AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES OF AMERICA

Congressional Presentation
Fiscal Year 1989

MAIN VOLUME

UNITED STATES OF AMERICA

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

THE ADMINISTRATOR

TO THE CONGRESS OF THE UNITED STATES

On behalf of the Agency for International Development (A.I.D.), I am pleased to transmit the Agency's requests for authorizations and appropriations for Fiscal Year 1989.

In the multiple volumes that make up this Congressional Presentation, we discuss the purposes served by U.S. economic assistance and the details of our program. As I point out in this year's Administrator's Statement, our expenditures on economic assistance yield returns for America, as well as for the people of the developing countries we assist. They warrant our support.

Alan Woods

MAIN VOLUME

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** This narrative is in lieu of a report as required by Section 300 of the Foreign Assistance Act.

*** This report is required under Section 1114(a) of the Money and Finance Act, P.L. 97-258, Sept. 13, 1982.

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INTRODUCTION

This volume of A.I.D.'s FY 1989 Congressional Presentation (CP) reflects the Reagan Administration's program and budget justification for bilateral foreign assistance program.

The Main Volume summarizes the requests and describes certain other programs in which A.I.D. plays a role. It also describes issues of "special concern" which are relevant to the United States development assistance effort. Project level details for each region and for centrally funded programs appear in the five annexes to the Main Volume.

Because the planning for programs and projects described in this book takes place so far in advance of the actual obligation of funds, some of these projects do not go forward as planned, new ones are added, and some undergo minor or substantial funding and program changes before agreements are reached with the recipient countries. In each instance, however, the appropriate Congressional committees will be given 15 days notice before such changes are effected, as required by Section 634A of the Foreign Assistance Act.

The International Organizations and Programs is presented in detail in a separate annex to this Congressional Presentation, as is the Trade and Development Program.

Also, included as a separate annex to the Main Volume (Main Volume Part II) is additional information on selected economic and social data for aid and non-aid recipient countries as well as report on all aid and non-aid recipients broken out by region and by GNP rank.

Finally, as part of this submission, a separate volume is included, which provides a detailed tabular breakout of the foreign assistance budget for FYs 1987-1989 (including the entire Function 150 International Affairs account).

STATEMENT OF THE ADMINISTRATOR

ADMINISTRATOR'S STATEMENT

The Administrator's Statement this year is a departure from the format used in previous years in that it looks beyond details of the the FY 1989 budget to broader U.S. interests in foreign economic assistance programs and examines past achievements and future challenges. We hope it will prove thought-provoking as a framework for considering not only the FY 1989 budget but also the orientation of our economic assistance programs.

Facing the Future

Forty years ago, America made an investment in the future that broke all the conventional rules of the day. In the wake of the Second World War, we reached out and provided economic assistance to the war-torn nations of Europe and to Japan, to those who had been our adversaries as well as to our allies.

Through programs of economic assistance, the Marshall Plan and Point Four, and through the international organizations that we and our allies created, we expressed our conviction that America's security and its future prosperity depend on the fortunes of many nations -- on global peace and prosperity.

We believed then, and we believe now, that the economic development of other nations is as much in our national interest as it is in the national interest of the nations to which we provide economic assistance.

The returns we have realized on our investments in Western Europe and Japan more than demonstrate the validity of that view. Today these nations are economically sound. They are our strongest allies. They are also leading consumers of U.S. exports. Equally dramatic is the progress made by some of the nations that were early recipients of U.S. economic assistance: Korea, Taiwan, Brazil.

Yet, for most people in developing countries, life is not much different than it was 20 or 30 years ago. In many of the least developed nations, poverty remains a nearly universal condition. In some middle-income countries, life has been improving in relative terms. The progress made in the majority of these countries is not what people in the developing countries had thought it might be -- or what we had hoped it would be. The gap between virtually all less developed countries and the developed countries is widening, not closing.

We believe that it is time to take stock of where we and the developing nations are headed:

- It is time to look at why some countries have succeeded;
- It is time to look at why other countries have not and to examine, with them, the fundamental causes of their continued poverty; and
- It is time to ask ourselves how economic assistance can better contribute to the process of fostering prosperity.

As the nation with the largest and most dynamic economy in the world, the United States has long exercised a leadership role in international economic development. Our contribution has always extended far beyond the dollars we provide. It is our ideas that have inspired and motivated both donor nations and developing countries. We have always been willing to ask the hard questions that must be asked, and answered. If there is to be progress, that is what we must do again.

In this introduction to the Congressional Presentation, the Agency for International Development is taking a first step in a process of reassessment. It is a process we must complete together. There is much we will need to consider with Congress and the American people as we reassess developing country prospects and examine the ways in which U.S. economic assistance -- ideas, talent and money -- can best be brought to bear in the future.

Learning from Success

In a world where the need for economic assistance remains strong, it is important to recognize that success is possible. No example is ever a perfect model, yet there are threads that tie together the economic recovery and development experiences of places as diverse as post-war Europe, post-war Japan, Korea,

Taiwan, Hong Kong and Singapore. The thread that most clearly ties these examples together -- and underlies their economic growth -- is the extent to which they relied on market forces and open trading systems to ensure the efficient production, distribution, and pricing of goods and services.

Economic growth, by which we mean increases in the production of goods and services and the gains in real income associated with those increases, is not an end in itself. It is, however, the fundamental means by which individuals improve the condition of their lives.

Where economic growth has been rapid and where participation in that growth has been broadly based, family income, food availability, life expectancy and other measures of development have registered impressive gains:

- Before World War II, Japan's death rate among children was as high as India's is today. But with economic growth came a decline in the birth rate, better pre-natal care, and better care for newborns. Today, Tokyo's infant mortality rate is 75% lower than Washington, D.C.'s; and

- While slow-growing countries struggle to ensure that their children are enrolled in primary schools, Korea now enrolls over 90% of its children in high school and sends 26% of its high school graduates on to college.

The changes that yield these results are systemic changes that affect whole economies, whole societies, not simply one or two narrow economic sectors or life in one part of a country. As the experiences of countries that are making significant progress demonstrate, growth and improvements in the human condition evolve together and are mutually reinforcing:

- Greater productivity and rising incomes provide individuals -- as well as governments -- with the resources they need to invest in more comprehensive health services, better education and more adequate housing; and

- As the health of a population and its level of education improve, still higher levels of productivity and further growth are possible.

Basic economic choices -- as between relying on market forces to set prices or having governments set them -- have a direct bearing on whether a country will grow. These fundamental choices also go a long way toward determining who can participate in an economy and benefit from its growth.

Where governments exercise tight economic controls and own many of a nation's productive assets, the opportunities and incentives for individual farmers and entrepreneurs are limited. The economic rewards in such societies are most often retained by a small fraction of the people.

In contrast, market economies naturally encourage broad participation in growth. Their vitality comes from the steady stream of new entrants into the economy -- new businesses and new agricultural ventures, and the jobs they create directly and through their demands for inputs, product handling, and other services.

In countries that are experiencing rapid and broad-based economic growth, life is getting better -- for the poor, as well as for those who are somewhat better off. When that happens, we in America benefit as well. As countries move up the economic ladder, their imports tend to rise. They want products from abroad -- consumer goods and products that can be used by their industries. Many of those products come from America.

Taken together, the developing and newly industrialized countries purchase more than 35% of all U.S. exports. In the first ten months of 1987, exports to these nations were worth $65.5 billion to the United States. Every billion dollars in new exports generates 26,000 American jobs.

When countries prosper, our economic assistance more than pays for itself:

- Of the 50 largest buyers of U.S. farm goods, 34 have received PL-480 food aid from the United States;

- Korea now buys as much from U.S. farmers in one year as it received in its 25 years as a PL-480 recipient; and

- Our sales of manufactured goods to developing nations are equally impressive. In 1985, 30% of our earnings on America's top export line -- machinery and transport equipment -- came from sales to developing countries.

The developing countries -- particularly the fast-growing ones -- are the markets on which our future depends. It is in these fast-growing markets, not in the more mature markets of Europe and Japan, that we will see the demand for U.S. products rise at spectacular rates.

