	500
Total Working Capital	$1,091

ASSUMPTIONS:

1. Land and plants are presently available. Amortized for 20 years.

2. Sales inputs will be reflected as totally subsidized by the GOC at projected shadow sales price.

3. 1.5 months inventory of raw materials will be on hand at all times.

Amortized for 10 years are the start-up and organizational expenses. These expenses will cover the period of maximum inefficiency in the plant where overtime and product loss can be expected.

START-UP AND ORGANIZATIONAL EXPENSES (3 plants)
(US$000)

Lost Direct Labor:	
40% of 1/4 of year's labor	$47
Unabsorbed Fixed Costs:	
40% of 1/4 year's fixed costs	300
Annual Cost:	$347
Amortization at 10 years	34.7 per year

ASSUMPTIONS:

1. Capitalized as investment in first year.

2. First six months production will be at 60% of standard production.

ESTIMATED SHADOW PROFITABILITY FOR 3 PLANTS COSTED FOR YEAR 1976 (US$000)1/

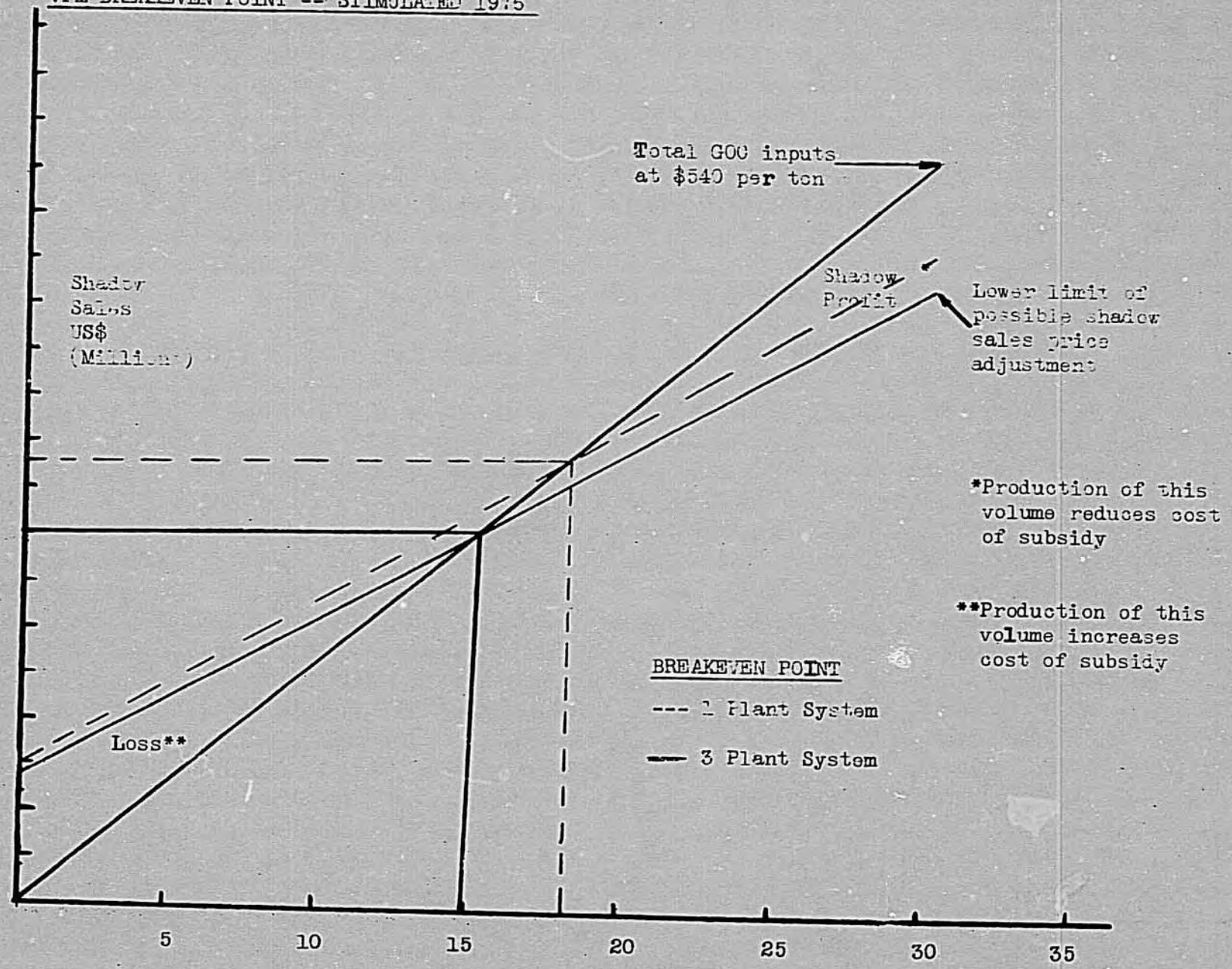
GOC Input Equivalent		
30 million kilos at a shadow cost of US$.54 per kilo 2/		$16,200
Variable Costs		
Raw Materials (Mix 1207A)	$6,647	
Direct Labor	387	
Utilities (See Section III-C-2) 3 plants	190	(7,224)
Sub-Total		$ 8,976
Fixed Costs		
Indirect Labor	80	
Indirect Costs (Est. at 4%)	648	
Supplies (Est. at 9%)	1,458	
Interest	35	
Start-up Amortization	35	
Land-Administration	2	
Building-Depreciation	27	
Equipment - Depreciation	360	
Maintenance (Est. at 1/2 Dep. of Equip.)	96	(2,741)
Sub-Total		$ 6,235
Contract Payments		
Plant Management contract at $.03 per kilo	900	
Distribution 30 million kilos at $.06 per kilo	1,350	(2,250)
Estimated Shadow Profit Contribution		$ 3,985

1/ This costing is used to derive base year costs for VPM for first 10 years of operations.

2/ Estimation based on total purchase by the GOC of plant output. Subsidized feeding programs will utilize total production.

3/ Assumes private sector management contract in which profit is to be gained. GOC position is one of breakeven as shadow profits are turned back into subsidy support. For breakeven calculations contract payments are considered a variable cost.

VPM BREAKEVEN POINT -- STIMULATED 1976



VPM FINANCIAL ANALYSIS FOR FIRST TEN YEARS 1977 - 1987 - 3 PLANT SYSTEM - MIX 1207-A
(U.S.$ MILLIONS)

SCR 5/3/76

	c/y	1976	1977 1/	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Ten Year Total
Pesos/U.S. Dollar		33.0	36.3	38.8	41.1	43.6	46.2	49.0	51.9	55.0	58.3	61.8	65.5	
Percent yearly adjustment 2/		10	7	6	6	6	6	6	6	6	6	6	6	
SHADOW SALES 3/ Estimated Increase in Sales Price					30%	10%	15%	15%	10%	5%	20%	10%	15%	+198%
Peso sales price/kilo 4/		17.8	17.8	17.8	23.1	25.4	29.2	33.6	37.0	38.8	46.6	51.3	59.0	+196%
Equivalent in U.S.$	$540.00	.54	.49	.46	.56	.58	.63	.69	.71	.71	.80	.83	.90	
Total Sim. Sales (Millions of Pesos)			267	534	694	762	876	1007	1109	1165	1398	1538	1770	
Total Sim. Sales US$			7.4	13.8	16.9	17.5	19.0	20.6	21.4	21.2	24.0	24.9	27.0	
TOTAL SHADOW SALES on 315 thousand M/T produced														213.7
VARIABLE COSTS	1976 Costs M/T													
Variable costs	$240.79													
Contract payments	$ 75.00													
TOTAL VARIABLE COSTS	$315.79		5.2	11.1	11.8	12.5	13.2	14.0	14.8	15.7	16.6	17.6	18.6	<151.1>
FIXED COSTS														
Fixed costs	$91.38													
TOTAL FIXED COSTS	$91.38		1.5	3.2	3.4	3.6	3.8	4.1 5/	4.2	4.4	4.7	5.0	5.3	<43.1>
Shadow Profit Contribution	$132.83		.7	.5	1.7	1.4	2.0	2.5	2.4	1.1	2.7	2.3	3.1	
TOTAL ACCUM. SHADOW PROFIT CONTRIBUTION														19.5

1/ Plants fully operational 3rd Qtr. '77 - Expected production 15,000 M/Tons
2/ Based upon Annex I Interim Report
3/ Based upon GOC purchase of total production of 30,000 M/T per year at $540 per M/T. This is 67% of market price
4/ Price based upon 250 gram packages, cost to package in 20 kilo sacks for institutional programs would be about 4 pesos less per kilo
5/ Includes cost of new trucks

VPM COST PER M/TON OR KILO USING 1 PLANT SYSTEM (U.S. DOLLARS)

4/21/76
S.C. Ryner

	Cost per M/Ton		Cost per Kilo	
VARIABLE COSTS				
Costs of Prime Materials				
Same as 3 plant system 1/	268.72		.27	
Direct labor	13.06		.013	
Utilities	6.33		.006	
Sub-Total Variable Costs	$288.11	$288.11	.289	.289
CONTRACT PAYMENTS				
Management contract $.03/Kilo	30		.03	
Distribution costs $.06/Kilo	60		.06	
	$ 90	$ 90.00	.09	.09
FIXED COSTS				
Indirect labor	1.76		.002	
Indirect cost and supplies	70.20		.070	
Interest	1.17		.001	
Start-up Amortization	2.00		.002	
Land-Amortization	.13			
Building Depreciation	1.50		.002	
Equipment Depreciation	7.70		.008	
Maintenance	3.83		.004	
	$ 88.29	$ 88.29	.089	.089
		$466.40		.468 or 15.91 pesos/kilo
				3.98 pesos/250 grams

1/ Refer to IIT Report on Bienestarina feasibility as relates to increase in transportation costs

VPM COST PER M/TON OR KILO USING 3 PLANT SYSTEM (U.S. DOLLARS)

4/21/76
SCRyner

Exchange Rate of 34 pesos/U.S.$

FORMULA
1124-B

VARIABLE COSTS

Cost of Prime Materials 1/	Cost M/T	% Required in each M/T	Cost per M/T		Cost per Kilo	
Soy Grits	235.29	37.4	88.00			
Corn Grits	159.94	54.1	82.74			
Threshed wheat	176.47	16.8	29.65			
Dry Milk	785.29	5.0	39.26			
Methionine	3529.41	.26	9.18			
Vita Premix	864.71	2.30	19.88			
			$268.72		.27	
Direct Labor			12.90		.013	
Utilities			6.33		.006	
Sub-Total Variable Costs			$287.95	$287.95	$.289	$.289

1207A
PRIME MATERIALS

	Cost/M/T	%	Cost
Soy Grits	235.29	30.0	70.59
Rice	132.35	62.44	82.64
Milk	785.29	5.0	39.26
Meth	3529.41	.26	9.18
Vita	864.71	2.30	19.89
			221.56

U.S.$ 407.17/Ton
.407/Kilo
or
13.84 pesos/Kilo
or
3.46 pesos/250 grams

CONTRACT PAYMENTS

Management contract .03/kilo	30		.03	
Distribution cost 0.45/kilo 1/	45		.045	
	75	$ 75.00	$.075	$.075

FIXED COSTS

Indirect labor	2.67		.003	
Indirect cost and supplies	70.20		.070	
Interest	1.17		.001	
Start-up amortization	1.17		.001	
Land-amortization	.07			
Building depreciation	.90		.001	
Equipment depreciation	12.00		.012	
Maintenance	3.20		.003	
	91.38	$91.38	.091	$.091
		$454.33		$.455

or 15.47 pesos/kilo
3.87 pesos/250 grams

1/ Refer to IIT report on Bienestarina feasibility as relates to increase in transportation costs.

ATTACHMENT A

ACCEPTABILITY STUDY VPM-BIENESTARINA BY AN INDEPENDENT COLOMBIAN SURVEY TEAM

SUMMARY RESULTS AND COMMENTS

MIXTURES

1) INCIDENCE IN USE OF SAMPLES AND REASONS FOR NON USE

Total incidence in use of samples was of 56% in the Urban area and 90% in the Rural area.

Main reasons given for not using samples were:

	%
ONLY USED ONE	20
DID NOT HAVE TIME	20
WAS NOT AT HOME	12

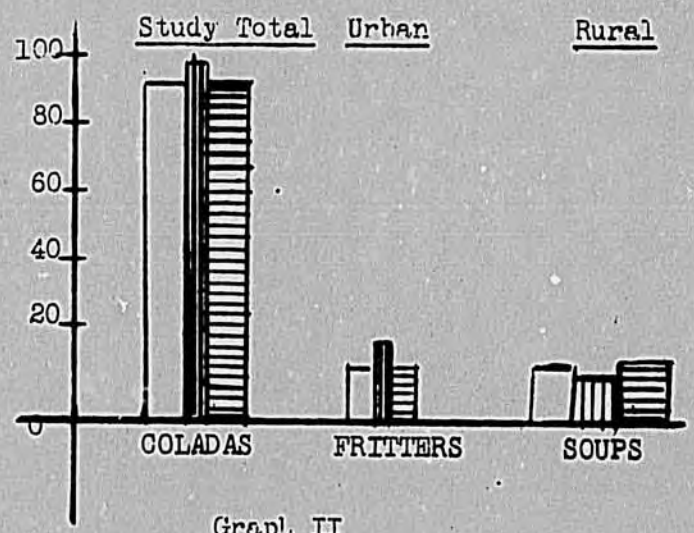
2) WHAT FOODS WERE PREPARED WITH SAMPLES LEFT

Main utilization of food which shows higher indication of having been prepared is "coladas" followed by "fritters" and soups. Graph #1

	Total	Urban	Rural
COLADAS 1/	92%	94%	91%
FRITTERS 2/	14%	17%	12%
SOUPS	12%	11%	14%

1/ A Thick Malted type drink

2/ A fried product from a heavy batter.

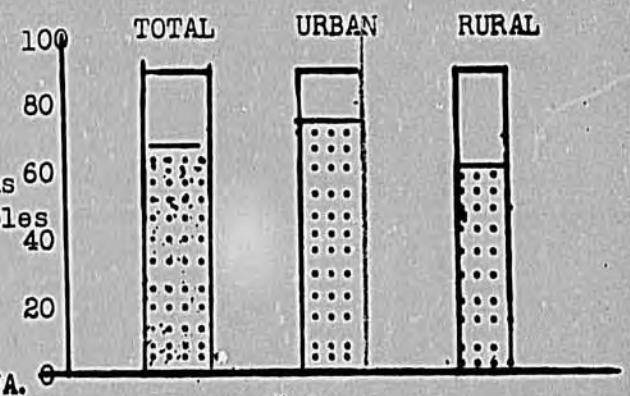


Graph II

3) DIFFERENCES FOUND ON COLOR OF SAMPLES

Approximately three out of four persons interviewed found difference in color of samples of BIENESTARINA AND COLOMBIARINA. Graph #2.