Economic returns on our development assistance investments are not the only important benefits we reap when other countries succeed. The more economically successful countries are, the more stable they tend to become. What is more, there is a tendency for such countries to become more democratic. Where broad participation in the economy is possible, people acquire a stake in what happens and make their voices heard. Countries once run by virtual dictators have moved toward democracy and a greater respect for human rights as their economic circumstances improved.

A Sobering Look at the Developing Countries

In contrast to the successes achieved by nations that have relied heavily on market economies, other countries continue to have difficulties. The economies of many developing countries are stagnating. In some countries the economic base is actually deteriorating, and individual incomes are declining, as a result of negative growth rates over the past 5 to 10 years. Such situations are inherently unstable. They are a breeding ground for political unrest.

Targeted development assistance has helped in many of these situations; it has not been wasted. Economic assistance has prevented a worsening of conditions, often serving as the only stabilizing force in such economies. Even in some of the worst situations, development programs have helped to improve life expectancy. Overall, great strides have been made in protecting children against major diseases and ensuring that they receive at least a minimal education.

These gains are significant, but they are not adequate. What is worse, in economies that are stagnating, they cannot be sustained. No one, for example, has been able to halt the decline in food availability that is a hallmark of economies that are growing too slowly or not growing at all. One thing is certain: Without sufficient growth, the quality of life in developing countries is not really going to improve.

Neither educated guesses nor straight-line projections of past trends actually tell us what will happen in the future. Nevertheless, projections can suggest quite vividly what could occur if existing trends persist.

If the least developed countries continue to grow at the rates at which they grew during the past 20 years, i.e., at 0.4% GDP per capita on average, little will change.* At this near-zero rate of growth, average income in the least developed countries would rise by only $66 per person by the year 2050. The gap between these economies and the economies of the developed nations would widen significantly (Figure 1).

In the middle-income countries, individual incomes would improve dramatically if these countries continue to grow at the compound annual rate of 2.8% in GDP per capita terms. But, even at this growth rate, these nations would not narrow the gap that separates them from the developed countries, which have been growing at the compound annual rate of 2.6% per capita. Parallel lines never meet -- nor do countries that start at different economic bases and grow at similar rates. The gap between such countries grows rapidly in absolute terms, since 2.6% of $10,000 is a good deal more than 2.8% of $1,000 (Figure 2).

Only when countries make the economic choices that result in growth rates that are higher than those of the developed countries do they begin to catch up, as have a cluster of newly industrialized nations, with an compound annual growth rate of 5.4% per capita (Figure 3).

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*

GDP and population trend data for 1965-85 were taken from the World Development Report, 1987, (IBRD). Agency for International Development projections carry those trends into the future on a per capita basis.

The term Least Developed Countries refers to 35 of the 37 countries included in the IBRD's lowest income group; China and India are not included in A.I.D.'s Least Developed Country cluster. The term Middle Income Countries refers to 59 countries the IBRD clusters into a middle income group. Industrial Market Economies refers to 19 countries the IBRD clusters into its industrial market economy group. The term Newly Industrialized Countries refers to: Korea, Brazil, Hong Kong and Singapore. Taiwan was not included in this cluster as data on Taiwan are no longer reported in the publications of U.N. agencies.

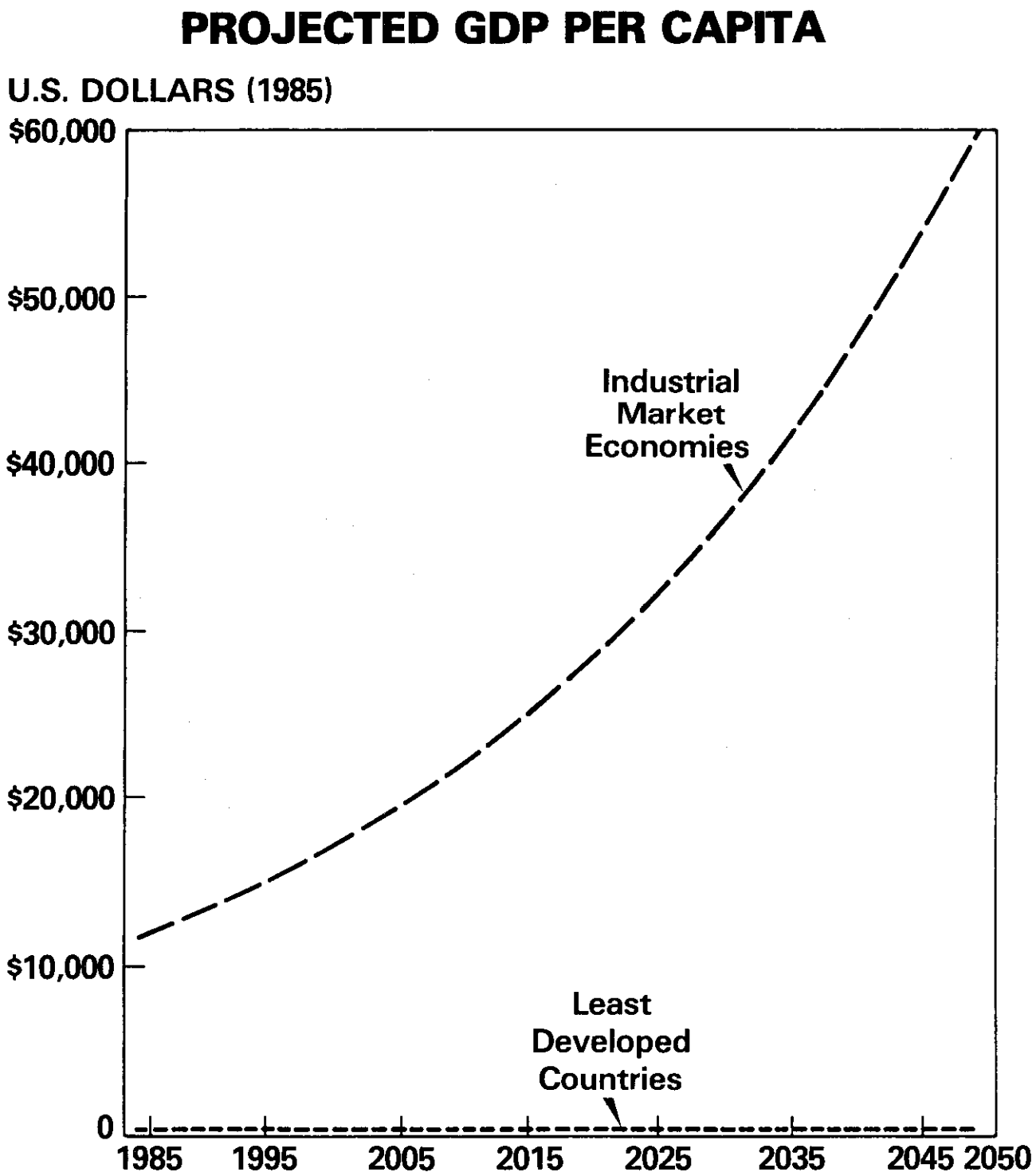


Figure 1. The Gap Between the Least Developed Countries and the Industrial Market Economies is Widening.

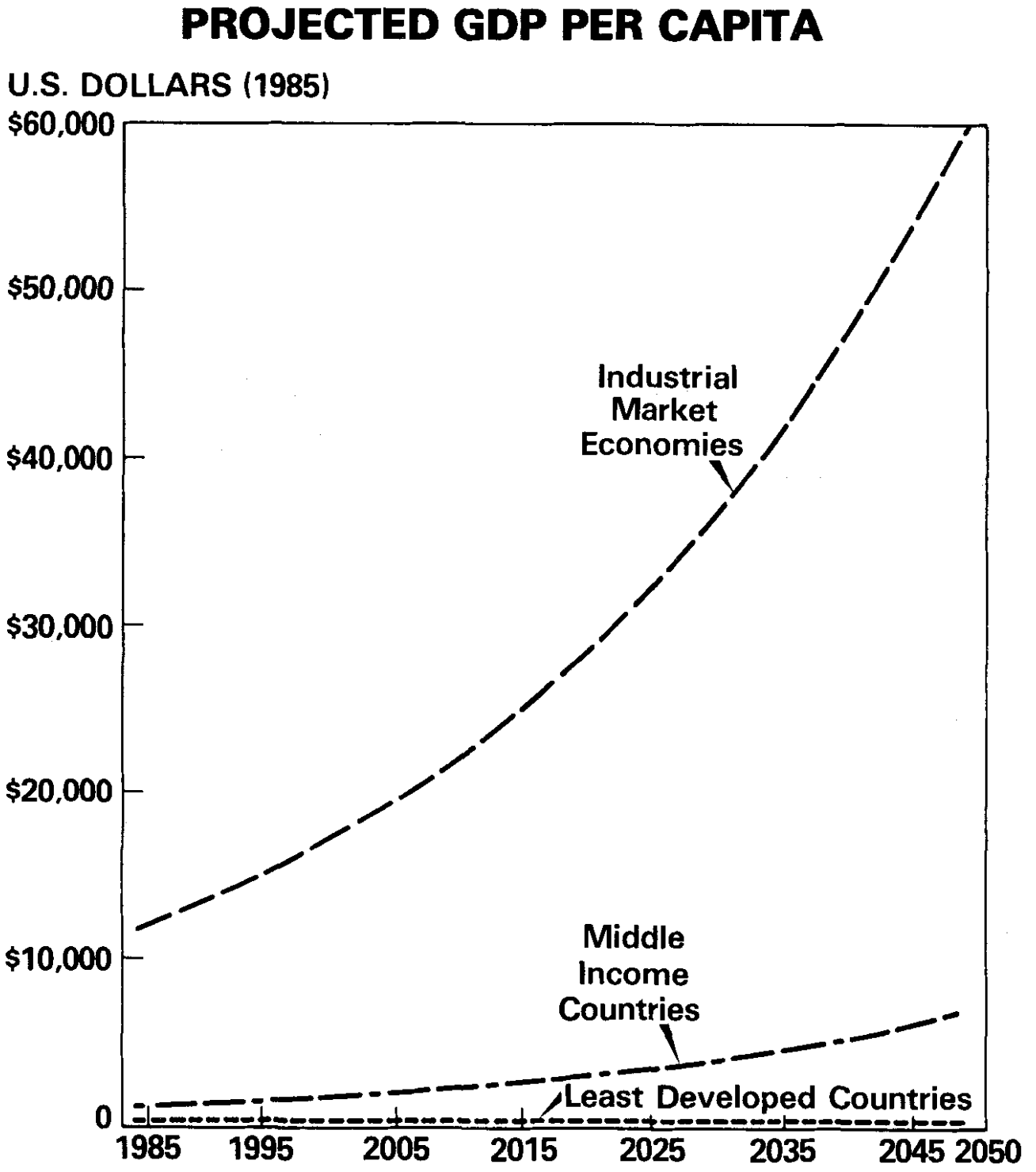


Figure 2. Moderate Growth in Middle Income Countries Yields Rising Per Capita Incomes but Does Not Close the Gap.

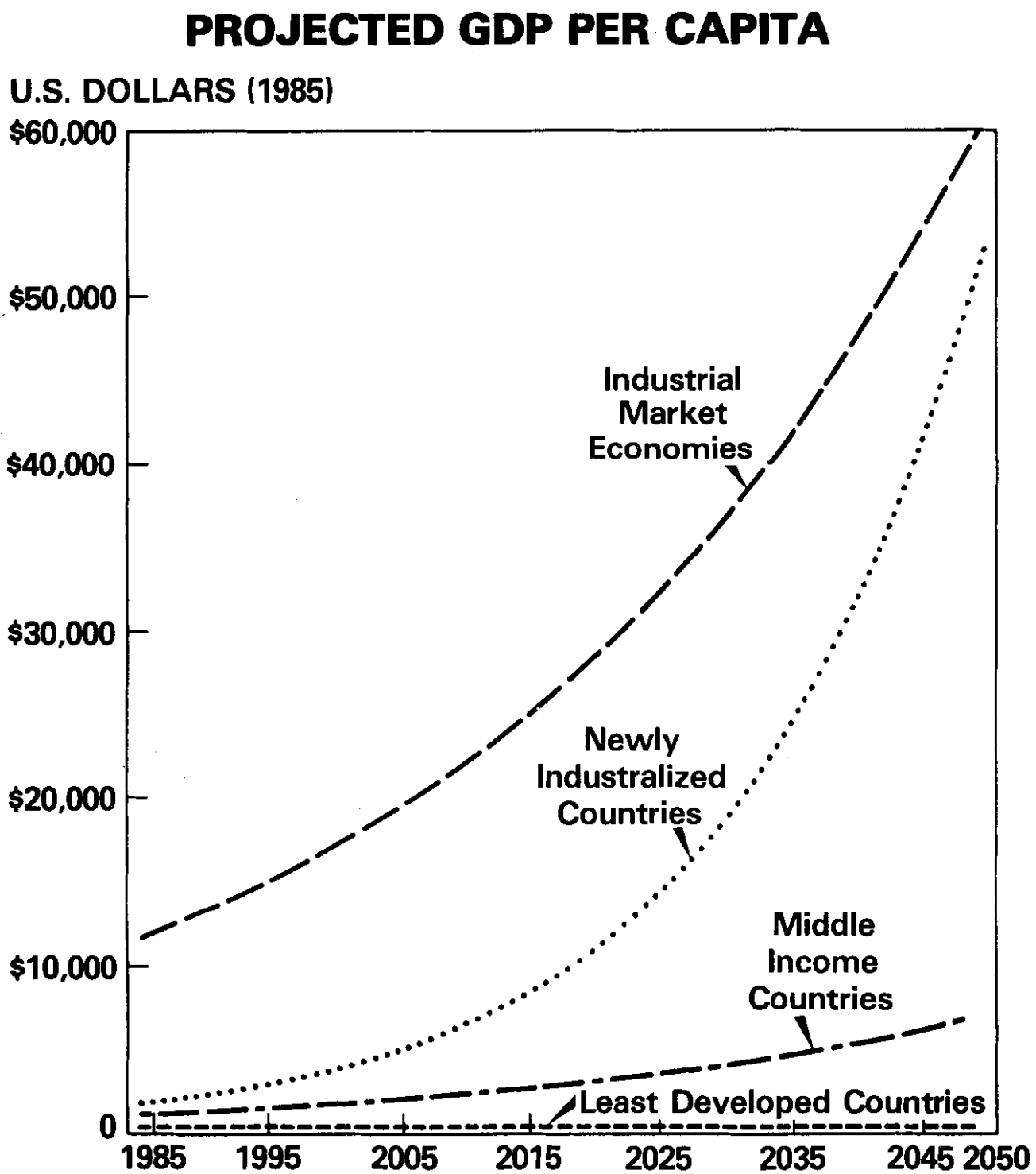


Figure 3. Fast Growth in the Newly Industrialized Countries May Result in Per Capita Income Levels Similar to Those in Industrial Market Economies.

Projections are an imperfect device for looking into the future. The newly industrialized countries, for example, are not expected to maintain their current growth rates indefinitely. As their economies mature, their growth paths will likely mirror those of other developed economies.

Further, projections of the prospects for groups of countries tend to mask what individual countries are doing. Of particular importance in that regard are those nations that -- often with the help of the United States -- have begun to reform their economic policies, rely on market forces and trade, and grow at better-than-average rates. Those that continue to pursue this path have a good chance of becoming the second wave of newly industrializing countries.

That is why we are beginning to explore options for transforming our relationship with the advanced developing countries into a productive and more mature partnership. Through partnership programs with the advanced developing countries, we can continue to nourish the investments we have made and the institutions we helped to build. The linkages that we should continue to build with these countries include:

- Strong and open bilateral trade relations;
- Scientific and technical exchanges;
- Educational and work exchange programs that bring our young people together and help them to learn about and from each other; and
- Strengthened relations between our business, scientific and professional communities -- through investments and through personal ties.

Moving from a relationship dominated by an economic assistance program to one that is more mature is not easy, but it is important. We, and the advanced developing countries, have much to gain by strengthening further the ties that bind us.