A marked tendency is noted in this analysis, establishing a lighter color for COLOMBIARINA and a darker one for BIENESTARINA.

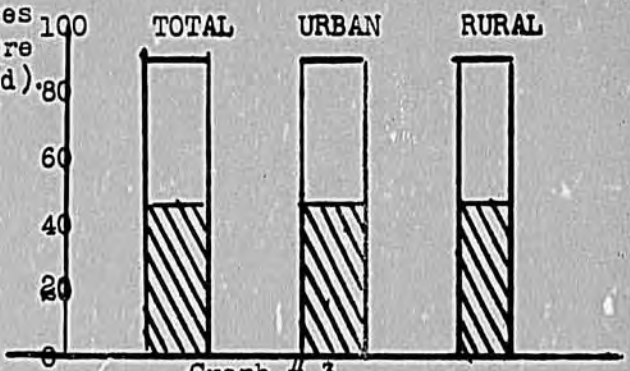


Graph # 2

(AID NOTE: The new S.T. System produces a product of cream to white color which is more desirable than the present BIENESTARINA tested).

4) DIFFERENCES FOUND ON THE "SMELL" OF THE SAMPLES AT OPENING THE PACKAGE

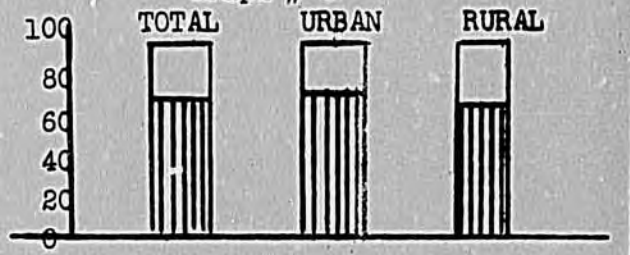
One out of every three persons interviewed found differences in the smell of the samples upon opening the package, but we believe that the type of people interviewed were not able to distinguish smells accurately. Graph #3.



Graph # 3

5) DIFFERENCES FOUND ON "THE TASTE" OF THE SAMPLES

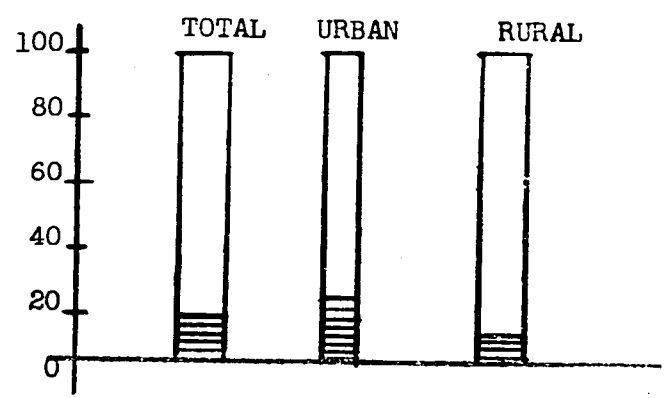
70% of people interviewed found a difference in "the taste" of samples studied. Graph #4. In the COLADAS taste differences are more noticeable.



Graph # 4

Communities Tested	PUERTO TEJADA		TIMBIO		EL BORDO	
BIENESTARINA	URBAN %	RURAL %	URBAN %	RURAL %	URBAN %	RURAL %
FLOUR TASTE	37	21	4	--	15	17
CORN TASTE	22	24	22	27	8	9
SOYBEAN TASTE	7	7	15	15	4	--
RICE TASTE	4	7	7	4	--	4
PLANTAIN TASTE	--	3	4	4	8	4
COLOMBIARINA						
FLOUR TASTE	4	--	78	24	6	17
CORN TASTE	29	25	21	32	24	28
SOYBEAN TASTE	4	7	7	4	--	17

Some difference occured during testing and swallowing foods prepared with samples handled. Graph # 5.



Graph # 5

Communities tested	PUERTO TEJADA		TIMBIO		EL BORDO	
	URBAN %	RURAL %	URBAN %	RURAL %	URBAN %	RURAL %
SAMPLES						
BIENESTARINA						
1/ - TASTE LIKE SAND IN THE MOUTH	53	50	40	72	67	100
- BAD TASTE	21	50	-	-	-	-
- ACID	13	-	-	-	-	-
- FOUL TASTE	7	-	-	-	-	-
-SOUR	7	-	40	-	33	-
-RICE TASTE	7	11	-	4	12	6
-PLANTAIN TASTE	-	7	-	4	6	-
-COLOMBIARINA TASTE	14	18	14	4	-	-
-DURYEA TASTE	-	4	-	8	6	6

1/ (AID NOTE: This is a problem with a non instantized product - as was used in the test - under new S.T. pre cooking operation this will not occur).

The conclusions which could be derived from this analysis would be:

a) The flour and corn tastes is the greatest difference in the two samples.
1/b) BIENESTARINA has a greater soybean taste than COLOMBIARINA.
c) COLOMBIARINA's taste has a good identification index in Puerto Rejada and Timbio while at El Bordo it is poor.

INDEX AND DIFFERENCES OBSERVED IN TASTING AND SWALLOWING SUCH FOODS PREPARED WITH EACH SAMPLE

Through population interviewed a total average of 20% (Urban 26% and Rural 14%) observed

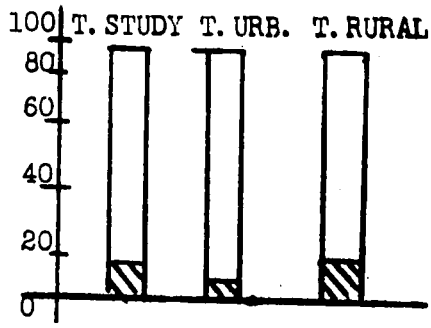
Communities Tested	PUERTO TEJADA		TIMBIO		EL BORDO	
	URBAN	RURAL	URBAN	RURAL	URBAN	RURAL
COLOMBIARINA						
-A TASTE LIKE SAND IN THE MOUTH	13	100	75	75	100	-
-BAD TASTE	36	-	--	--	--	-
-ACID	25	--	--	--	--	-
-SOUR	13	--	25	25	33	-
-FOUL TASTE	13	--	--	--	--	-

Apparently the both products had a definite taste of sand.

1/ (AID NOTE: The soy taste is removed in new product produced by the S.T. System).

7) DIFFICULTIES FOUND AT THE TIME OF PREPARING FOODS WITH EACH SAMPLE

Only one out every ten persons interviewed had difficulties in preparing different foods with each sample (BIENESTARINA AND COLOMBIARINA). Graph #6. The main difficulties found in preparation of Coladas are as follows:



Graph 6

Communities Tested	PUERTO TEJADA URBAN %	PUERTO TEJADA RURAL %	TIMBIO URBAN %	TIMBIO RURAL %	EL BORDO URBAN %	EL BORDO RURAL %
SAMPLES						
BIENESTARINA						
-LUMPS WERE FORMED AND DID NOT DISSOLVE	25	100	100	100	100	100
-TOO THICK	50	--	--	--	--	--
-THE SAMPLE DRIED OUT	25	--	--	--	--	--
COLOMBIARINA						
-LUMPS WERE FORMED AND DID NOT DISSOLVE	75	100	100	--	--	100
-TOO THICK	--	--	--	--	--	--
-THE SAMPLE DRIED OUT	25	--	--	--	--	--

8) ACCORDING TO TATES, WHICH SAMPLE WAS LIKED THE MOST FOR COLADAS, SOUPS AND OTHER PREPARATIONS

In general favor is given to BIENESTARINA over COLOMBIARINA with a real significant preference for coladas. This preference is especially defined for the total Rural area (Ratio 1.68%).

9) ACCORDING TO YOU, WHICH SAMPLE THICKENED LESS

In the preparation of coladas and soups there appears no significant difference to any of the samples.

For other preparations, the concept of "less thick" is baised toward COLOMBIARINA.

10) WHICH SAMPLE DISSOLVED FASTER WHEN PREPARING COLADAS, SOUPS AND OTHER FOODS

Interviewers considered that BIENESTARINA dissolved faster for the preparation of other foods.

11) WITH WHICH SAMPLE WAS IT EASIEST TO PREPARE COLADAS - SOUPS AND OTHER FOODS

Eventhough the percentage of "do not know or consider both products equal" is somewhat high, it considered that an equality exists. Votes favoring one or the other tend to favor BIENESTARINA.

12) TASTING PREPARATIONS MADE WITH SAMPLES, WHICH ONE LEAVES A TASTE OF SAND IN THE MOUTH

The taste of sand was noted in coladas prepared with BIENESTARINA.

13) BUYING ATTITUDE TOWARD EACH SAMPLE ACCORDING TO ITS TASTE

This buying attitude, keeping in mind the taste only, favors BIENESTARINA for preparation of coladas and other foods as can be seen below:

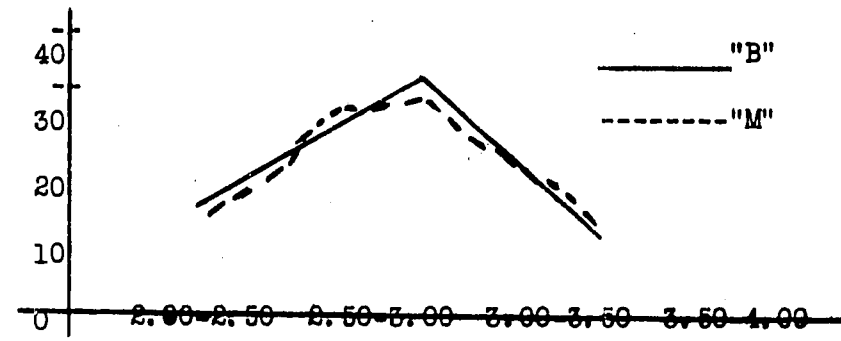
	GRAND TOTAL		
BOUGHT FOR	COLADAS %	SOUPS %	OTHER FOODS %
BIENESTARINA	47	38	55
COLOMBIARINA	30	23	21
RATIO	1.40	1.35	2.0

14) BUYING ATTITUDE TOWARD EACH SAMPLE ACCORDING TO ITS TASTE

This analysis shows an equal buying incentive for coladas and soups, but as far as other foods are concerned it favors BIENESTARINA.

15) OPTIMUM COMMERCIAL PRICE INDEX AS PER POPULATION INVESTIGATED

The following graph and chart shows present acceptable prices to buy at the store. Expected size would be 1/2 a pound.



Expected peso price	$3.00 to 3.50	$2.50 to 3.00	$2.00 to 2.50	$3.50 to 4.00
BIENESTARINA ("B)				
URBAN AREA	29	18	18	10
RURAL AREA	33	30	14	7
TOTAL SUMMARY	31	24	16	9
COLOMBIARINA ("M")				
URBAN AREA	29	20	14	12
RURAL AREA	32	30	15	8
TOTAL SUMMARY	30	25	14	10

ATTACHMENT B

"GENERAL MILLS, INC. . PROTEIN DIVISION . 9200 Wayzata Boulevard . Minneapolis, Minn.

May 13, 1976

C.L. DUCHARME
Director
International and
Commercial Development

Mr. Stephen C. Ryner
USAID/Colombia
United States Embassy
Bogota, Colombia
South America

Dear Steve:

Enclosed is the offer of a two-gun S-T system. (You should understand that General Mills is also willing to consider offers on two other such plants.) The offer is executed by R. W. Hatch, Vice President of General Mills and General Manager of the Protein Division. You will recall meeting Mr. Hatch on your recent visit to Minneapolis. Per your instructions, Steve, the offer is made out to ICBF.

We, at General Mills, are very excited about this project in terms of its applicability toward solving pressing feeding and nutritional problems and also with regard to its utility in making meat analogs and meat extenders.

My current plans are to arrive in Bogota on May 22 at 7:10p.m. on Avianca Flight 31. I will arrange for hotel reservations.

Incidentally, Steve, I intend to bring frozen samples with me of the various products which we demonstrated for you and Camilo. If this does not seem reasonable please telex me.

I look forward to seeing you and to working with you on this project.

Regards,

SIGNED

C.L. Ducharme

CLD:jp
Enclosure"

ANNEX - D

LOGICAL FRAMEWORK

ON

SUB-PROJECTS

a. Evaluation Sub-Project

b. Cauca Pilot and Expansion Sub-Project

c. Training, Technical Assistance, and Experimental Studies Sub-Project

d. Vegetable Protein Mix Sub-Project

EVALUATION SUB-PROJECT

Narrative Summary	Measurable Indicators	Means of Verification	Important Assumptions
A. 1. **Goal** a. To improve the nutritional status of the poorest 10% of the Colombian population.	A. 2. Objectives [illegible] among children less than five years of age.	A. 3. a. [illegible] will be provided separately by the Evaluation and Analysis Project which is [illegible] loan. The [illegible] nutritional status will be supplied [illegible] Ministry of Health, ICBF and DANE.	A. 4. Important Assumptions a. Nutrition [illegible] is a major concern to the GOC. b. Obstacles [illegible] to goal achievements are identified as [illegible]
B. 1. **Purpose** a. To provide timely information for decision makers to use in the development and modification of GOC policies, programs, projects and other activities affecting nutrition.	B. 2. Purpose Indicators a. The National Food and Nutrition Council will develop [illegible] the President and CONPES [illegible] based on the [illegible] on nutrition [illegible] Evaluation and Analysis Unit. b. Agencies charged with the implementation of projects under the National Food and Nutrition Plan will be making [illegible] and modifications in their activities [illegible] based on reports prepared by the Evaluation and Analysis Unit. Agencies, whose programs and policies affect the nutritional status of the target population of the Colombian National Food and Nutrition Plan, will be adjusting their activities [illegible] reports analyzing and suggesting changes in their activities [illegible] by the [illegible] National Food	B. 3. Means of Verification a. Analysis of actions taken by the Consejo Nacional de Nutrición reviewing the minutes of their meetings. b. Analysis of actions taken by implementing agencies modifying their projects reviewing decision memoranda. c. Personal observations and interviews of members of the Council implementing agencies, and other agencies whose actions affect national nutrition status.	B. 4. Important Assumptions
C. 1. **Outputs** a. An Evaluation Office that will: (i) Evaluate the implementation of all activities [illegible] National Food and Nutrition Plan. (ii) [illegible] studies and follow-up studies to determine the impact of the various activities and projects of the National Food and Nutrition Plan upon the target population and the global impact on the nutritional status of the general population. (iii) Design and implement a national nutrition surveillance system to monitor the nutritional status of the Colombian population. (iv) Prepare special ad hoc studies of factors considered to have an important impact on the nutritional status of the target population. b. Evaluations of the Evaluation and Analysis Unit.	C. 2. Measurable Output Indicators a. (i) Quarterly reports of project implementation progress for each project of the Plan, plus [illegible] report which analyzes and [illegible] recommendations for [illegible] projects implemented during the year. The Evaluation and Analysis Unit will call a meeting of all the interested parties to discuss the reports. (ii) A baseline study will be prepared prior to the implementation of each project [illegible] National Food and Nutrition Plan. In the end of the [illegible] reports, projections of the desired impact will be measured. At the end of each project, a special report will be prepared analyzing and evaluating the project's impact. (iii) Annual reports of the nutritional status of the Colombian target population with analysis by causes of the causes of changes in nutritional status. (iv) At least five special studies will be undertaken each year. b. Annual [illegible] the Evaluation and Analysis Unit.	C. 3. Means of Verification a. Records of the Evaluation and Analysis Unit. b. Personal observations and interviews. c. USAID records	C. 4. Important Assumptions a. Qualified technical advisors and contractors can be located and hired as needed. b. The GOC will sign long-term technical assistance contracts.
D. 1. **Inputs** a. Administration and Personnel b. Computer time c. Evaluation Studies d. Calculators and typewriters e. Technical assistance	D. 2. Budget Per Year (1000000) [illegible]	D. 3. Means of Verification a. ONP accounting reports b. AID accounting reports	D. 4. Important Assumptions a. Budget proposals approved by all donors to the project at programme levels.