Fostering Development

We are convinced that the most important assistance we can provide to people in developing countries is assistance that helps them to stimulate economic growth -- raising their national income, and their individual family incomes. Wherever family incomes are rising, standards of living are also rising. Growing incomes give people a chance to invest in themselves and in the institutions that serve them -- a chance to invest in their future, and in the future of their children.

Improvements in the quality of life are a natural -- and necessary -- complement to economic growth. Good health, a sound education and a balanced diet are basic building blocks of development. Putting these building blocks in place requires many things: food, schools and teachers, access to modern medicines and to other new and affordable technologies.

To be truly effective, economic assistance programs should address an entire economic system. They must help countries identify and address impediments to growth, and they should be able to assist them in developing their private as well as their public sector capacity to address other basic human requirements.

Countries, even on the same continent, differ dramatically from each other in terms of their capacity or desire to provide services and to absorb new products and techniques -- just as their economic policies and their growth rates differ. Programs of assistance must be tailored to fit these differing circumstances.

In order to respond with the appropriate assistance program for each country, we need to be flexible. We need to be able to examine a situation and decide how best to address it -- through policy discussions, through projects, and through other assistance modes.

The kind of flexibility that is going to be needed to properly address the problems developing countries are facing is already embodied in our new Development Fund for Africa. The Fund is, in a very important sense, a laboratory for testing ideas about how the U.S. economic assistance program might be most effective in the years to come.

In that laboratory, and throughout the developing world, we must keep a steady eye on economic growth rates -- for they are a central measure of whether our efforts and those of the developing nations are succeeding. If they are not positive and growing stronger, something is wrong.

Getting Back to Basics

In his address to the leaders of 22 developing countries at the 1981 Cancun Summit, President Reagan drew attention to the importance of basic economic growth and to the fact that, historically, "economic growth and human progress have made their greatest strides in countries that encourage economic freedom." Since then, the United States and a number of the developing countries have become more concerned with slow economic growth, and with the impediments that stand in the way of higher growth rates.

Within this context, the Agency for International Development singled out economic policy impediments for particular attention. Other donor organizations are also moving in this direction. This focus is not only appropriate, it is necessary, given the future many developing countries will face if they fail to act to improve their prospects for economic prosperity.

The work of the Agency for International Development has already led to the identification of many macroeconomic and sectoral policy choices that are holding back growth in the developing countries:

- Many of the economic problems developing countries face can be traced to the propensity of governments to control economies, rather than give market forces and individual enterprise a chance to generate growth;

- Price control policies, protectionist trade regimes, and regulations that limit broad participation in the economy and shield government-owned enterprises from private sector competition all work against the nations that apply them -- while offering them the illusion of being in control of their economic destinies; and

- Instead of unleashing the entrepreneurial energies of their people, many developing nations are driving their entrepreneurs underground, as attested to by a recent study of the "informal sector" in Peru and anecdotal information from many other countries.

It is not easy for governments to change their economic policies. We know this from our own experience. Yet, that is exactly what many developing countries need to do, if they want to move forward, if they want to catch up.

Many developing countries are experiencing economic difficulties; yet, each of these situations is unique. The array of factors that inhibit broad-based economic growth differs from country to country. Sound recommendations for change can only emerge from an examination of country circumstances. The consequences of making recommendations without understanding what is impeding growth in a particular country could well be counterproductive. For instance:

- In countries in which there is an active private sector, the transfer of industries that are owned and operated by government to private hands makes economic sense, and it gives a larger number of people a real stake in the economy and in growth; and

- Yet, in other countries, where businesses are heavily regulated and where government policies discourage private sector development, focusing on privatization could prove futile. Under such conditions, newly privatized industries would be likely to fail. Unlike government-owned industries, they must earn all of the money they need to keep going.

The Agency for International Development is committed to helping countries make needed changes. Throughout the developing world our missions are engaging governments in a "policy dialogue." They are working with these governments to identify, on a national and sectoral basis, where changes are needed, what new policies might be put in place, and how to deal with their impact.

In this work, as in the development projects the Agency for International Development supports, there will be successes as well as failures. Even though we approach the "policy dialogue" knowing that market-oriented economies have the best track record, we know that neither we nor the developing countries can see into the future and understand all of the secondary effects an apparently straightforward policy change may cause. Like it or not, risk and uncertainty are inherent elements of development, just as they are in scientific research.

We do not believe, however, that the people of any nation should suffer inordinately from actions that will ultimately improve their economic circumstances. We believe that it is important to assess the effects that particular economic policy changes may have, and try to moderate their impact on particularly vulnerable groups. While most of the difficulties such groups face predate policy reform efforts, such efforts can exacerbate their plight. That is why much of the economic assistance we provide in support of policy reforms is designed to cushion the short-term effects of such changes.

There are no textbook answers that tell us exactly how to stimulate economic growth in a developing country -- even if we know that a market orientation is to be preferred. There is much uncharted territory, and questions about how to proceed loom large. While we are a long way from pat solutions, we and a growing number of developing countries are at least beginning to take seriously the problems of mismanaged economies and slow growth.

The Importance of Investing in People

The emphasis we place on stimulating economic growth in no way diminishes the importance of actions we take to help people in developing countries improve the circumstances of their lives in a direct way. Improvements in health care, water and sanitation services, voluntary family planning services, education systems, and other social services need to go hand in hand with growth. Developing country capacity to provide these services needs to be nurtured, in the private sector as well as in government.

The development projects and programs that the Agency for International Development supports make an important difference in the way of life in developing countries. That difference is particularly dramatic in countries that are taking steps in the economic arena that will enable them to sustain these improvements over the long term.

Significant improvements have already been made in most developing countries:

- Smallpox has been eliminated from the world;
- In the aggregate, child mortality rates have been cut in half;
- Life expectancy in the developing countries has increased by 10% to 20%; and
- In most developing countries, the majority of children now enter primary school.

Through other projects:

- Farmers have gained access to improved inputs and learned new techniques for increasing their yields.
- Small businesses have found the capital they need and learned new management skills.

Ensuring that such gains are permanent, rather than transitory, is of the greatest importance. Programs and projects that develop institutions and provide goods and services in the developing countries must incorporate the mechanisms that will ensure their continuation over time.

That is why so many of our programs have institutional development and training components. We believe, for example, that if we want to ensure the survival of children who suffer from dehydration, it is not enough simply to provide oral rehydration salts to developing countries. The capacity to produce this remedy, train health workers, and deliver the salts to those in need must be transferred as well. Use of oral rehydration must be incorporated into the practices of private health care providers and organizations, national health systems and, finally, families.

Our concern for permanent improvements in developing countries also underlies our focus on the recurrent costs of projects and programs. Such costs must be manageable within the context of a developing economy's ability to generate resources. If they are not, the activities we support will eventually disappear -- no matter how useful they may be.

Changes become permanent only when a broad segment of society values them and benefits from them. That is why we work so hard to ensure that the people who need to be involved in creating change are actually participating. We know that in many situations it is the women of a country who play a critical role in institutionalizing new behavior -- on the farm and in businesses, as well as in the home. Our programs must reach them and engage their energies.

For similar reasons, we must carefully consider the environmental impact of all of our activities. It does a nation no good to thrive in one generation if its prosperity is built on patterns that destroy the nation's resources. Practices that destroy the natural environment can easily undermine the progress developing countries need to nurture. That is why our agricultural projects take into consideration the impact of farming practices on the environment, and why we are working with developing countries to create national plans that will safeguard their natural resources and preserve their biological diversity.

In development, as in most human endeavors, we must be prepared to learn -- and to change. Time does not stand still, nor are the challenges facing the developing countries constant. New problems arise as do new opportunities. For that reason, we will be taking a hard look this year at the way we do business. We need to determine whether we are poised to deal with the issues of the future.

Some of the challenges are already apparent:

- The AIDS epidemic -- with all of its potential for destruction;
- Rapid urbanization, even in the poorest countries;
- Rising levels of drug addiction, violence and chaos in countries where narcotics production and trafficking have not been brought under control;
- The global communications explosion -- with its potential for linking all nations in an interactive network and altering the way people are educated; and
- The development of disease-resistant and stress-tolerant seed varieties.