D. 2. Budget Per Year (1000000)

	FY 1977		FY 1978		FY 1979		TOTAL	
Item Costs	AID	GOC	AID	GOC	AID	GOC	AID	GOC
a.	[illegible]	391	[illegible]	521	[illegible]	157	[illegible]	679
b.	6	-	14	--	11	9	31	[illegible]
c.	91		94	--	65	10	240	10
Subtotal	97	391	98	521	76	166	271	712
Dollar Cost								
d.	17	-		--	--		17	
e.	[illegible]		70		11	--	100	
Sub total	26	--	40	-	11		117	
Total	[illegible]	391	128	521	87	166	[illegible]	712

Best Available Document

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CAUCA PILOT AND EXPANSION SUB-PROJECT

ANNEX 1
Page 100

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
A. 1. **Goal** a. To improve the nutritional status of the poorest 50% of the Colombian population	A. 2. Objectively Verifiable Indicators a. [illegible] b. [illegible] c. [illegible] d. [illegible]	Means of Verification a. Annual reports of nutrition status will be produced as part of the Evaluation and Analysis Project which is part of this loan. b. Data on general health status will be supplied annually by the Ministry of Health, ICBF and DANE	A. 4. Important Assumptions a. [illegible] b. [illegible] c. [illegible]
B. 1. **Purpose** a. To test, at the departmental level, the effectiveness of various nutrition interventions within a multisectorial administrative framework.	B. 2. [illegible] a. [illegible] b. University of Valle will have completed recommendations on health system design for nutrition status in program areas, bio-medical studies related to Vit A and iron deficiency and follow-up on sample groups and systems for hard to reach areas. c. University of Cauca will have completed recommendations for Nut. Ed. at primary and secondary levels. d. Nutrition sub-activities will be operating in a coordinated fashion. e. Project will operate in two additional Depts. by end of CY 79 f. Evaluation results will have demonstrated the effectiveness of the various interventions.	B. 1. Means of Verification a. Reports of Dept. Committee b. University of Valle contract reports c. University of Cauca contract reports d. ICBF reports e. ICBF reports	B. 4. Important Assumptions a. Universities selected will agree to provide assistance. b. That timing scheduled by DNP can be followed.
C. 1. **Outputs** **Cauca** a. Administration b. Health Coverage c. Rural Sanitation d. Nutrition Education e. Subsidized Feeding Programs f. Evaluation Program **Huila** a. Administration b. Health Coverage c. Rural Sanitation d. Nutrition Education e. Subsidized Feeding **Norte de Santander** a. Administration b. Health Coverage c. Rural Sanitation d. Nutrition Education e. Subsidized Feeding	C. 2. Magnitude of Outputs **Cauca** a. Office evaluation program, coordinate and functioning Coordination Committee. b. 24 MH/C units covering 150,000 persons, 20% persons trained, 7000 water filters in use, and 11,000 latrines in use. c. 75 aqueducts constructed and additions to provide coverage to an additional 11,500 persons. d. 3,000 hours of education, school nutrition open and programs, 24 films and slide shows produced and in use, posters, pamphlets produced and in use. Coverage coverage will be reached 12,000 mothers and 15,000 preschool children in 1979. 10 special studies completed and 5 technical consultants contracted to assist with the analysis of nutritional problems. **Huila** a. Coordinator/Evaluator and an auxiliary statistician in the Regional Coordinating Office. The Nutrition Coordinating Committee meeting at least monthly. b. 20 MH/C units and 30 health posts with coverage for 150,000 persons. c. 10 aqueducts constructed servicing 11,500 persons. d. Materials of the same type shown in the Cauca program will be designed and delivered to the Huila target population. e. Coverage coverage will have reached 9,000 mothers and 23,000 preschool children in 1979. **Norte de Santander** a. An evaluation person in the ICBF Regional Office. The Nutrition Coordinating Committee Meeting at least monthly. b. 30 MH/C units providing coverage to 150,000 persons. c. 15 Rural Aqueducts [illegible] 7,500 persons. d. Nutrition education materials of the same type used in the Cauca program [illegible] target population. Coverage coverage will have reached 11,000 mothers and [illegible] preschool children.	C. 3. Means of Verification a. ICBF reports for disbursement b. Reports of Dept. Committee c. Dept. Health Service Reports d. Dept. Educ. Reports e. Reports of Dept. Committee f. Reports of Private Surveyors g. Reports of Bank of Republic h. Evaluation Studies	C. 4. Important Assumptions That local agencies will cooperate with ICBF as national implementing agency. That private wholesaler will undertake project.
D. 1. **Inputs**	D. 2. Annual Budget (Pesos)	Means of Verification [illegible] Reports on progress against budget [illegible]	D. 4. Important Assumptions

	FY-79 AID	FY-79 GOC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
a. **Cauca - Peso Costs**								
1. Administration (DNP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2. Health (MOH)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3. Rural Sanitation (RSAS) Aqueducts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4. Nutrition Education & Mass Communication (DNP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5. Subsidized Feeding (ICBF)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6. Evaluation (DNP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Department Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
b. **Huila - Peso Costs**								
1. Administration (DNP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2. Health (MOH)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3. Rural Sanitation (RSAS) Aqueducts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4. Nutrition Education & Mass Communication (DNP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5. Subsidized Feeding (ICBF)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Department Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
c. **Santander del Norte**								
1. Administration (DNP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2. Health (MOH)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3. Rural Sanitation (RSAS) Aqueducts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4. Nutrition Education & Communications (DNP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5. Subsidized Feeding	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Department Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Peso Costs - Three Departments								
Cauca	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Huila	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Santander	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Dollar [illegible] the [illegible]
Imp [illegible]
Gov [illegible]

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2

TECHNICAL ASSISTANCE, TRAINING AND EXPERIMENTAL STUDIES SUB-PROJECT

Narrative Summary

A. 1. Goal

a. To improve the nutritional status of the poorest 10% of the Colombian population

A. 2. Objectives (Indicators)

a. Eliminate [illegible]

b. Diminish [illegible]

c. [illegible]

d. [illegible]

e. [illegible]

A. 3. Means of Verification

[illegible] will be produced [illegible] Project which is part of the [illegible]

b. [illegible] will be supplied [illegible] by the Ministry of Health, ICBF and DANE.

A. 4. Important Assumptions

a. [illegible] remains to the GOC

b. [illegible] critical to goal achievements are [illegible] planned.

B. 1. Purpose

a. To strengthen and facilitate the multisectoral planning and implementation of the National Food and Nutrition Plan.

B. 2. Objectives

a. The complete [illegible] will contain [illegible] approaches for nutrition project implementation, with measurable nutrition targets.

b. Annual reviews of long range nutrition plans, making modifications when necessary.

Nutrition planning personnel trained in planning [illegible] working in the Implementing Agencies within [illegible], and Ministry of Health.

d. [illegible] program for the identification and [illegible] of alternative, low cost and indirect nutrition interventions.

e. Agencies working in nutrition related areas will include the nutrition variable in the preparation of their [illegible] plans.

B. 3. Means of Verification

Reports of DNP, the Nutrition Council and other agencies.

B. 4. Important Assumptions

Related agencies will be willing to collaborate in nutrition planning activities. Retention of trained personnel will not be a problem.

C. 1. Outputs

a. In-country seminars & workshops

1. Seminars of information and incentive training for university professors.
2. Workshops for Nutrition Planning
3. Workshops to review Program Operations
4. Training Workshop in Applied Nutrition - Educators
5. Interdisciplinary Information courses. Professionals
6. Applied Nutrition Courses for professionals
7. Planning Nutrition Courses for high level officials
8. Workshops for Departmental Coordinators of the NFNP.

b. Graduate Training

1. Short courses of one year such as those given in Nutrition Planning (MIT or Cornell) Communications, Commercialization of Foods.
2. Masters or Ph.D level training (2 years) in Nutrition Planning, Food Technology, Health, Nutrition.

c. The established multisectorial Nutrition Sub-Committee will boost the Planning Process through

1. Determine and carry out pilot projects and feasibility studies related to plan development

2. Make in country research & university, Community Nutrition Programs

3. Determine technical assistance requirements for areas in the NFNP.

4. Select key people involved in the NFNP to visit Nutrition Programs and related activities being carried out in other countries.

C. 2. Magnitude of Output (Year)

43 seminars & workshops for approximately 1,000 persons dealing with the NFNP. Each seminar will have a duration of 30 hours.

FY 77	FY 78	FY 79	TOTAL
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
6	6	[illegible]	10
7	1	1	4
[illegible]	1	2	5
[illegible]	1	[illegible]	1
[illegible]			1
[illegible]	3	[illegible]	3
18	14	9	43

20 persons/year will be trained at a masters and Ph.D level

FY 77	FY 78	FY 79	TOTAL
[illegible]	[illegible]		[illegible]
[illegible]			[illegible]

At least 4 [illegible] pilot studies or pilot projects per year being carried out [illegible] Universities [illegible] Health Sector [illegible] Nutrition research. This program will be carried out in [illegible] programs that are carried out at [illegible] priority level.

FY 77	FY 78	FY 79	TOTAL
[illegible]	[illegible]	[illegible]	40

[illegible] will be [illegible] Health Sector [illegible]

Lessons are:

Wait of non [illegible] possibility of fortifying salt with iron.

- Confirmation of [illegible]

[illegible] FY 78

C. 3. Means of Verification

List of participants and Evaluation of seminars.

Diplomas, academic records.

Contracts developed by FONADE

[illegible] University [illegible] University [illegible]

Contracts developed [illegible] and INSAP.

Name of participants and trip reports.

C. 4. Important Assumptions

Proper people selected to attend seminars and workshops.

People will be able to dedicate required time to attend seminars.

Students admitted in universities.

D. 1. Inputs

- Seminars and [illegible] for Graduate training
- Pilot project
- [illegible]

D. 2. Budget per year (U.S.$)

	FY 77 ATD	FY 78 ATD	FY 79 ATD	TOTAL
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]

D. 3. Means of Verification

ICFES Budget appropriation

D. 4. Important Assumptions

ICFES budget approved or not reduced.

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VEGETABLE PROTEIN MIX SUB-PROJECT

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
A. 1. Goal a. To improve the nutritional status of the poorest 30% of the Colombian population	[illegible]	[illegible] ... will be supplied ... by the Ministry of Health, ICBF and DANE.	**A. 4. Important Assumptions** a. Nutrition continues to be a major concern to the GOC. b. Other inputs which are critical to goal achievement are provided as planned.
B. 1. Purpose To meet the needs of the subsidized feeding programs with the locally produced nutritious vegetable mix.	**B. 2. End of Project Status** a. Supplementary feeding program's needs for vegetable mix will be ... by Colombian production of 30,000 Ton ... 1978 b. Food Stamp ... vegetable mix ... [illegible]	**B. 3. Means of Verification** a. ... and ICBF. b. ... results of food stamp program c. Analysis of usage of ... products. d. ... sales increase. e. Incorporation and acceptance of new products in the Colombian family diet.	**B. 4. Important Assumptions** a. GOC will continue to support subsidized feeding programs by sufficient purchases of Bienestarina production. Approx. 25,000 M/T/year. b. Price controls will be established by the GOC for Bienestarina in line with normal inflation. c. Price controls will not adversely affect the availability of raw materials.
C. 1. Outputs a. Three full line Bienestarina production plants using solely Colombian grown or purchased commodity inputs managed by Colombian personnel. b. Formation of combined GOC and a private corporation to operate vegetable mix plants. c. Development of production quality and distribution monitoring systems on an operational basis.	**C. 2. Magnitude of Outputs** a. Plants ... 1977. Plants purchasing Colombian corn, rice, soy and dry milk. Plants staffed by 210 Colombian professionals and laborers. Annual production of 30,000 tons of Bienestarina for subsidized feeding programs. b. GOC and private sector ... operation in 1976. Management staff Colombian private industry. c. Material usage, production output, and ... [illegible]	**C. 3. Means of Verification** a. Production, quality control, and distribution system monitoring. b. Market survey follow up.	**C. 4. Important Assumptions** a. Price of soy, rice, and corn inputs will not increase beyond normal inflation due to increase demand for these commodities by the expanded production facilities and private sector. b. Private sector corporations will be willing to operate the plants. c. UNDP purchase of processing equipment will be timely.

Inputs

a. Technical assistance
   Industrial Eng. Advisor UNDP
   Process and Product T.A. UNDP
b. Participants
   Technical Training UNDP
c. Commodities
   1.- Processing Plant USAID
   2.- Processing Plants UNDP
   Transport Equip. USAID
   Prime Food Materials GOC
d. Other Costs
   Working Capital GOC/Private
   Construction of Warehouses ... USAID

D. 2. ... Bienestarina ...

FY 1977 AID FX	AID LC	GOC FX	GOC LC	UNDP FX	UNDP LC	FY 1978 AID FX	AID LC	GOC FX	GOC LC	UNDP FX	UNDP LC	FY 19.. AID FX	AID LC	GOC FX	GOC LC	UNDP FX	UNDP LC	Totals
				50						1??								21?
				100														100
				7	40					[illegible]	[illegible]			4.				12?
1200																		
				2000														1?00
9.										500								2400
			7,700				[illegible]											9.
														14,??				34,121
			9??															
	???		200															???
[illegible]	1??		8790	[illegible]	10													

D. 3. Means of Verification
a. Audit reports ... provided to ... taken by ICBF, UNDP and USAID

D. 4. Important Assumptions
a. Future year budget levels will be approved for each participating agency.
b. Prices will not increase rapidly before the equipment purchase contracts are made.