Technological breakthroughs are being made rapidly, in every field and all over the world. This steady stream will create challenges that we cannot yet imagine.

We, and the developing countries, must be prepared to take new developments into account as we plan for the future. We need to understand the ways in which problems, and opportunities, will affect people and we need to explore the ways in which they will impede or facilitate economic growth. We will do that best if we are actively looking ahead.

While we can foresee some of what the future will hold, we can rarely anticipate disasters. Yet, we must always be ready to deal with them.

Our commitment to provide humanitarian assistance to countries ravaged by famine, earthquakes, plagues and other disasters remains absolute:

- Last summer, when floods destroyed 50% of the food grain crop in Bangladesh and uprooted nearly 30 million people, we were there with seeds for a new crop and funds to aid with the rebuilding effort;
- When 60,000 people were left homeless last March in the wake of an earthquake in northern Ecuador, we were there with tents, wool blankets, and funds for reconstruction;
- Had we not been able to act quickly to provide food aid to Africa in 1984, 20 million people might have died as a result of one of the worst droughts in history; and

- Today, in Ethiopia alone, 5 to 7 million people are again at risk. Drought and poor economic policies have combined to recreate a disaster. Once again, we are there -- providing lifesaving food aid directly to a starving people.

When America responds to emergencies overseas and when we work with developing countries to foster rapid and broad-based economic growth, we are truly investing in the future. We are helping to preserve and build nations that will one day be able to move forward without our economic aid -- not because it wouldn't be there if they needed it, but because they have succeeded by learning to grow, and need it no more.

Conclusion

The process of economic development is difficult. Even when it succeeds, the path to success will be dotted with failed activities that might have worked -- but did not. The environment in which development occurs and our own lack of knowledge make this inevitable. What we do know is that every developing country is different -- personalities, culture, geography and economic circumstances distinguish each country from every other.

If our economic assistance programs are to have the maximum impact on economic growth and the quality of life, they must be fashioned to fit the unique circumstances and characteristics of these countries. When economic assistance resources are scarce, as they are today, flexibility in the programming of those resources becomes critically important. We need to be able to make every penny count. Without the flexibility to tailor our assistance to meet specific country requirements, our help will not be as effective as we should expect it to be.

As we construct economic assistance programs for developing countries, we need to begin drawing all of the available modes of assistance together into a coherent framework. America's capacity to assist developing countries is multifaceted. That capacity ranges from our ability to provide economic policy advice, development assistance projects, emergency and food aid to tariff relief under the generalized system of preferences (GSP) and special programs such as the Caribbean Basin Initiative, investment guarantees, and other bilateral programs. Beyond that, we put significant resources into the development programs of multilateral organizations. There is more we can and should be doing to coordinate the way in which these resources are focused in specific countries.

In the face of near-zero growth rates in many of the poorest developing countries, we must determine anew what the balance in our economic assistance programs should be. We certainly should not assume that we have the balance right today. With middle-income countries that are at least growing, and with the more advanced developing countries, the same questions must be asked -- but the answers may be quite different.

The challenge, for the developing countries and for us, is a great one. Their futures depend on the choices they make, but so does ours -- for the interdependence among nations grows each year. We must ask the hard questions -- and face the challenge head-on. If we do not, who will?

Alan Woods

AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 1989 AUTHORIZATION AND BUDGET AUTHORITY REQUESTS
AND FY 1989 PROPOSED PROGRAM
(in thousands of dollars)

	FOR. ASSIST. AUTHORIZATION REQUEST	BUDGET AUTHORITY REQUEST	REIMBURE-MENTS AND CARRYOVER	PROPOSED A.I.D. PROGRAM
Functional Development Assistance:				
Agriculture, Rural Dev. & Nut.....	461,062	461,062	--	461,062
Population Planning.....	190,440	190,440	--	190,440
Health.....	114,000	114,000	--	114,000
Child Survival Fund.....	66,000	66,000	--	66,000
AIDS.....	30,000	30,000	--	30,000
Education & Human Resources Dev.....	129,541	129,541	--	129,541
Selected Development Activities.....	136,457	136,457	--	136,457
Science and Technology	N/A	[8,662]	--	[8,662]
Private Enterprise Revolv. Fund ...*	[8,500]	[8,500]	--	[8,500]
Deob/Reob	12,500	12,500	--	12,500
SUBTOTAL, Functional Accounts.....	1,140,000	1,140,000	0	1,140,000
Grants, included above.....	1,140,000	1,140,000	0	1,140,000
Loans, included above.....	0	--	0	0
Development Fund for Africa.....	510,000	510,000	--	510,000
SADCC.....	[50,000]	[50,000]	--	[50,000]
American Schools & Hospitals Abroad....	30,000	30,000	--	30,000
Disaster Assistance.....	25,000	25,000	--	25,000
Housing Guarantee Borrowing Authority..	22,000	22,000	--	22,000
SUBTOTAL, DA Program Funds.....	1,727,000	1,727,000	0	1,727,000
Operating Expenses.....	414,000	414,000	5,500	419,500
Oper. Exp. - Inspector General.....	23,119	23,119	--	23,119
Foreign Service Retirement and Disability Fund.....	N/A	40,532	--	40,532
Trade Credit Insurance Program.....	[200,000]	[200,000]	--	[200,000]
TOTAL, A.I.D. Development Assistance	2,164,119	2,204,651	5,500	2,210,151
Economic Support Fund.....	3,268,500	3,268,500	--	3,268,500
Deob/Reob	12,500	12,500	--	12,500
	3,281,000	3,281,000	0	3,281,000
TOTAL, A.I.D. ECONOMIC ASSISTANCE.....	5,445,119	5,485,651	5,500	5,491,151

* Requested under Functional Accounts; transferred to separate account for subsequent obligat-

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROGRAM TRENDS: FY 1986 - FY 1989
(in thousands of dollars)

	FY 1986 ACTUAL	FY 1987 ACTUAL	FY 1988 ESTIMATE	FY 1989 PROPOSED
Functional Development Assistance:				
Agriculture, Rural Dev. & Nut.....	759,987	686,933	489,073	461,062
Population Planning.....	237,539	267,154	197,000	190,440
Health.....	213,249	168,117	120,070	114,000
Child Survival Fund.....	36,425	74,994	66,000	66,000
AIDS.....	--	--	30,000	30,000
Education & Human Resources Dev.....	181,857	163,064	117,658	129,541
Private Sector, Environment & Energy	169,706	196,217	127,754	127,795
Science and Technology.....	15,110	14,662	8,662	8,662
Private Enterprise Revolv. Fund.....	--	--	--	[8,500] 1/
FDAP Deob/Reob.....	[52,277]	[108,856]	12,500	12,500
SUBTOTAL, Functional Accounts.....	1,613,873	1,571,141	1,168,717	1,140,000
Grants, included above.....	1,425,662	1,459,307	1,121,690	1,140,000
Loans, included above.....	188,211	111,834	47,027	--
Sahel Development Program	84,686	80,559	5,180	--
Development Fund for Africa.....	--	--	500,000	510,000
SADCC.....	--	[50,000] 5/	50,000	[50,000] 6/
SUBTOTAL, Country Programs.....	1,698,559	1,651,700	1,723,897	1,650,000
Private Enterprise Revolving Fund ...	15,400	15,150	3,950	[8,500] 1/
Private Sector Loan Guaranties.....	--	--		[100,000]
American Schools & Hospitals Abroad..	33,495	35,000	40,000	30,000
International Disaster Assistance....	90,736	86,357	29,785	25,000
Humanitarian Relief Transport.....	--	--	3,000	--
Housing Borrowing Authority.....	--	20,000	22,000	22,000
Housing Guaranties.....	[145,464]	[145,464]	[125,000]	[100,000]
Misc. Prior Year Accounts.....	--	--	142	--
SUBTOTAL, DA Program Funds.....	1,838,190	1,808,207	1,822,774	1,727,000
Operating Expenses.....	366,170 3/	350,462 3/	406,000	414,000
Oper. Exp. - Inspector General.....	19,784 4/	20,937 4/	23,970	23,119
Foreign Service Retirement and Disability Fund.....	43,122	45,492	35,132	40,532
Trade Credit Insurance Program.....	[239,250]	[250,000]	[200,000]	[200,000]
TOTAL, A.I.D. Development Assistance	2,267,266	2,225,098	2,287,876	2,204,651
Economic Support Fund.....	4,827,028	3,887,047	3,254,386	3,268,500
ESF Deob/Reob	85,968	25,205	12,500	12,500
Total ESF	4,912,996	3,912,252	3,266,886	3,281,000
TOTAL, A.I.D. ECONOMIC ASSISTANCE....	7,180,262	6,137,350	5,554,762 2/	5,485,651

1/ Requested under Functional Accounts; transferred to separate account for subsequent obligation.

2/ Includes unobligated funds carried forward as follows: ARDN - $2.358 million; Pop - $.060 million; HE - $1.07 million; EHR - $.658 million; PSEE - $7.045 million; Disaster Assistance - $4.785 million; Sahel - $5.180 million; PSRF - $.950 million; and $66.066 million in Economic Support Funds.

3/ Excludes program funds used for local cost support of $16.165 million in FY 1986 and $38.488 million in FY 1987.

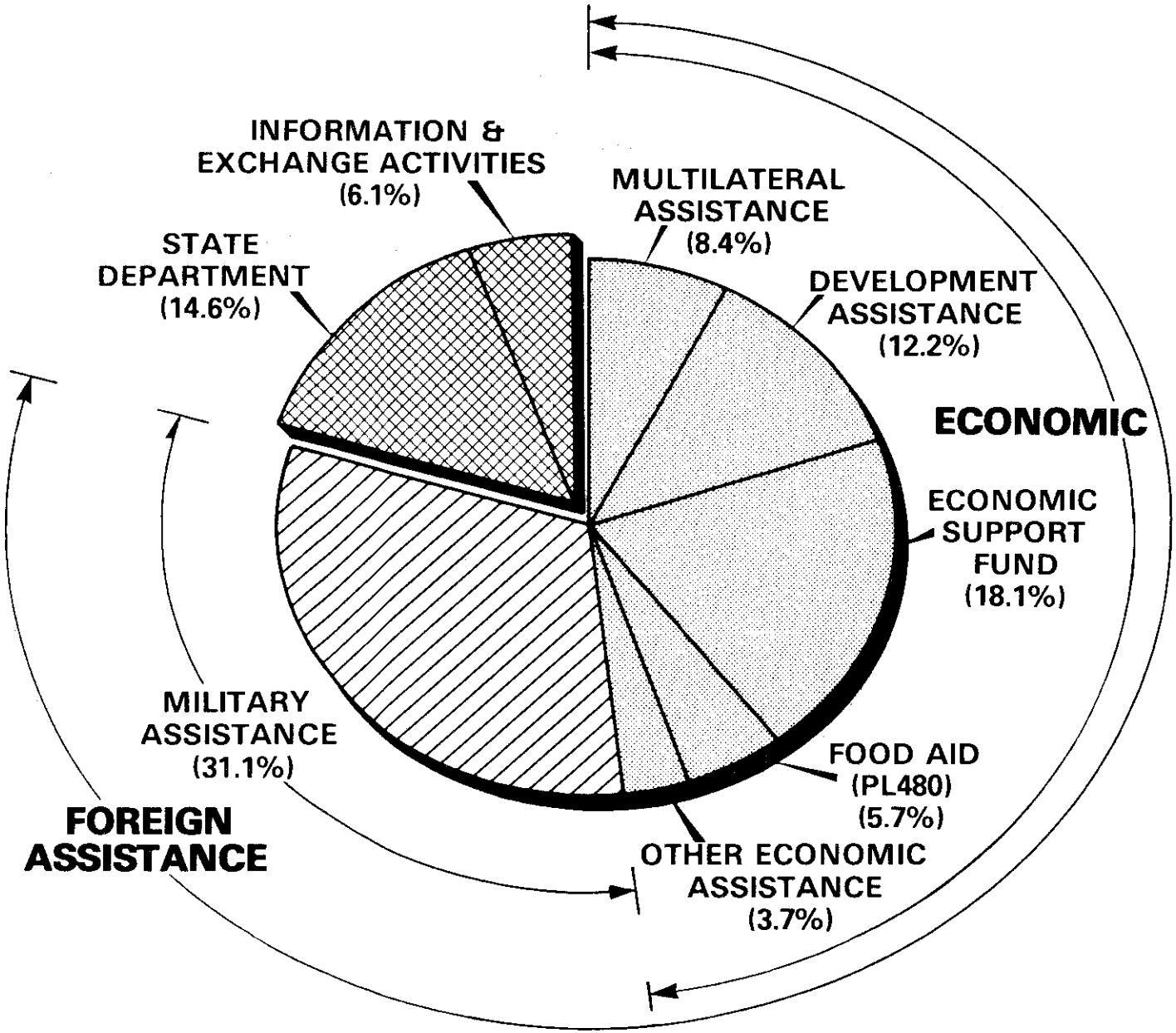
4/ Excludes program funds used for local cost support of $.885 million in FY 1986 and $.745 million in FY 1987.

5/ Appropriated for SADCC countries under Private Sector, Environment & Energy. Of this, $43.351 million was obligated during FY 1987 and $6.649 million will be obligated during FY 1988.

6/ Included within Development Fund for Africa in FY 1989.