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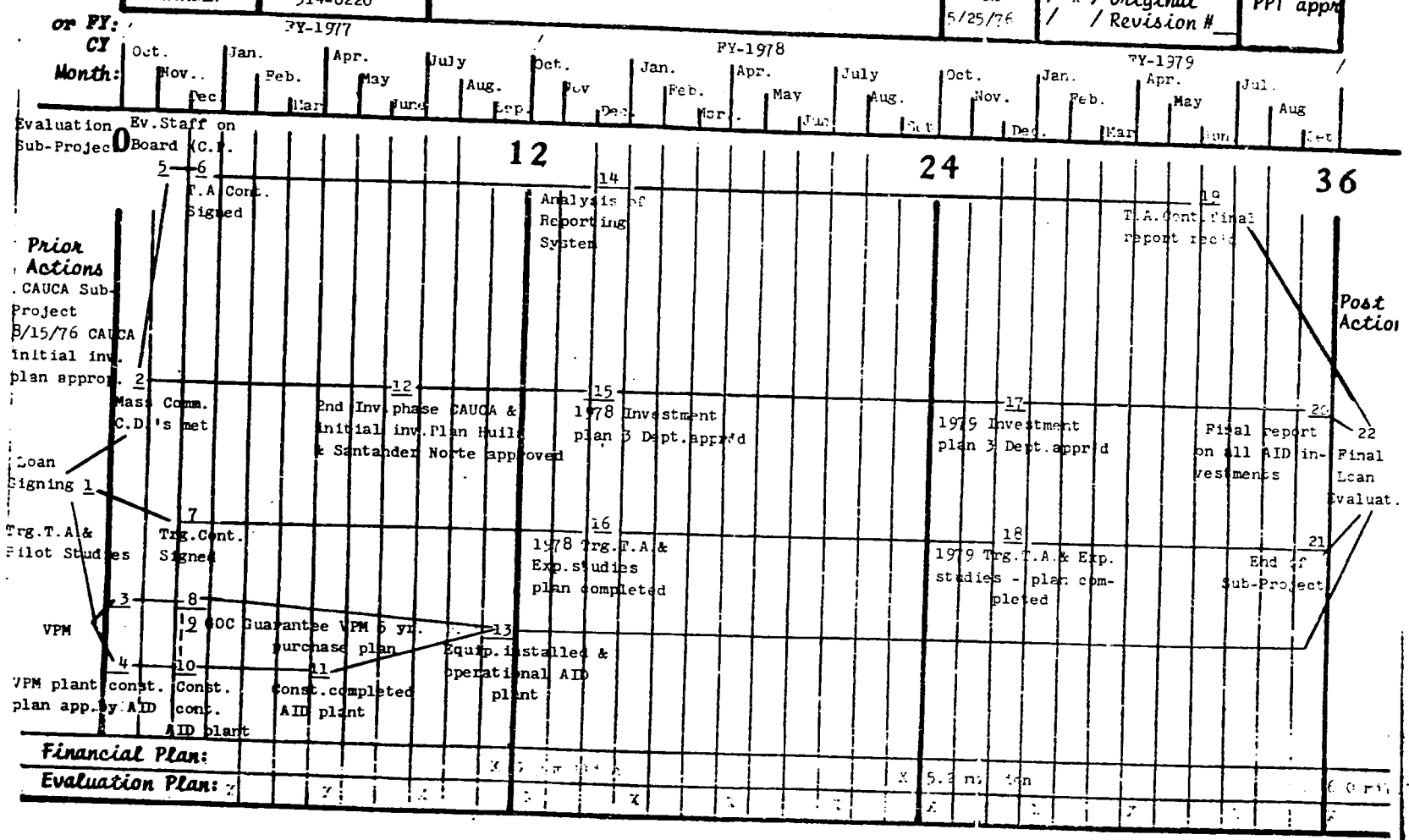
PPT FORM
(May be Expanded as Appropriate)

Country:	Project No:	Project Title:	Date:	/ X / Original / / Revision #	PPT appr
COLOMBIA	514-0220	NUTRITION LOAN	5/25/76		



PROJECT PERFORMANCE NETWORK

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ANNEX H

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PPT FORM

Country:	Project No:	Project Title:	Date:	/ / Original / / Revision #	Apprvd:

CPI DESCRIPTION

	DATE	DESCRIPTION	ACTION AGENT
	8/15/76	Cauca Initial Investment Plan approved by Dept. Committee.	DNP
1.	9/15/76	Loan Signed	AID/GOC
2.	10/15/76	Condition Precedent on Mass Communication & Nutrition Education activity met.	DNP
3.	10/15/76	Condition Precedent VPM sub-project Organization & Management System met.	DNP
4.	10/15/76	Condition Precedent VPM sub-project Construction & Local Purchase Plan met.	ICBF
5.	11/15/76	Condition Precedent Evaluation sub-project adequate staff hired met.	DNP
6.	12/15/76	Technical Assistance contract in evaluation signed	AID/DNP
7.	12/15/76	Training Contract signed	AID/ICETEX, DNP
8.	12/15/76	VPM Plant Equipment Purchase Contracted	ICBF
9.	12/15/76	Condition Precedent VPM sub-project Guarantee GOC product purchase completed.	DNP/ICBF
10.	12/15/76	VPM Plant Construction and local equipment purchase contracted.	ICBF
11.	4/15/77	VPM Plant Construction completed.	ICBF
12.	6/30/77	Second Investment Plan - Cauca & Initial Investment Plan - Huila & Norte de Santander completed.	DNP
13.	9/15/77	Equipment Installed & AID supported VPM Plan operational.	ICBF
14.	12/15/77	Analysis of effectiveness Evaluation reporting system.	DNP/AID
15.	12/15/77	CY 1978 Investment Plan three Departmental Programs approved.	DNP
16.	12/15/77	CY 1978 Training, Technical Assistance & Pilot Studies sub-committee operational Plan approved.	DNP/AID
17.	12/15/78	CY 1979 Investment Plan three Departmental Programs approved.	DNP
18.	12/15/78	CY 1979 Training, Technical Assistance, and Pilot Studies sub-committee operational Plan approved.	DNP
19.	6/30/79	Evaluation Technical Assistance Contractor's final report received.	DNP/AID
20.	9/30/79	Final Report on AID Departmental Program Investments	DNP
21.	9/30/79	End of Training, Technical Assistance and Pilot Studies sub-project.	DNP/AID
22.	12/30/79	Final Loan Evaluation	AID

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ANNEX F

CHECKLIST OF STATUTORY CRITERIA

(Alliance for Progress)

In the right-hand margin, for each item write answer or, as appropriate, a summary of required discussion. As necessary, reference the section(s) of the Capital Assistance Paper, or other clearly identified and available document, in which the matter is further discussed. This form may be made a part of the Capital Assistance Paper.

The following abbreviations are used:

FAA - Foreign Assistance Act of 1961, as amended.

FAA, 1973 - Foreign Assistance Act of 1973.

App. - Foreign Assistance and Related Programs Appropriation Act, 1974

MMA - Merchant Marine Act of 1936, as amended.

BASIC AUTHORITY

1. FAA Sec. 103 - Loan being made

   a. For agriculture, rural development or nutrition.

COUNTRY PERFORMANCE

Progress Towards Country Goals

2. FAA Sec. 208; Sec. 251(b)

   A. Describe extent to which country is:

      (1) Making appropriate efforts to increase food production and improve means for food storage and distribution.

Colombia is making appropriate efforts through its Office of Agricultural Planning, Institute of Agricultural Marketing, Institute for Development of Natural Renewable Resources, and the Colombian Agricultural Institute. These efforts are more fully described in the analysis of the Agriculture Sector dated March, 1972 as revised May, 1973 and June, 1974.

(2) Creating a favorable climate for foreign domestic private enterprise and investment.

With respect to domestic private investment a favorable climate has been maintained and investment continues at a respectable rate. With respect to foreign private investment, some enterprises, which might possible fall within the restrictive provisions of the Andean Code, may have been deterred by the uncertain legal status of the Treaty of Cartagena and the Andean Code from investing in Colombia; but the amount of investment, if any, so deterred is a matter of speculation.

(3) Increasing the public's role in the developmental process.

The public's role in the development process is clearly being increased, as witnessed by the programs instituted by the Colombian Government under this loan and other programs also assisted by A.I.D. loans, entailing substantial increases in the financing of education and of credit to small and medium sized farmers.

(4) (a) Allocating available budgetary resources to development.

The Mission has concluded that Colombia's investment in the four crucial sectors of the economy concerned with overall development is both "reasonable and feasible".

(b) Diverting such resources for unnecessary military expenditure and intervention in affairs of other free and independent nations (See Item 10)

It is considered that some expenditure for modernization of Colombia's armed forces is justifiable.

Colombia is not intervening in the affairs of other free and independent nations.

(5) Making economic, social and political reforms such as tax collection improvements and changes in land tenure arrangements, and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.

Colombia, with the assistance of the Mission, has embarked on a program of substantially improving tax collection procedures, which has resulted in increased fiscal revenues. Colombia's program of land reform is discussed in detail in Parts One and Two of the 1972 Agricultural Sector Loan Paper. The development plans of the GOC recognize the importance of individual initiative and private enterprise. Individual freedom of press, speech and religion continue.

(6) Adhering to the Principles of the Act of Bogota and Charter of Punta del Este.

Colombia is adhering to the principles of the Act of Bogota and the Charter of Punta del Este.

(7) Attempting to repatriate capital invested in other countries by its own citizens.

Under the 1967 Foreign Exchange Statute, Colombian nationals were to repatriate demand and time deposits by mid-1967, upon their sale, and no Colombian national was to invest abroad without the prior approval of the Department of Planning. During 1967 it is estimated that up to $50 million was repatriated, which represents the bulk of the capital which was overseas. Presently, very strict laws are in effect which limit severely capital flight from Colombia.

(8) Otherwise responding to the vital economic, political and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.

The GOC is undertaking effective self-help measures in response to vital concerns of its people.

B. Are above factors taken into account in the furnishing of the subject assistance?

YES

Treatment of U.S. Citizens by Recipient Country

3. FAA Sec. 620(c)
If assistance is to government, is the government liable as debtor or unconditional guarantor on any debt to U.S. citizen for goods or services furnished or ordered where (a) remedies and (b) debt is not denied or contested by such government?

According to the best information available, Colombia is not known to be so indebted.

4. FAA Sec. 620(e)(1)
If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing-ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizen or entities?

No such action is known to have been taken.

5. FAA Sec. 620(o). Fishermen's Protective Act. Sec. 5
If country has seized, or imposed any penalty or sanction against, any U.S. Fishing vessel on account of its fishing activities in international waters.

Apart from an incident which occurred in 1967, which was satisfactorily resolved, no such seizure, penalty or sanction has occurred.

a) Has any deduction required by Fishermen's Protective Act been made?

N.A.

b) Has complete denial of assistance been considered by A.I.D. Administrator?

N.A.

Relations with U.S. Government and Other Nations

6. FAA Sec. 620 (a)
Does recipient country furnish assistance to Cuba or fail to take appropriate steps to prevent ships or aircraft under its flag from carrying cargoes to or from Cuba?

N.A.

7. FAA Sec. 620 (b)
If assistance is to a government, has the Secretary of State determined that it is not controlled by the international Communist movement?

YES.

8. FAA Sec. 620 (d)
If assistance is for any productive enterprise which will compete in the United States with United States enterprise, is there an agreement by the recipient country to prevent export to the United States of more than 20% of the enterprise's annual production during the life of the loan?

Loan funds will not finance any production enterprise which will directly compete.

9. FAA Sec. 620 (f)
Is recipient country a Communist country?

NO.

10. FAA Sec. 620 (i)
Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U.S. assistance, or (b) the planning of such subversion or aggression?

NO.

11. FAA Sec. 620 (j)
Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action, of U.S. Property?

Colombia is taking adequate measures to prevent such damage or destruction.

12. FAA Sec. 620 (l).
If the country has failed to institute the investment guaranty program for the specific risks of expropriation, in convertibility or confiscation, has the A.I.D. administration within the past year considered denying assistance to such government for this reason?

The GOC signed an investment guaranty bilateral agreement in 1963, and has cooperated in implementing the guaranty program to date. However, the agreement has not been ratified by the Colombian Congress. For this reason, the "Administrator's Determination" under which the Program has operated was not renewed upon its expiration on December 31, 1970. OPIC currently is studying the question of whether to continue the program in Colombia. Pending this study, the Mission recommends against denying assistance.

13. FAA Sec. 620 (n)
Does recipient country furnish goods to North Viet-Nam or permit ships or aircraft under its flag to carry cargoes to or from North Viet-Nam?

N.A.

14. FAA Sec. 620 (q)
Is the government of the recipient country in default on interest or principal of any A.I.D. loan to the country?

NO.

15. FAA Sec. 620 (t)
Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

NO.

16. FAA Sec. 620 (u)
What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget?

Colombia is not delinquent.

17. FAA Sec. 481
Has the government of recipient country failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?

The Government of Colombia has been made aware of the problem of narcotic drug trafficking and has initiated measures designed to inhibit such trafficking. The President has designated the Minister of Justice as overall coordinator. The Procurador General also has oversight responsibility through the Judicial Police. Seizures of narcotic drugs in the past twelve months have been substantially above earlier periods. The GOC has sponsored or participated in a number of inter-governmental, intragovernmental and public/private seminars, which have served to increase awareness generally and improve technical capacity of law enforcement officials. Staff of control agencies are being trained in narcotics interdiction. Assistance and advice of the USG in these respects has been solicited, provided and utilized.

18. FAA, 1972 Sec. 29.
If (a) military base is located in recipient country, and was constructed or is being maintained or operated with funds furnished by U.S., and (b) U.S. personnel carry out military operations from such base, has the President determined that the government of recipient country has authorized regular access to U.S. correspondents to such base?

N.A.

19. FAA Sec. 620 (s)
What percentage of country budget is for military expenditures? How much of foreign exchange resources spent on military equipment? How much spent for the purchase of sophisticated weapons systems? (Consideration of these points is to be coordinated with the Bureau for Program and Policy Coordination, Regional Coordinators and Military Assistance Staff (PP/RC).

(a) In 1975, the Ministry of Defense will receive less than 10% of the national budget. Said Ministry's share of the national budget has been declining steadily for the past several years.

(b) Foreign Exchange Expenditures for Military Equipment:

In CY 1974 the GOC spent $17 million dollars on military "hardware".

(c) Foreign Exchange Expenditures for Sophisticated Weapons:

in CY 1974 there were no new commitments for Sophisticated Weapons.

CONDITIONS OF THE LOAN

General Soundness

20. FAA Sec. 201 (d)
Information and conclusion on reasonableness and legality (under laws of country and the United States) of lending and relending terms of the loan.

The terms of the proposed loan are consistent with the laws of Colombia and the United States and are not excessive or unreasonable for the Borrower.

21. FAA Sec. 251(b)(2); Sec. 251 (e)
Information and conclusion on activity's economic and technical soundness. If loan is not made pursuant to a multilateral plan, and the amount of the loan exceeds $100,000 has country submitted to A.I.D. an application for such funds together with assurances to indicate that funds will be used in an economically technically sound manner?

The project is economically and technically sound. The GOC has submitted an application for the proposed loan and the Mission has been provided sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner.

22. FAA Sec. 251 (b)
Information and conclusion on capacity of the country to repay the loan, including reasonableness of repayment prospects.

The terms of the proposed loan are such that there are reasonable prospects for its repayment.

23. FAA Sec. 251 (b)
Information and conclusion on availability of financing from other free-world sources, including private sources within the United States.

The IBRD and IDB have been advised of this proposed loan and have indicated that they are not interested in financing this program.

24. FAA Sec. 611 (a) (1)
Prior to signing of loan will there be (a) engineering, financial, and other plan necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the United States of the Assistance?

(a) YES

(b) YES

25. FAA Sec, 611 (a) (2)
If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of loan?

No further legislation is required except for the yearly Budget Law which is normally approved by the end of each CY. Based upon past performance, there are reasonable expectation that the necessary Budget Laws will be enacted and that the law or amendments thereto will contain the amounts scheduled to be contributed by the GOC.

26. FAA Sec. 611 (e)
If loan is for Capital Assistance, and all U.S. assistance to project now exceeds $ 1 million, has Mission Director certified the country's capability effectively to maintain and utilize the project?

YES. See Director's certificate.

Loan's Relationship to Achievement of Country and Regional Goals

27. FAA Sec. 207; Sec. 251(a); Sec. 113
Extent to which assistance reflects appropriate emphasis on: (a) encouraging development of democratic, economic, political, and social institutions; (b) self-help in meeting the country's food needs; (c) improving availability of trained manpower in the country; (d) programs designed to meet the country's health needs; (e) other important areas of economic, political, and social development, including industry; free labor unions, cooperatives, and Voluntary Agencies; transportation and communication; planning and public administration; urban development, and modernization of existing laws; or (f) integrating women into the recipient country's national economy.

This project will contribute directly to the objectives reflected in all items.

28. FAA Sec. 209.
Is project susceptible of execution as part of regional project. If so why is project not so executed?

NO.

29. FAA Sec. 251 (b)(3)
Information and conclusion on activity's relationship to, and consistency with, other development activities, and its contribution to realizable long-range objectives.

The loan activities relate directly to and are consistent with other sectoral and specific development activities.

30. FAA Sec. 251 (b)(7)
Information and conclusion on whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.

See comment under Item 29 above.

31. FAA Sec. 209; Sec. 251 (b) (8)
Information and conclusion whether assistance will encourage regional development programs, and contribute to the economic and political integration of Latin America.

Loan has no direct bearing on achieving such integration.

32. FAA Sec. 251 (g); Sec. III.
Information and conclusion on use of loan to assist in promoting the cooperative movement in Latin America.

N.A.

33. FAA Sec. 251 (h)
Information and conclusion on whether the activity is consistent with the findings and recommendation of the Inter-American Committee for the Alliance for Progress in its annual review of national development activities.

This loan is consistent therewith.

34. FAA Sec. 281 (a)
Describe extent to which the loan will contribute to the objective of assuring maximum participation in the task of economic development on the part of the people of the country, through the encouragement of democratic, private, and local governmental institutions.

Part III, C. and D. hereof outlines the expected impact of the program on the people of Colombia, and concludes that it will increase participation by the populace in the development process.

35. FAA Sec. 281 (b)
Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The project directly recognizes and utilizes the needs, desires and capabilities of the rural population and of the implementing agencies.

36. FAA Sec. 601 (a)
Information and conclusions whether loan will encourage efforts of the country to (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan association; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce and (f) strengthen free labor unions.

This loan should directly affect all of the items mentioned with the exceptions of (a), (c), and (f).

37. FAA Sec. 619
If assistance is for newly independent country; is it furnished through multilateral organizations or plans to the maximum extent appropriate?

N.A.

Loan's Effect on U.S. and A.I.D. Program

38. FAA Sec. 251 (b)(4); Sec. 102
Information and conclusion on possible effects of loan on U.S. economy, with special reference to areas of substantial labor surplus, and extent to which U.S. commodities and assistance are furnished in a manner consistent with improving the U.S. balance of payments position.

The Mission does not contemplate any adverse effect on U.S. economy, except whatever effect there may be from local currency cost financing.

39. FAA Sec. 252 (a)
Total amount of money under loan which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports from private sources, or is otherwise being used to finance procurements from private sources.

See Part IV of PP.

40. FAA Sec. 601 (b)
Information and conclusion on how the loan will encourage U.S. private trade and investment abroad and how it will encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

See Part IV of PP

41. FAA Sec. 601 (d)
If a capital project, are engineering and professional services of U.S. firms and their affiliates used to the maximum extent consistent with the national interest?

See Part IV of PP

42. FAA Sec. 602
Information and conclusion whether U.S. small business will participate equitably in the furnishing of goods and services financed by the loan.

They will.

43. FAA Sec. 620 (h)
Will the loan promote or assist the foreign aid projects or activities of the Communist-Block countries?

NO.

44. FAA Sec. 621
If technical assistance is financed by the loan, information and conclusion whether such assistance will be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis. If the facilities of other Federal agencies will be utilized, information and conclusion on whether they are particularly suitable, are not competitive with private enterprise, and can be made available without undue interference with domestic programs.

See Part II of PP. Private enterprise will be utilized.

Loan's Compliance with Specific Requirements

45. FAA Sec. 110 (e); Sec. 208 (e)
Has the recipient country provided assurances that it will provide at least 25% of the costs of the program project, or activity with respect to which the Loan is to be made?

YES, See Part IV. D. of PP.

46. FAA Sec. 112
Will loan be used to finance police training or related program in recipient country?

NO.

47. FAA Sec. 114
Will loan be used to pay for performance of abortions or to motivate or coerce persons to practice abortions?

NO.

48. FAA Sec. 201 (d)
Is interest rate of loan at least 2% per annum during grace period and at least 3% per annum thereafter?

YES.

49. FAA Sec. 604 (a)
Will all commodity procurement financed under the loan be from the United States except as otherwise determined by the President?

YES

50. FAA Sec. 604 (b)
What provision is made to prevent financing commodity procurement in bulk at prices higher than adjusted U.S. market price?

The Loan Agreement and Implementation Letters will so provide.

51. FAA Sec. 604 (d)
If the cooperating country discriminates against U.S. marine insurance companies, will loan agreement require that marine insurance be placed in the United States on commodities financed by the loan?

The loan agreement will contain such a clause.

52. FAA Sec. 604 (e)
If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity?

N.A.

53. FAA Sec. 604 (f)
If loan finances a commodity import program, will arrangements be made for supplier certification to A.I.D. and A.I.D. approval of commodity as eligible and suitable?

N.A.

54. FAA Sec. 608 (a)
Information on measures to be taken to utilize U.S. Government excess personal property in lieu of the procurement or new items.

The loan agreement will contain a provision enjoining Borrower to use U.S. excess property under appropriate circumstances.

55. FAA Sec. 611 (b); App-Sec. 101
If loan finances water or water-related land resource construction project or program, is there a benefit-cost computation made, insofar as practicable, in accordance with the procedures set forth in the Memorandum of the President dated May 15, 1962?

N.A.

56. FAA Sec. 611 (c)
If contracts for construction are to be financed, what provision will be made that they be let on a competitive basis to maximum extent practicable?

Colombian law so requires.

57. FAA Sec. 612 (b); Sec. 636 (h)
Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the United States are utilized to meet the cost of contractual and other services.

See Part IV and Part III of this PP.

58. App. Sec. 113
Will any of loan funds be used to acquire currency of recipient country from non-U.S. Treasury sources when excess currency of that country is on deposit in U.S. Treasury?

NO.

59. FAA Sec. 612 (d)
Does the United States own excess foreign currency and, if so, what arrangements have been made for its release?

NO.

60. FAA Sec. 620 (g)
What provision is there against use of subject assistance to compensate owners for expropriated or nationalized property?

Loan Agreement will not permit such use.

61. FAA Sec. 620 (k)
If construction of productive enterprise, will aggregate value of assistance to be furnished by the United States exceed $100 million?

NO.

62. FAA Sec. 636 (i)
Will any loan funds be used to finance purchase, long-term lease, or exchange of motor vehicle manufactured outside the United States, or any guaranty of such a transaction?

NO.

63. App. Sec. 103
Will any loan funds be used to pay pensions, etc., for military personnel?

NO.

64. App. Sec. 105.
If loan is for capital project, is there provision for A.I.D. approval of all contractors and contract terms.

YES.

65. App. Sec. 107
Will any loan funds be used to pay U.N. assessments?

NO.

66. App. Sec. 109
Compliance with regulations on employment of U.S. and local personnel (A.I.D. Regulation 7).

N.A.

67. App. Sec. 110
Will any of loan funds be used to carry out provisions of FAA Secs. 209(d) and 251(h)?

Such is not anticipated.

68. App. Sec. 114.
Describe how the Committee on Appropriations of The Senate and House have been or will be notified concerning the activity, program project, country, or other operation to be financed by the Loan.

By the Transition Quarter Congressional Presentation Document.

69. App. Sec. 601.
Will any loan funds be used for publicity or propaganda purposes within the United States not authorized by the Congress?

NO

70. MMA Sec. 901(b); FAA Sec. 640 (c)
(a) Compliance with requirement that at least 50 per cent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed with funds made available under this loan shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates.

Loan agreement will contain a provision in compliance with this requirement.

(b) Will grant be made to loan recipient to pay all or any portion of such differential as may exist between U.S. and foreign-flag vessel rates?

NO.

CERTIFICATION PURSUANT TO SECTION 611(e) OF THE FOREIGN ASSISTANCE ACT

I, James Megellas, the principal officer of the Agency for International Development in Colombia, having taken into account among other factors the maintenance and utilization of projects in Colombia previously financed or assisted by the United States, do hereby certify that in my judgment Colombia has both the financial capability and the human resources capability to effectively maintain and utilize the capital assistance project: Nutrition Loan.

James Megellas
USAID Mission Director

TO: Mr. Herman Kleine, ARA/LA

FROM: James Megellas, Director, USAID/Colombia

SUBJECT: Request for Waiver of Formal Competitive Bid Procedures

Request for waiver of formal competitive bid procedures is hereby made for the following equipment:

Justification: There will be loan funded procurement of the above plant. Under the GOC nutrition plan there are to be three plants for the manufacture of Bienestarina. Vegetable protein mix - VPM. The UNDP is to purchase and install equipment for two plants, and the AID Loan 514-T-0220 funds will furnish the entire process for the manufacture of the VPM for the third plant.

General Mills has a patented process which they sell in a package system which contains all of the pieces needed. For all practical purposes, the General Mills process is the only source as G.M. is the only supplier who has this particular process patented. Further, the UNDP plants will have this process installed. Thus, there will be standardization and compatibility of machinery. Finally because of the above, the price for the G.M. package is considerably cheaper than going into the open market and buying individual pieces, which, also, in the long run do not manufacture a product of the quality produced by the G.M. process.

Recommendation: That you issue a waiver from the formal competitive bid procedures for the purchase of the above listed equipment.

Initial
Request for Assistance

(Unofficial Translation)

October 24, 1975
51-508-75

Mr. Philip Schwab
Acting Director
Agency for International Development
Bogotá, D.E.

Dear Mr. Schwab:

In accordance with the discussions held between the Government of Colombia (GOC) and the Agency for International Development (AID) during the past, we wish to request the processing of a 6.5 million dollar loan for the implementation of specific projects of the National Food and Nutrition Plan. The loan will be implemented during the years of 1976, 1977 and 1978 and the funds will be devoted to the projects with the following characteristics:

1. Project for Industrial Production of Vegetables Mixtures for Maternal-Child Feeding (Bienestarina).

   AMOUNT: US$1,500,000

Deals with the construction and operational process of an industrial plant for the production of "Bienestarina", with a capacity of 30,000 tons per year, for which a mixed enterprise between the GOC and the private industry would be created, with national and international inputs distributed in the following manner:

1.1 UNITED NATIONS DEVELOPMENT FUND

- Donation already agrsed to for equipment and — US$2,500,000
- For training of plant personnel and technical assistance — US$ 300,000

1.2 AID

- Construction and additional equipment — US$1,500,000

1.3 GOC and Private Enterprise

- Working capital — US$1,500,000
  (GOC 51%, Private Enterprise 49%)

An important part of the production will be purchased by the Colombian Government to be distributed through supplementary feeding programs and another small part will be commercialized, in order to guarantee that the product will have a favorable commercial image that will make it more desirable for the target population.

2. Project for Implementation of the Food and Nutrition Plan at a Regional Level (Department of Cauca)

AMOUNT: US$4,000,000

The National Food and Nutrition Plan constitutes a multisectorial approach (agricultural - 'The Integrated Rural Development Program', industrial, health, and educational) that seeks a better nutritional status for the poorest population in Colombia with emphasis on the nutritional protection of the most vulnerable groups (mothers and children). This gives the Plan a special operative complexity, administrative and coordinative, not only at a national level but also at the regional level.

Therefore, it has been decided to begin the implementation of the Plan at the regional level, starting with the Department of Cauca, in order to anticipate any possible problems of implementation in other regions of the country. The Plan will start to operate in Cauca at the beginning of 1976 and progressively start to expand to the rest of the departments by the end of the same year.

The financing of the project by AID will be for health activities (with the use of promoters), mass media nutrition education, formal education, commercialization of foods, special interventions to attack specific nutritional deficiencies (iron and Vitamin A), nutritional diagnosis and continous evaluation, some administrative costs as well as certain special pilot studies. The implementing agencies will be the Departmental Secretaries of Health and Education, the Family Welfare Institute, and the Universities of Valle and Cauca.

The Government of Colombia will contribute the necessary counterpart and the food subsidies (Coupon System) in the amount of one (1) million dollars for each of the three years of the project.

3. Evaluation System, Analysis and Monitoring of the Food and Nutrition Plan

AMOUNT: US$500,000

The Government of Colombia judges that to guarantee an adequate implementation and an effective intersectorial coordination and to achieve a real impact in the food and nutrition status of the population, it must establish a permanent system of monitoring and a periodical mechanism of evaluation at a departmental and national level.

The implementing agency of this project will be the National Planning Department, which acts as the Executive Secretary of the National Council of Food and Nutrition. The system will have in each state, a professional who will implement the coordination, monitoring, evaluation and analysis activities; this team will administratively depend on the Department of National Planning where national evaluation and monitoring will be centralized. The DNP will develop a periodic reporting system to the National Council of Food and Nutrition. That is the entity which will establish pertinent programming modifications.