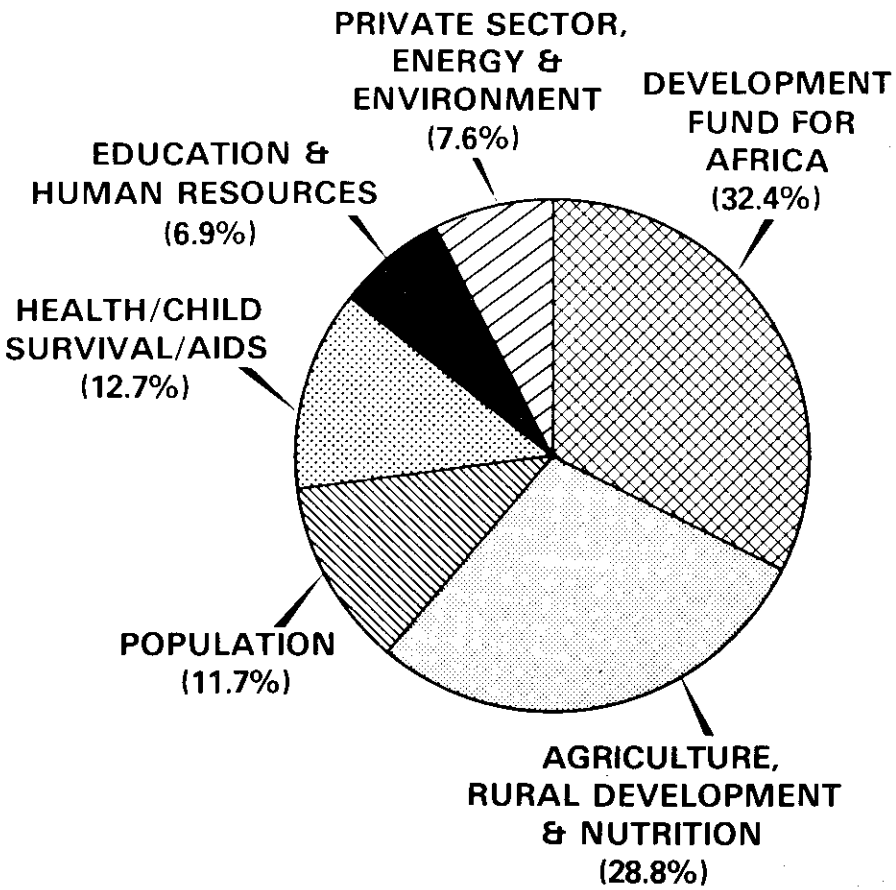
INTERNATIONAL AFFAIRS APPROPRIATIONS

FY 1989

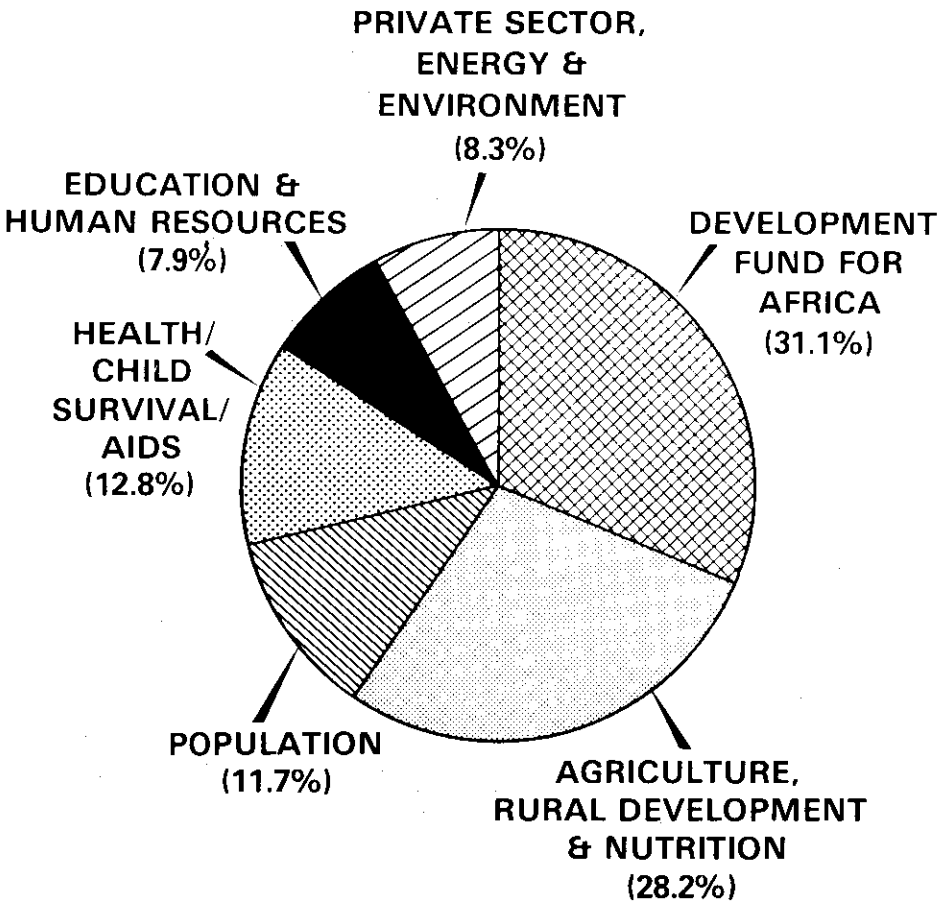


COMPONENTS OF PROGRAMMED DEVELOPMENT ASSISTANCE

FY 1988



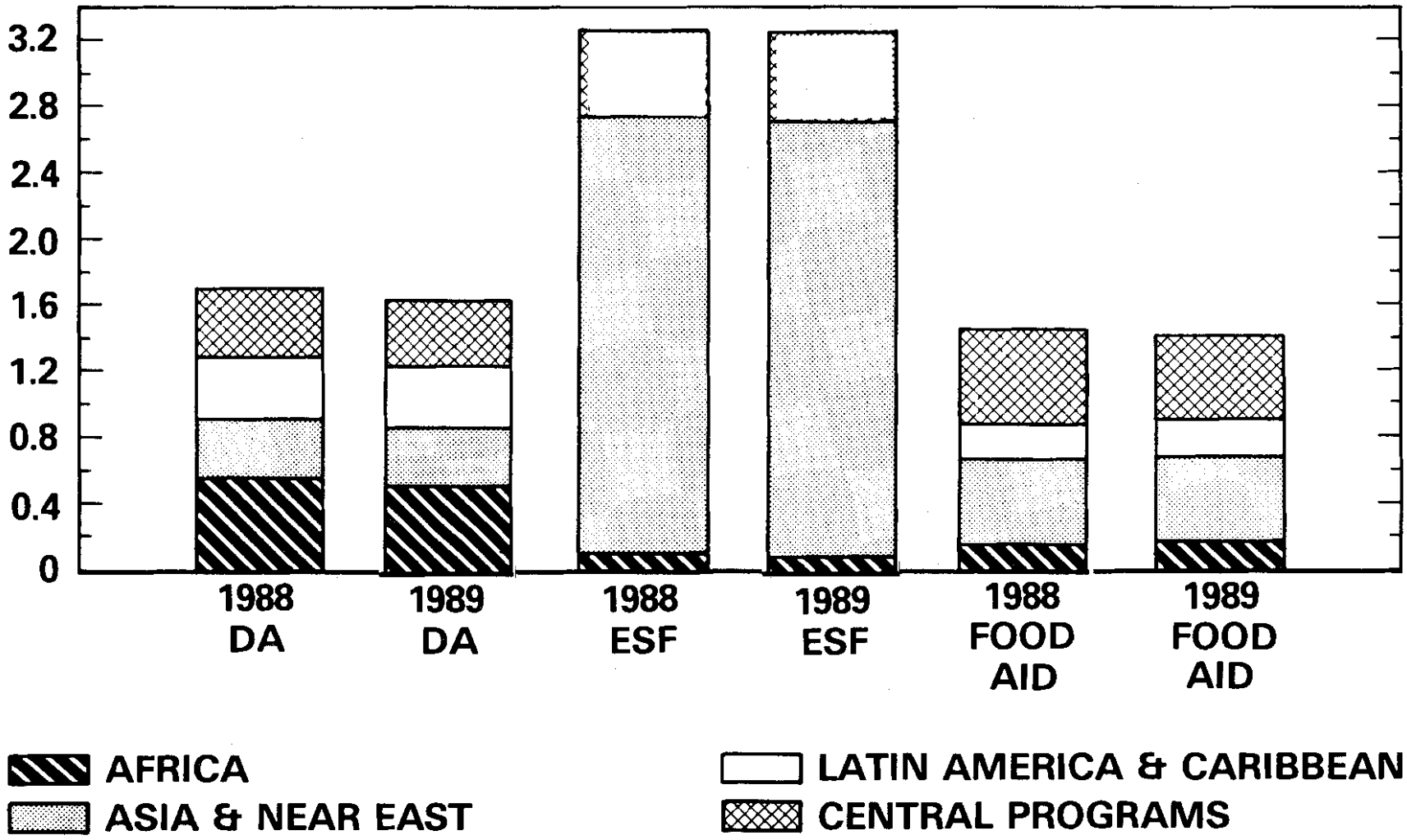
FY 1989



A.I.D. BUREAU ALLOCATIONS

(BILLIONS OF DOLLARS)