AID financing will be devoted to pay programming and computer time, office equipment, specific studies for a periodical evaluation of the nutritional status of the population and technical assistance.

On the other hand, the GOC will contribute with the administrative costs, office space, salaries and transportation.

4. Professional Training, Technical Assistance, and Small Pilot and Demonstration Programs.

AMOUNT: US$500,000

This project will be, basically, a continuation of the AID 514-U-075 Health Sector Loan as it relates to the "Multisectorial Planning Program of Nutrition" for which the implementing agency is the Department of National Planning, and that was programmed to be carried out during the years 1975 and 1976. In the present preparation stage of the National Food and Nutrition Plan, this project has been of special importance to orient and finance studies and specific activities of support. The appropriation of funds is managed through an Interinstitutional Committee named by the National Council of Food and Nutrition and directed by the Department of National Planning.

This new project will serve to reinforce the activities during 1976 in the aspects already mentioned and to continue them through the years of 1977 and 1978. The GOC will make the respective contributions related to food technology and nutrition research in the budgets of the Technological Research Institute, Colombian Institute of Family Welfare and the Colombian Fund for Scientific Investigations.

The GOC considers that the present loan request will constitute a valuable contribution in critical aspects for the execution of the first stage of the Food and Nutrition Plan. Although we would expect to receive loan disbursements by the second semester of 1976, some of the projects, such as Cauca, will start to be implemented by the beginning of that year with the government allocations of counterpart.

It is pertinent to mention that the Government has had conversations with the World Bank, which will be the principal source for external credit for the development of the projects of the Plan at national level.

I hope we can complete as soon as possible the final development of this loan with the credit of efficient collaboration of your staff.

[illegible] and our thanks.

Sincerely,

(Signed) - Miguel Urrutia
Chief, Department of National Planning

Best Available Document

ANNEX H

Bogotá, D. E., 25 de mayo de 1976

Doctor
JAMES MEGELLAS
Director
Agencia Internacional para el Desarrollo
La Ciudad. -

Apreciado Doctor Megellas:

Me permito hacer referencia a nuestra carta del 24 de octubre de 1975 (No. 51 - 508 - 75) mediante la cual el Gobierno Colombiano solicitó formalmente a la A.I.D. un préstamo por seis (6) millones de dólares con destino a la ejecución de algunos Proyectos específicos del Plan Nacional de Alimentación y Nutrición.

En conversaciones adelantandas durante los últimos meses entre funcionarios de la A.I.D. - Colombia, del D.N.P. y de otras agencias ejecutoras del préstamo, hemos logrado precisar los términos de la solicitud original del mismo en la forma que indicaremos en esta carta.

El préstamo será ejecutado entre el último trimestre de 1976 y el tercer trimestre de 1979 y los fondos se destinarán a los Proyectos cuyas características se especifican a continuación:

Proyecto de Producción Industrial de Mezclas Vegetales para Alimentación Materno-Infantil ("Bienestarina").

MONTO: US$ 1.455.000

Se trata de la compra, el montaje y la operación de una planta industrial

para la producción de "Bienestarina", con un volumen de 10.000 Tons./ Año, cuya propiedad será del Instituto Colombiano de Bienestar Familiar.

Se ha constituído un grupo ad-hoc, integrado por representantes del ICBF, el IFI y el D.N.P., que se encargará de estudiar las diferentes alternativas para la puesta en marcha de la empresa; se examinan, entre otras, la posibilidad de conformar una empresa mixta entre el Gobierno Colombiano y la Empresa Privada o la de realizar un contrato de administración entre las mismas partes.

Una proporción importante de la producción será demandada a través del sistema de cupones por el programa de alimentos subsidiados y otra proporción será comercializada, para garantizar que el producto tenga una imágen y un nombre comercial que lo haga apetecible para la población beneficiaria.

2. Proyecto de Ejecución del Plan de Alimentación y Nutrición a Nivel Regional (Departamentos del Cauca, Huila y Norte de Santander).

MONTO: US$ 3.682.000

El Plan Nacional de Alimentación y Nutrición constituye un enfoque multisectorial que busca una mejor situación alimentaria de la población colombiana más pobre, con énfasis en la protección nutricional de los grupos más vulnerables (madres y niños); ello le imprime características de especial complejidad operativa, administrativa y de coordinación, no sólo a nivel nacional sino a nivel regional.

De ahí que se haya decidido comenzar la ejecución del Plan a nivel de algunas regiones específicas, iniciando por el Departamento del Cauca, de tal forma que sea posible anticipar los problemas de ejecución en las demás regiones del país. El Plan comenzará a operar en el Cauca en el mes de Ju-

lio de 1976 y a finales del año en Huila y Norte de Santander.

La financiación para el Proyecto, por parte de la A.I.D., se destinará a actividades de salud (con utilización de promotoras), educación nutricional a través de medios masivos, comercialización de alimentos, provisión de agua potable, diagnóstico nutricional y evaluación continuada, algunos costos administrativos y ciertos estudios pilotos especiales.

3. Sistema de Evaluación, Análisis y Monitoría del P.N.A.N.

MONTO: US$ 388.000

El Gobierno Colombiano juzga que, para garantizar una adecuada ejecución y una efectiva coordinación intersectorial, con miras a lograr un impacto [illegible] situación alimentaria y nutricional de la población, se requiere [illegible] sistema permanente de monitoría, y un mecanismo de evalua- [illegible] a, a nivel departamental y nacional.

[illegible] ejecutora de este programa será el Departamento Nacional de Pla[illegible] el sistema contará, a nivel de cada Departamento, con un profesio[illegible] cutará las labores de coordinación, monitoría, evaluación y análi- [illegible] equipo de personas dependerá administrativamente del D.N.P., en [illegible] se centralizará la evaluación y la monitoría nacional, con un mecanis- [illegible] riódico de información al Consejo Nacional de Alimentación y Nutrición, [illegible]idad que establecerá las modificaciones correspondientes de programación.

El aporte de la A.I.D., se destinará al pago de tiempo de programación y computación, equipos de oficina, estudios específicos para la evaluación periódica del estado nutricional de la población, y asistencia técnica.

El aporte gubernamental consistiría en el pago de gastos administrativos, de espacio, salarios, transporte.

4. Proyecto para Entrenamiento Profesional, Asistencia Técnica, Pequeños Programas Pilotos y de Demostración.

MONTO: US$ 475.000

El presente Proyecto constituirá, básicamente, una prolongación del préstamo de A.I.D., No. 514 - 0 - 075, en lo pertinente al "Programa de Planeación Multisectorial de Nutrición", cuya agencia implementadora es el D.N.P., y que fué programado para ejecutarse en los años de 1975 y 1976. En la etapa presente de preparación del Plan Nacional de Alimentación y Nutrición, este Proyecto ha sido de especial importancia para orientar y financiar estudios y actividades específicas de apoyo. La asignación de fondos se maneja a través de un Comité Interinstitucional nominado por el Consejo Nacional de Alimentación y Nutrición, y presidido por el D.N.P.

Este Proyecto servirá para reforzar las actividades del año de 1976 en los aspectos enunciados y continuarlos durante los años de 1977, 1978 y 1979.

Para garantizar los programas de entrenamiento de personal a nivel nacional a través de talleres y seminarios, el D.N.P. ha elaborado un Proyecto conjunto con el ICFES, entidad que ejecutaría estas actividades mediante una transferencia presupuestal de los recursos previstos para cada año.

El Gobierno Colombiano considera que el presente préstamo constituirá una valiosa contribución en aspectos críticos para el adelanto de una primera etapa del Plan Nacional de Alimentación y Nutrición. Si bien esperamos poder obtener los desembolsos para el último trimestre de 1976, algunos de estos Proyectos -como el del CAUCA- comenzarán a ejecutarse a mediados de este año con los recursos nacionales de contrapartida. Igualmente se tiene contratado una parte del personal que integrará la Oficina de Evaluación.

Queremos agradecer a usted el apoyo especial que hemos obtenido de sus colaboradores en la tramitación de este préstamo.

Reciba un cordial saludo,

Atentamente,

MIGUEL URRUTIA M.
Jefe del Departamento

PROPOSED DESCRIPTION OF THE PROJECT FOR ANNEX I TO THE LOAN AGREEMENT

I Summary

The project consists of four subprojects as follows:

A. An Evaluation Sub-Project - The Evaluation and Analysis Section of the Nutrition Division of the National Planning Department will be strengthen and expanded in order to provide the National Food and Nutrition Council with regular reports which: evaluate the progress and results of activities carried out under the National Food and Nutrition Plan; measure the impact of the plan as a whole on the target population; and analyze the effects of other variables outside the plan.

B. Cauca Pilot Sub-Project and Expansion - Through the creation of a new administrative and budgetary system, the DNP will coordinate a series of nutrition related interventions first in the Department of Cauca as a pilot and subsequently in two additional Departments to determine the optimum method of improving the nutrition status of target populations on an area by area basis.

C. Training, Technical Assistance and Experimental Studies Sub-Project - To enhance DNP's ability to revise and improve the National Food and Nutrition Plan, the staff of DNP and other involved agencies will receive additional training in Nutrition Planning, and a series of special studies and experimental activities will be carried in search of new and better methods of closing the nutrition gap.

D. Vegetable Protein Mix Sub-Project - To meet the Government of Colombia's need for a low cost, high quality food to use in subsidized feeding programs, three plants will be constructed to produce a vegetable protein mix. One plant will be financed under this project and two additional with the help of UNDP.

II Project Goal

To improve the nutritional status of the poorest 30% of the Colombian population.

III Project Purpose

The purpose of this project is to provide part of the infrastructure and to begin the implementation of the National Food and Nutrition Plan.

The four sub-project purposes are:

A. To provide timely information for decision makers to use in development and modification of GOC policies, programs, projects and other activities affecting nutrition status;

B. To test in one Department (State) the effectiveness of various nutrition interventions within a multisector administrative framework and to implement that system in two additional Departments;

C. To strengthen and facilitate the multisector planning and implementation of the National Food and Nutrition Plan; and

D. To provide a locally produced high protein vegetable mix to meet the needs of the subsidized feeding programs.

IV Evaluation Sub-Project

A. Outputs

The Evaluation and Analysis Section in the Nutrition Division of DNP will be expanded to provide to the NFNC regular reports evaluating progress and results of programs which are part of the plan, impact of the plan on target group nutrition, and influence of variables outside to the plan. Analysis of special studies and existing data will permit description of current nutritional status of the population by region. The NFNC will use these reports as well as new intervention ideas from its sub-committee on training, technical assistance, and pilot projects to recommend revision and improvement of GOC policies, programs, and projects to the President and his Economic and Social Council (CONPES).

A system of quarterly reports will be developed to indicate budget execution of implementing agencies, progress toward yearly targets, analysis of program difficulties and successes, and results of each of the projects under the National Nutrition Plan. Report criteria will be established by the Evaluation and Analysis Section. The reports will be prepared by the implementing agencies and reviewed by Departmental Nutrition Committees, with assembly and analysis of the final report by the Evaluation and Analysis Section. It is expected that this report will lead to more rapid action in the re-design or shutdown of projects that are not achieving their purposes. This Section will have a close relationship with the Department of Cauca where a pilot project (described next) will be doing trial interventions to be duplicated in regional program expansion. As the regional expansion program spreads, it is expected that information on projects will flow from other Departments as well. This system will provide some check on

information coming from the national implementing agencies. Part of the quarterly report to the Council will analyze the current nutritional situation.

An annual monitoring report will present the nutrition status of the population on a regional basis. Here the Evaluation and Analysis Section will design a computer program to utilize pertinent data stored by DANE (National Statistics Agency) for the Ministry of Health, ICBF, Ministry of Agriculture, Ministry of Labor, and other GOC Agencies. In addition, the AID/DNP Health Model 1976 national morbidity survey (nutrition section), price and economic data, and data collected from departments for the regionalization project will form the basis for a regional breakdown of nutrition status and problems. With each updated report on nutrition status, analysis thereof should provide the NFNC background information for policy recommendations. Such a system will identify problems related to exogenous variables, such as exports and imports, inflation, disasters, epidemics, and crop failures.

Special studies to be financed as part of the Evaluation subproject fall into three principal categories: (a) In-depth investigation of findings emerging from regular program evaluations. For example: it is clear that the first category will include detailed investigation, among a small sample, of family purchase and consumption patterns; since the health promoters, who will supply routine data, cannot provide all of the information necessary for evaluation of coupon disposition and other intermediate consumer behavior goals. (b) Investigation of methods for improving monitoring of nutrition status and surveillance (early-warning) of related variables. In the second category, the Evaluation and Anlysis Section intends to develop an early-warning surveillance system from its information on exogenous variables. This will require special study of the predictive value for anticipating changes in nutrition status, of agricultural, and economic

and other data. (c) Investigation of nutritional consequences of government policies, including those not addressed to nutrition goals. If the Section is to provide timely and useful information to assist the National Food and Nutrition Council in advocacy of nutritional concerns, it must be able to sponsor quick studies of the nutritional consequences of proposed Government policies. These "nutritional impact" studies, similar to the environmental impact statements used in the United States to review environmental consequences, will be an important tool for assuring that impact of the National Nutrition Plan is not diluted by influence of policies and activities that are not part of it.

B. Inputs

This sub-project will require personnel staffing of six professionals in the central unit with one statistician assigned to each Departmental DNP coordinator as the Nutrition program gets underway. Some training and travel funds are needed in support of the unit. Computer time has been budgeted for those reports that cannot be handled by the small DNP in-house facility. Research and studies have been estimated to run 5-10 per year at a cost of five to fifteen thousand dollars each and lasting between one and six months. They will be carried out by private and public institutions with experience in this field. The inputs for the Cauca Evaluation as included in that sub-project.

Technical assistance will be provided for the entire 3 years of this project by a U.S. University or private agency specializing in nutrition research and evaluation and design of data information systems. The dollar inputs include the purchase of 11 typewriters and 14 calculators.

Estimated
Financial Input
(Thousands of Dollars)

	FY-77		FY-78		FY-79		TOTAL	
PESO COSTS	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Administration & Per.		301		221		157		679
Computer Time	6		14		11	3	31	3
Evaluation Studies	91		84		65	30	240	30
Sub-Total	97	301	98	221	76	190	271	712
DOLLAR COSTS								
Typewriters & Calculators	17						17	
Technical Assistance	59		30		11		100	
	76	-	30	-	11	-	117	-
Sub-Project Total	173	301	128	221	87	190	388	712

V Cauca Pilot Sub-Project and Expansion

A pilot project will be developed in the Department of Cauca to test a multisector approach to nutrition improvement. This to be used in expansion of the program on a Department by Department basis utilizing GOC and international funds. The nutrition project will be expanded with GOC and AID funds to Huila (Magdalena Valley) and Santander del Norte (Venezuelan Border). The following are the principal outputs to be achieved in the three Departments programmed for AID Loan funds.

A. Outputs

1 CAUCA

a. Administration

A Departmental committee will be established and funds controlled in accordance with the budget system described

below. DNP will assign a Departmental Coordinator and an evaluation person to Cauca. The DNP coordinator will set up a small office, so that he can perform the functions of executive secretary to the Departmental Committee, the coordination of project development by the implementing agencies, the establishment of contracts for technical assistance and evaluations, and the reporting requirements for the Evaluation sub-project previously described.

b. Health

This project will provide support for the establishment by the MOH Cauca Sectional Health Service of 29 MAC-1 units in Cauca. This will increase coverage for basic health services to an additional 150,000 persons in 13 counties. The increased availability of these services is expected to decrease infant mortality and morbidity, improve the health of pregnant and lactant mothers; increase the knowledge of the homemaker in food habits, food purchases, home sanitation, and food preparation; provide the whole family with a range of preventive and first aid health care unavailable before; improve the family's water supply and waste disposal methods; and provide transportation and referral to more sophisticated levels of health care.

c. Rural Sanitation

INAS through its Sectional office will construct 21 aqueducts and additions to provide coverage for additional 11,930 persons in 19 counties. These services are expected to decrease diarrhea and other water born diseases sufficiently to reduce levels of malnutrition by approximately 20% in the communities covered. These kind of results were found in nearby Candelaria, Valle in a Rockefeller study a few years ago.

d. Nutrition Education and mass communication

A campaign will be developed at two levels: (a) Promoters for face-to-face interaction following the system developed

by the Ministry of Health and utilizing materials developed in this activity, and (b) mass communication by radio, visual aids, and newspapers of various public and private entities.

DNP will develop a national coordinating group made up of media personnel from various national private and public agencies to prepare a media strategy to be used in a coordinated way with opening and operation of Department programs. Operational responsibility will remain in DNP with media preparation and broadcasting done by the above agencies on a contract basis. Five geographic broadcasting areas have been established with broadcasts related to Cauca originating in Cali, Valle. Printed media will be prepared, so that it can be used on both national and regional levels.

Media preparation will be based on the particular needs of Departmental programs; will include national campaigns for increasing use of high nutritive value processed and non-processed foods, improving home sanitation and health habits, extending the period of maternal lactancy, and providing a national impetus to improved nutrition; and will develop a regional focus in terms of local food habits, seasonal market availability of foods, and differing interventions that will be tried from time to time.

The Evaluation activity will test results from various media campaigns, so as to arrive at those which have the best yield in terms of improved nutrition and food use.

e. Subsidized feeding programs will be organized and current programs redirected to assist 12,000 pregnant and lactant mothers and 34,000 children 0-4 years of age in the Department of Cauca. This coverage represents 30% of all persons in this group. The GOC intends to continue direct feeding methods of the CARE and Caritas programs where community child feeding centers, nursery and day care centers, and ICBF community centers exist. However, the present semi-monthly distribution of foods to these priority groups will be phased over to a food coupon program, functioning through

commercial channels. Counties where income is insufficient and malnutrition is widespread have been determined. All mothers and children 0-4 (except for 0 to 3 mos.) in those counties will be selected as beneficiaries and receive the coupons. These beneficiaries will be able to purchase Bienestarina, Duryea (a commercial veg mix), Colombiarina, and soy fortified pastas in fixed quantities with their stamps with the food processors who will in turn redeem the stamps at IFI (Instituto de Fomento Industrial). The health promoters will monitor the effectiveness of coupons and graduate beneficiaries from the program when their nutrition status has improved. They will arrange health facility appointments for those malnourished persons who fail to show improvement under the program.

f. An evaluation activity will be established to report to the Departmental interagency committee on progress in these projects, the DRI program, and related rural health projects. Initially, part of the Evaluation and Analysis Section in the preceding sub-project will be assigned here, but later will turn their activities over to implementing agencies. One member of DNP evaluation staff will remain in Cauca to provide reporting inputs to the DNP Evaluation Unit. He will also provide information and analysis of current nutrition status in the Department.

Several special studies are currently contemplated for this pilot project. They include: a cost comparison study of coupon food distribution and the direct government food distribution program, biomedical studies to determine iron and Vitamin A deficiencies before and after supplementation, the nutritional benefits of the fortification of Bienestarina with iron, the effectiveness of nutrition education programs (mass communication and face-to-face communication) without other interventions, testing of a pilot wholesale marketing chain for rural store, and studies to determine how to reach mountain and coastal populations. This activity will be assisted by University of Valle personnel. The current Community System/Valle project for low-cost interventions in Villa Rica will be included as a special study and separated from other intervention activities.

2 HUILA

This Department program will be quite similar to that in Cauca with the following principal differences. The DNP evaluation person will act also as the DNP coordinator and be placed in the Department Planning Office. The number of MAC-1 units to be created is 20 with a coverage of 110,000 persons, 116 rural aqueducts for 11,600 persons will be completed. The first year of funding for the mass communication and nutrition education program is included here and then that program will be funded under the IBRD Loan. The subsidized feeding program will reach 9,000 pregnant and lactant mothers and 23,000 preschool children through coupons and direct feeding programs. Evaluations will be carried out under the National DNP Evaluation Unit.

3 NORTE DE SANTANDER

This program will be administered from an existing DNP Regional Office with the addition of an evaluation person. Health coverage will be enlarged with 30 new MAC-1 units covering 160,000 persons, 23 rural aqueducts for 8,000 persons will be completed. Mass communication and nutrition education will be provided for the first year under this project and then moved to IBRD funding. The subsidized feeding program will reach 11,000 pregnant and lactant mothers and 32,000 preschool children through coupons and direct feeding programs. Evaluations will also be from the National Office.

E. Inputs

1 CAUCA

This sub-project will require a DNP office in the Department with office furnishings and operational costs. Health inputs for 29 MAC-1 units include: five new health posts and improvement to 22, 285 promoters trained and equipped, purchase of 7,000 water filters and 34,000 latrines, 21 aqueducts will be constructed or enlarged. 1,600 hours of radio time; 28 films and

slide presentations; and printing of posters, pamphlets, and other materials have been scheduled for nutrition education. Coupon coverage will reach 12,000 mothers and 34,000 preschool children in 1979. The evaluation component includes 10 studies during the loan period and 5 Technical Assistance contracts.

2 HUILA

Principal inputs in this activity are: Health: 20 MAC-1 units with remodeling of 20 health posts, training and equipping of 122 promoters, and purchase of water filters and latrines. 16 aqueducts will be constructed or enlarged. Nutrition education and communication materials will be prepared. Coupon coverage will reach 9,000 mothers and 23,000 preschool children in 1979.

3 SANTANDER DEL NORTE

Inputs in this activity are: Health: 30 MAC-1 units with remodeling of 30 health posts, training and equipping of 170 promoters, and purchase of 6,000 water filters and 28,000 latrines, 23 aqueducts will be constructed or enlarged. Nutrition education and communication materials will be prepared. Coupon coverage will reach 11,000 mothers and 32,000 preschool children in 1979.

Dollar costs for this sub-project include the purchase of 21 jeep ambulances and 11 water pumps (See Equipment List - ANNEX E-4).

VI Training, Technical Assistance and Experimental Studies Sub-Project

A. Outputs

The programs of the sub Committee on Training, Technical Assistance and Experimental Projects under this sub-project will be expanded and to provide the following outputs. Seminars and

ESTIMATED FINANCIAL INPUTS
(Thousands of Dollars)

	FY - 77		FY - 78		FY - 79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Cauca - Peso Costs								
Administration(DNP)								
Personnel	-	33	-	34	-	35	-	102
Office Equip.	2	-	-	-	-	-	2	-
Operations	-	5	-	5	-	5	-	15
Total	2	38	-	39	-	40	2	117
Health(MOH)								
Health post construction	52	-	-	-	-	-	52	-
Health post equipment	58	-	-	-	-	-	58	-
Materials & equipment, promot.	103	53	-	-	-	-	103	53
Promoter trg.	24	-	-	-	-	-	24	-
Water filters & latrines	211	-	-	-	-	-	211	-
Operation costs new MAC-1	-	502	-	399	-	299	-	1,200
Total	448	555	-	399	-	299	448	1,253
Rural Sanitation(INAS)								
Aqueducts	160	20	123	33	90	50	373	103
Nutrition Educ. & Mass Communications (DNP)								
Radio	110	10	70	10	60	20	240	40
Audio visuals	30	30	24	4	24	4	78	20
Printing	40	10	33	13	23	13	96	36
Total	180	32	127	27	107	37	414	96

	FY -77		FY - 78		FY - 79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Subsidized Feeding								
Coupon subsidy	-	907	-	978	-	717	-	2,602
Printing & delivery	116	-	97	-	50	21	263	21
Administration	10	-	10	-	6	5	26	5
Total	126	907	107	978	56	743	289	2,628
Evaluation (DNP)								
Personnel	-	16	-	14	-	14	-	44
Admin. & office	5	6	-	5	-	5	5	16
Evaluation studies	90	20	35	-	25	-	150	20
Local technical assistance	36	-	25	-	21	-	82	-
Total	131	42	60	19	46	19	237	80
Total Cauca	1,047*	1,594*	417	1,495	299	1,188	1,763	4,277
Huila - Peso Costs								
Administration(DNP)								
Personnel (evalu. subprojects) operation costs	-	5	-	5	-	5	-	15
Health (MOH)								
Health posts	11	-	15	-	-	-	26	-
PH-equipment	20	-	19	-	-	-	39	-
Equipment & materials - promoters	30	7	30	3	-	-	60	10
Promoter trg.	8	-	9	-	-	-	17	-
Water filters & latrines	67	-	53	-	-	-	120	-
Operation costs - MAC-1	-	73	-	269	-	211	-	553
Total	136	80	126	272	-	211	262	563
Rural Sanitation(INAS)								
Aqueducts	240	23	104	44	153	53	497	120

* All funds disbursed through IFI first FY.

	FY - 77		FY - 78		FY - 79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Nutrition educ. & mass communication (DNP)								
Radio, AV & Printing	55	15	Wil	e funded on nat. level			55	15
Subsidized Feeding(IFI)								
Coupon subsidy	-	77	-	441	-	410	-	928
Printing	10	-	46	-	30	11	86	11
Admin.	1	-	4	-	2	2	7	2
Total	11	77	50	441	32	423	93	941
Total Huila	442	200	280	762	185	692	907	1,654
Santander del Norte								
Administration(DNP)								
Existing DNP regional office - 50%	-	80	-	80	-	80	-	240
Health (MOH)								
Health posts	24		-	28	-	-	52	-
HP-equipment	41	-	16	-	-	-	57	-
Equip. & materials promoters	100	10	37	5	-	-	137	15
Promoter trg.	20	-	9	-	-	-	29	-
Water filters & latrines	67	-	53	-	-	-	120	-
Operation cost - MAC-1	-	215	-	420	-	308	-	943
Total	252	225	143	425	-	308	395	958
Rural Sanitation(INAS)								
Aqueducts	130	23	60	20	45	25	235	68

	FY - 77		FY - 78		FY - 79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Nutrition Education & Communications (DNP)								
Radio, AV & Printing	78	18	(funded in other program)				78	18
Subsidized Feeding								
Coupon subsidy	-	30	-	655	-	524	-	1,209
Printing & delivery	35		59	5	50	22	144	27
Admin.	3	-	6	-	3	3	13	3
Total	38	30	65	660	53	549	156	1,239
Total Santander del Norte	498	376	268	1,185	98	962	864	2,523
Total Peso Costs - Three Departments								
Cauca	1,047	1,594	417	1,495	299	1,188	1,763	4,277
Huila	442	200	280	762	185	692	907	1,654
Santander	498	376	268	1,185	98	962	854	2,523
TOTAL	1,977	2,170	965	3,442	582	2,842	3,524	8,454
Dollar Costs - Three Departments								
Jeep Ambulances	147	-	-	-	-	-	147	-
Water Pumps	11	-	-	-	-	-	11	-
TOTAL	158	-	-	-	-	-	158	-
SUB-PROJECT TOTALS	2,135	2,170	965	3,442	582	2,842	3,682	8,454

workshops will be utilized to train professionals in nutrition planning. Graduate training in this area will be provided to persons working in agencies involved in the plan. In-country grants will support University Professor and graduate student research into nutrition problems in Colombia. University-community programs aimed at solving local nutrition problems will be sponsored. It is hoped that results from the last two activities will be prove to have a wider application in correcting Colombia's nutritional gap.

Pilot studies and pilot interventions will be contracted which will explore future nutrition interventions on a small scale to determine if they can be adopted by the GOC. A small amount of technical assistance will be provided to assist the above efforts. Some observation trips have been included to see such new efforts in other countries.

B. Inputs

By the end of FY-79, 43 seminars and workshops will be held and a total of 1,000 professionals and university professors or 50,000 man/hours of training will be given in areas such as nutrition planning, applied nutrition, and program information and coordination.

Graduate training outside Colombia with a duration of one to two years will be given to professionals working with the Plan, in areas such as nutrition planning, mass communication, food technology, food systems and food research. A total of 20 man/year training at a Masters and Ph.d level will be scheduled during the 3 years of the project.

5 to 10 pilot studies and pilot projects per year will be developed which will provide new approaches for future national nutrition planning. Emphasis will be given to new alternatives that might improve on-going program implementation.

In-Country research grants will be given to last year university students and university professors, as a way to promote

interdisciplinary nutrition research and to link university work to apply nutrition programs at community level. Forty research grants including thesis work and interdisciplinary research will be accomplished improving plan development and applied research.

Short-term technical assistance will be provided for new implementation approaches or innovative aspects of the Plan, which are more at a feasibility stage than a planning or implementation stage. Nine person months will be contracted for these purposes.

Select key people envolved in plan implementation, to visit on-going nutrition programs in other countries that will help plan implementation. Five person/months of visits will be accomplished during loan period.

Estimated
Financial Input
(Thousands of Dollars)

	FY-77		FY-78		FY-79		TOTAL	
PESO COSTS	AID	GOC	AID	GOC	AID	GOC	AID	GOC
In-country seminar	33	41	15	18	-	17	48	76
Research grants	-	20	-	18	-	40	-	78
Pilot projects	75	400	72	126	52	118	199	644
SUB-TOTAL	108	461	87	162	52	175	247	798
DOLLAR COSTS								
Graduate training	120		85				205	
Technical Assistance	6		6		6		18	
Observational trips			5				5	
SUB-TOTAL	126	-	96	-	6		228	-
Sub-Project TOTAL	234	461	183	162	58	175	475	798

VII Vegetable Protein Mix Sub-Project

A. Outputs

Through this sub-project the GOC will obtain the bulk of its requirements for a high protein veg mix to be used in its direct feeding and coupon programs. On or before January, 1978 three VPM plants with a productive capacity of 30,000 MT (three shifts per day and 10,000 MT per year per plant) will be operational. The plants will be self contained units each having storage capacity for 2,000 MT of raw materials and/or finished products, a bulk bagging unit for 20 kilo bags and a packaging facility to produce 250 and 500 gram packets. Quality, distribution and production control will be provided centrally by ICBF, the owner of the plants. The utilization of the VPM will be monitored through coordination of ICBF and the Nutrition Division of DNP. The effectiveness of the product itself as well as its distribution will be analyzed by the Evaluation Division of DNP.

The entire production of the three plants will be purchased by the GOC with two mechanisms. ICBF will buy 13,000 to 15,000 tons directly in bulk sacks (20 kg.) to ship to the direct food distribution network at health posts and hospitals, infant care centers, nursery and primary schools. The coupon program will require 17,000 to 24,000 tons in small containers distributed through commercial channels and purchased by beneficiaries with coupons issued by the GOC. It is expected that additional production needed for this program and additional commercial sales will be handled by private contract with industry.

The plants will be owned by ICBF but a joint advisory corporation will be formed to promote and develop the management system for the production of VPM. Because this aspect of the plant management has not been finalized, AID will include in the loan agreement a condition precedent to disbursement for the plant, requiring the GOC to provide evidence of the existence of a satisfactory arrangement for managing the plant.

B. Inputs

Three warehouse additions will be constructed adjacent to existing mixing facilities to accomodate 1,800 MT of VPM. AID's loan will provide funds for one of the additions and the GOC will finance the other two. Additional modification to existing facilities will be in the form of block room divisions to facilitate processing, packaging, and steam generation equipment. All piping, ducting, and oil storage tank facilities for processing will be supplied and installed by local contractors and is included in costs of warehouse construction.

Each "package" plant to be purchased will be a self-sufficient unit including equipment such as neumatic and screw elevators, comitrols, and disc mills, S. T. texturizing machines, maccum dust collectors and exhaust fans, sifters, surge bins, blade mixers, bulk bag and pouch fillers, appropriate quality control and safety equipment, air compressor, water treatment systems, and steam generation plant.

Other commodity inputs are for fork lifts and van trucks for handling of material at all three plant sites and transportation of finished product from the plants to major distribution points.

UNDP will provide local technical training in the form of seminars and on-the-job training to VPM personnel.

Process and product technical assistance will be provided for the plants under UNDP grant funding by a 4 year contract between General Mills and the GOC implementing agency ICBF. Additional technical assistance in quality control and industrial engineering will be given under UNDP funds. Some participant training for seminar and workshops outside Colombia is also provided by the UNDP.

Financial Input
(Thousands of Dollars)

	FY-77			FY-78			FY-79			
	AID	GOC	UNDP	AID	GOC	UNDP	AID	GOC	UNDP	TOTALS
PESO COSTS										
Participant Tech. Training			40			66				106
Commodities		7,700			13,212			13,212		34 124
Working Capital		891								891
Plant Expansion	159	200								354
SUB-TOTAL	159	8,791	40		13,212	66		13,212		35 480
DOLLAR COSTS										
1 Processing Plant (AID	1,200									1 200
2 Processing Plants (UNDP)			2,000			400				2 400
Transport Equip.	96									96
Participant Trg.			7			8				15
Tech. Assistance			150			162				312
SUB-TOTAL	1,296		2,157			570				4 023
Sub-Project TOTAL	1,455	8,791	2,197		13,212	636		13,212		39 50[illegible]

VII Administration

The following administrative framework was set up to operate the GOC Nutrition Project. In Decree 1163 of 1975, the GOC established a National Food and Nutrition Council (NFNC) with the Chief of the National Planning Department as the presiding officer. Eleven Ministers and Institute Directors make-up the rest of the Council. The job of the Council is to coordinate the Plan's implementing Agencies, advise the government on necessary methods to carry out the plan, advise the government on the plan's budget, recommend consumption levels for subsidized feeding, promote studies of the food and nutrition situation, promote the training of personnel, and define needed food and nutrition technologies. A budget implementation plan has been devised (See PART IV, B) to assure coordination of implementation agencies in carrying out the Plan.

Departmental Committees will be established with the Governor presiding and a Departmental Coordinator from the National Planning Department acting as the executive secretary. Five Directors of Ministry Sectional Offices or Institute Regional Offices will make-up the rest of the committee. The job of the committee is to coordinate the activities of the institutions in each county, evaluate program implementation in each county based on DNP and local agency reports and recommend changes if necessary, maintain administrative control over Departmental agencies, make periodic evaluations of the coverage and impact of the plan, and develop physical targets on monthly and annual basis based on the budget restrictions.

County committees will be formed from the principal local representatives of the implementing agencies, the local government, and the Community Action Councils. They will be involved in control and execution of the plan, in development of local resources in support of plan infrastructure, and in evaluation of the plan's programs.

The National Planning Department, as executive secretary of the NFNC and with delegates in each department, will play a key role in

the implementation of the plan. It will provide the Council with quarterly reports on the impact and execution of the plan and an annual report on the Colombian nutrition situation by region (See following section). Its delegates will control flow of funds to Departmental Agencies, provide the Departmental data for the quarterly and annual reports, coordinate activities of implementing agencies, and develop information for the annual investment budget.

VIII Financial Administration

A. Evaluation Sub-Project

1. Dollar Costs - The direct dollar costs under this sub-project will be for foreign technical assistance and purchase of office equipment. The GOC has indicated a desire to have AID contract for the required technical assistance services in order to expedite the process. After further refinement of a scope of work, and the selection of a mutually acceptable contractor, the GOC will authorize AID to act as its agent and enter into a contract. Standard AID PIO/T-contract procedures will be followed. Payments will be made directly by AID from the loan. Office equipment will be purchased in accordance with standard AID, Handbook 11 procurement procedures.

2. Local Costs - AID will finance the costs of special studies and computer time. An advance of funds will be made to a special account of the DNP. The advance will be equal to the DNP's projected expenditures for all activities in the first quarter. Subsequent disbursements into the account for the varios activities will be supported by expenditure projections for the coming quarter and detailed reports on actual expenditures in the previous quarter.

For computer time, DNP will provide quarterly projections of expenditures as well as documents reflecting actual payments against which AID will make disbursements.

Special studies will be contracted for through FONADE. Funds disbursed to DNP will be based on the projected value of contracts. FONADE is expected to enter into each quarter and reports with supporting documentation for contracts entered into the previous quarter. The scope of work, contractor and price for each study will be approved by AID in order to be eligible for financing.

B. Cauca Regional Pilot Sub-Project

1. Dollar Costs - The dollar costs under this sub-project will be the procurement of jeep type ambulances in support of the health program and water pumps in support of the rural sanitation program. Standard Handbook 11 procedures will be used for procurement of the equipment by the implementing agencies. Payment will be made through the Letter of Commitment/Letter of Credit mechanism.

2. Local Currency - The DNP has proposed a system to control the annual budgets for each department and the flow of funds to the implementing agencies working on various aspects of the Nutrition program in each department. 1976 funds have already been allocated in the budget to initiate activities in Cauca. These funds have been given to IFI to disburse to implementing agencies through contracts. This is an interim arrangement for 1976 and 1977.

In subsequent years the funds will be distributed amongst the implementing agencies under budget articles specifically designated for work in Cauca and entitled "National Nutrition Plan." The budgets will be prepared by the departmental coordinating committees and transmitted to DNP for review and submission to the National Food and Nutrition Council.

Transfer of funds to Cauca (and later additional departments) will be on a quarterly basis. Initial transfers will be against estimated expenditures for the quarter with subsequent transfers

supported by expenditure reports. Although funds will flow from the Treasure to special accounts at the national levels of the implementing agencies and thence to the regional offices of these agencies, the amounts transferred and the timing of the transfers will be controlled by DNP. In Cauca for example, the Departmental Coordinating Committee will submit its quarterly request for funds to DNP for review. DNP will then instruct the treasury to transfer funds to the Ministry of Health, INAS, ICBF, etc. These agencies will then transfer the funds to their departmental level offices. Should one agency lag behind in its work or use its funds inappropriately, the amount for the following quarter could be cut-off or reduced. Each agency will be required to submit detailed expenditure reports showing progress toward achieving the annual work plan.

It is not clear at this time precisely how AID funds will flow into the system. DNP can identify the amounts in each quarterly request for disbursement from the Departments which are to be funded by AID and then request AID to disburse this amount to the Treasury (Special Account in the Bank of the Republic). The funds will then move with GOC funds to the agencies and down to the department. The first such disbursement would be against a quarterly expenditure projection. Subsequent disbursement requests would be supported by expenditure reports.

Should DNP obtain approval for an alternative scheme, DNP can fund 100% of the first four to six months of activities in departments. AID funds would then be disbursed during the balance of year in fixed proportion with GOC funds such that AID's and the GOC's total disbursements for the year would be in correct balance as percentages of the total budget.

C. Training, Technical Assistance and Experimental Projects Sub-Project

1. Dollar Costs - Technical Assistance will be contracted for by AID using standard PIO/T procedures. Payments will be made by AID directly from the loan. AID and DNP will develop

scopes of work and select contractors. DNP will then authorize AID to enter into contracts.

The training participants will be selected by the DNP's Nutrition Training Committee. The Committee will pass the names of the participants approved for financing under the AID loan to the USAID/Colombia. The USAID will execute a contract with ICETEX, the Colombian agency that administers scholarship for external training programs, who will administer the training activities financed by AID. ICETEX will prepare all documentation related to the training activities, be responsible for making periodic payments to the participants, and for conducting follow-up interviews and evaluations of the participants and the training programs. The USAID will advance funds to ICETEX to cover initial disbursements of the first training programs. These funds will be deposited in a special account which will have its own accounting system. Further disbursements by the USAID to this special training account in ICETEX will be made upon receipt by the USAID of a quarterly statement of expenditures to date and expected costs during the next quarter, which ICETEX will prepare for the USAID and DNP.

2. Local Costs - FONADE will contract for studies, experimental projects and in-country seminars. AID will make an initial disbursement against the estimated value of contracts to be executed by FONADE during a quarter subsequent disbursements will be supported by expenditure reports. All programs to be financed by AID under this activity will be approved by AID.

D. VPM Plant

1. Dollar Costs ICBF will procure the VPM plant and auxiliary equipment in accordance with AID Handbook 11. Sole source procurement will be required for the plant since the process is held under patent by one company. Payment will be by the standard Letter of Commitment - Letter of Credit mechanism.

2. Local Costs - After reviewing and approving the plans and cost estimates for modification of existing plants in which the

new equipment will be installed and for warehouses, AID will advance funds to ICBF. Subsequent disbursements will be made against progress and expenditure reports.

IX Evaluation

Representatives of the Government of Colombia and USAID will meet annually to evaluate the progress of the project in achieving its purposes and goal. The various reports prepared under the evaluation sub-project and the evaluation activity of the Cauca sub-project will be used as the basis for the annual evaluation. USAID will provide to the implementing agencies copies of a Logical Frame work setting forth indicators of goal and purpose achievement by which progress can be measured.

DRAFT LOAN AUTHORIZATION

A.I.D. LOAN NO. 514-T-0220

FOR: COLOMBIA - NUTRITION LOAN

Provided from: AA Section 103 - Food and Nutrition

Pursuant to the authority vested in the Deputy U.S. Coordinator, Alliance for Progress, by the Foreign Assistance Act of 1961, as amended, (the "Act") and the delegations of authority issued thereunder, I hereby authorize the establishment of a Loan pursuant to Section 103 of the Act and in furtherance of the Alliance for Progress, to the Government of Colombia ("Borrower") of not to exceed six million United States dollars ($6,000,000) to assist in financing the United States dollar and local currency costs of a project which will finance four sub-projects which are part of the Borrower's National Food andNutrition Plan ("Project"). The Loan shall be subject to the following terms and conditions:

1. Interest and Terms of Repayment

Borrower shall repay the Loan to A.I.D. in United States dollars within (40) years from the date of the first disbursement under the Loan, including a grace period of not to exceed ten (10) years. Borrower shall pay to A.I.D. in United States dollars interest at the rate of two percent (2%) per annum during the grace period and three percent (3%) per annum thereafter on the outstanding disbursed balance of the Loan and unpaid interest.

2. Other Terms and Conditions

A. Except for ocean shipping, goods and services financed under the Loan shall have their source and origin in Colombia or in countries included in A.I.D. Geographic Code 941, provided however, that marine insurance financed under the Loan shall be procured by the exporter on a CIF basis and placed in any country included in A.I.D. Geographic Code 935. Ocean shipping financed under the Loan shall be procured in any country included in A.I.D. Geographic Code 941, not including Colombia.

B. United States dollars utilized under the Loan to finance local currency costs shall be made available pursuant to procedures satisfactory to A.I.D.

C. Prior to any disbursement, or the issuance of any commitment documents under the Loan for the Vegetable Protein Mix (VPM) Plan Sub-project, Borrower shall submit to AID in form and substance satisfactory to AID:

(1) Prior to any disbursement, a gurantee to the operating corporation that the Government of Colombia will procure sufficient VPM each year from the production of the three new plants for use in direct, coupon or other subsidized feeding programs;

(2) Prior to disbursement for dollar costs, a plan for the organization and management of the VPM plant to be financed under the Loan and a plan for the distribution of the production of the three VPM plants;

(3) Prior to disbursement for local costs, a list of equipment to be procured in Colombia and detailed plans for modification and/or construction of warehouses and the structures which will house the VPM production units.

D. Prior to any disbursement, or the issuance of any commitment document under the Loan for local costs of the Mass Communications and Education Element of the Cauca Pilot Sub-project the Borrower shall submit to A.I.D. in form and substance satisfactory to A.I.D., a detailed implementation plan including the strategy to be used, the relationship of the activity to on-going efforts and the mechanisms by which the activity will be carried out.

E. Prior to any disbursement or the issuance of any commitment documents under the Loan for the Evaluation Sub-project, the Borrower shall submit to A.I.D. in form and substance satisfactory to A.I.D., evidence that the unit responsible for implementation of the sub-project has hired or otherwise obtained the services of a sufficient number of well-qualified officers to implement the sub-project.

F. The Borrower shall covenant that the existing sub-committee on training, technical assistance and experimental studies and its operational rules will continue as under Loan 075. ICFES (Colombian Institute for Higher Education) and ICETEX (Colombian Institute for Training Abroad) will serve as invited members when training is under consideration.

G. The Borrower shall covenant that it will take legal action against any misuses of the food coupons and will indicate to A.I.D. its authority to carry out such action.

H. The Borrower shall covenant that the direct feeding program will continue at current levels and the phase-over from Title II food donations to locally purchased food by June 1978 will be carried out since this program is an integral part of the Cauca Pilot and Expansion sub-project and provides part of the support to the VPM sub-project.

I. The GOC shall covenant that funds for the planned National Food and Nutrition Plan shall be budgeted from general national budget resources.

J. The Loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.