FY 1988 - 1989



INTERNATIONAL AFFAIRS ($ Thousands) 02-Mar-88	FY 1987 ACTUAL	FY 1988 CR	FY 1989 REQUEST
MULTILATERAL ASSISTANCE			
Inter-American Dev. Bank	16,417	31,600	---
Fund for Special Operations	17,263	25,732	---
Fund for Special Operations/IIC	---	1,303	---
Subtotal: IADB	33,680	58,635	---
World Bank	55,805	40,176	70,915
International Finance Corp.	7,206	20,300	35,032
Int'l Development Association	830,100	915,000	958,333
Asian Development Bank	13,233	15,057	101,200
Asian Development Fund	91,406	28,000	44,870
African Development Fund	90,427	75,000	105,000
African Development Bank	20,480	8,999	8,999
Spec Fac for Sub-Saharan Africa	64,805	---	---
MIGA	---	44,403	---
Subtotal: MDBs	1,207,142	1,205,570	1,324,349
Int'l Fund for Agricultural Dev.	[28,710]	[30,000]	[2,500]
IO & P (Voluntary Contrib.)	237,264	244,648	200,000
TOTAL: MULTILATERAL ASSISTANCE	1,444,406	1,450,218	1,524,349
BILATERAL ASSISTANCE - AID			
Ag., Rural Dev. & Nutrition	636,613	488,715	461,062
Population	229,949	197,940	190,440
Health	159,797	119,000	114,000
Child Survival Fund	75,000	66,000	66,000
AIDS Prevention & Control	---	30,000	30,000
Education & Human Resources	156,642	117,000	129,541
Private Sector, Env. & Energy	193,328	120,709	127,795
Science & Technology	9,662	8,662	8,662
FDAP Deob/Reob	108,856	12,500	12,500
Private Sector Rev. Fund	---	[9,000]	[8,500]
Total: Functional Development Asst.	1,569,847	1,160,526	1,140,000
Sahel Development Program	70,000	---	---
Development Fund for Africa	---	500,000	510,000
SADCC	---	50,000	[50,000]
Private Sector Rev. Fund	13,000	[9,000]	[8,500]
Loan Commitment Limitation	---	---	[100,000]
Amer. Schools & Hosp. Abroad	35,000	40,000	30,000
International Disaster Assistance	75,311	25,000	25,000
Humanitarian Relief Transport	---	3,000	---
Housing Guaranties Limitation	[145,464]	[125,000]	[100,000]
Housing Guaranty Borrowing Auth.	20,000	22,000	22,000
Foreign Service Ret. & Dis.	45,492	35,132	40,532
Trade Credit Insurance Program	[250,000]	[200,000]	[200,000]
Operating Expenses	348,263	406,000	414,000
Operating Expenses - IG	21,321	23,970	23,119
Subtotal: Development Assistance	2,198,234	2,265,628	2,204,651

INTERNATIONAL AFFAIRS ($ Thousands) 02-Mar-88	FY 1987 ACTUAL	FY 1988 CR	FY 1989 REQUEST
Economic Support Fund	3,551,000	3,188,320	3,268,500
ESF Transfer	300,000	---	---
ESF Deob/Reob	25,205	12,500	12,500
ESF Total	3,876,205	3,200,820	3,281,000
Subtotal: AID	6,074,439	5,466,448	5,485,651
Trade & Development Program	20,000	25,000	20,400
Peacekeeping Operations	31,689	31,689	31,689
International Narcotics Control	118,445	98,750	101,000
Inter-American Fndt. (incl. gifts)	11,800	13,000	13,900
African Development Foundation	6,614	7,000	7,140
Peace Corps	137,960	146,200	150,000
Migration & Refugee Assistance	346,856	338,450	340,000
Emergency Refugee & Migration Fund	14,000	---	---
Anti-Terrorism Assistance	9,840	9,840	9,840
Overseas Priv. Invest. Corp (OPIC)			
(Limitation on direct loans)	[23,000]	[23,000]	[17,250]
(Limitation on Guar. Loans)	[2[illegible],000]	[200,000]	[175,000]
TOTAL: BILATERAL ASSISTANCE	6,771,643	6,136,377	6,159,620
MILITARY ASSISTANCE			
Military Assistance Prog	950,000	700,750	467,000
Int'l Mil. Ed. & Training	56,000	47,400	52,500
Spec. Def. Acq. Fund	[315,820]	[236,865]	[350,000]
Foreign Military Sales Credit	4,053,441	4,049,000	4,460,000
Dir. Cred. & Forgiven Loans	4,053,441	4,049,000	4,460,000
(Loan Guaranties)		---	---
Guaranty Reserve Fund	---	532,000	643,196
TOTAL: MILITARY ASSISTANCE	5,059,441	5,329,150	5,622,696
(Total BA)	5,059,441	5,329,150	5,622,696
(Total off budget)	0	0	0
EXPORT-IMPORT BANK	78,129	110,000	---
(Limit. on Direct Loans)	677,066	580,000	705,000
(Limit. on Guaranteed Loans)	[11,355,000]	[10,000,000]	[10,200,000]
PL 480 Title I Program	910,727	852,000	812,000
Title I Receipts	(380,000)	(321,000)	(332,000)
Unobligated Balance	---	(101,404)	(51,800)
Title I BA	530,727	429,596	428,200
Title II BA	552,344	630,000	595,000
Total Food Assistance (BA)	1,083,071	1,059,596	1,023,200
Total Food Assistance (Program)	1,463,071	1,482,000	1,407,000

INTERNATIONAL AFFAIRS ($ Thousands) 02-Mar-88	FY 1987 ACTUAL	FY 1988 CR	FY 1989 REQUEST
STATE/JUSTICE/COMMERCE (153)	2,545,297	2,609,856	2,644,482
FOREIGN INFO & EXCHANGE ACT. (154)	1,022,238	1,041,068	1,109,695
IMF - Maintenance of adjustments	1,196,424	---	---
ADJUSTMENTS (TRUST FUNDS & RECEIPTS)	(857,846)	(2,048,438)	(2,592,991)
Misc. Trust Funds - A.I.D.	8,981	5,000	5,000
Misc. Trust Funds - Peace Corps	298	300	300
Misc. Trust Funds - DOT	4,545	1,356	3,695
Misc. Trust Funds Receipts - DOT	(5,882)	(1,356)	(3,695)
Misc. Trust Funds Receipts - A.I.D.	(9,717)	(5,000)	(5,000)
A.I.D. Loan Repayments	(394,130)	(433,000)	(410,000)
Treasury Loan Repayments	(42,349)	(40,000)	(40,000)
Treasury Loan Repayments	(88,668)	(90,441)	(92,250)
FMS Receipts	(464,439)	(114,297)	(132,041)
Trust Funds	9,315,063	7,626,000	6,848,000
FMS - Advances, Deposits	(8,503,911)	(8,417,000)	(8,062,000)
Misc. Receipts	(571)	---	---
Export-Import Bank	(677,066)	(580,000)	(705,000)
	=======	=======	=======
TOTAL INTERNATIONAL AFFAIRS	19,019,869	16,267,827	16,196,051
Of Which:			
Foreign Operations	13,353,619	13,025,745	13,306,665
Total Appropriations	19,200,649	17,736,265	18,084,042
Total Discretionary BA	18,378,700	17,785,200	18,141,900

Development Assistance and Economic Support Fund Assistance
Countries Assisted in FY 1988 or FY 1989

Bangladesh
Belize
Bolivia
Botswana
Burkina

Burma
Burundi
Cameroon
Cape Verde
Central African Republic

Chad
Comoros
Congo
Costa Rica
Cote d'Ivoire

Cyprus
Djibouti
Dominican Republic
Ecuador
Egypt

El Salvador
Equatorial Guinea
Gambia
Ghana
Guatemala

Guinea
Guinea-Bissau
Haiti
Honduras
India

Indonesia
Ireland
Israel
Jamaica
Jordan

Kenya
Lebanon
Lesotho

Liberia
Madagascar
Malawi
Mali
Mauritania

Mauritius
Morocco
Mozambique
Nepal
Niger

Nigeria
Oman
Pakistan
Panama
Peru

Philippines
Portugal
Rwanda
Sao Tome
Senegal

Seychelles
Sierra Leone
Somalia
South Africa
Spain

Sri Lanka
Sudan
Swaziland
Tanzania
Thailand

Togo
Tunisia
Turkey
Uganda
Yemen

Zaire
Zambia

REGIONAL ALLOCATIONS OF DEVELOPMENT ASSISTANCE*
(MILLIONS)

	-- FY 1986 --		-- FY 1987 --		-- FY 1988 --		-- FY 1989 --	
	ACTUAL	%	ACTUAL	%	ESTIMATE	%	REQUEST	%
AFRICA	379	22%	397	24%	558	33%	510	31%
ASIA AND NEAR EAST	442	26%	428	26%	362	21%	348	21%
LATIN AMERICA & CARIBBEAN	462	27%	437	26%	371	22%	372	23%
INTER-REGIONAL	431	25%	405	24%	403	24%	408	25%
DISASTER CONTINGENCY & EARMARKS	--	0%	--	0%	16	1%	--	0%
TOTAL	1,714	100%	1,667	100%	1,710	100%	1,638	100%

* Includes amounts programmed for Functional Development Assistance accounts, Private Sector Revolving Fund, Sahel Development Program and Development Fund for Africa. Inter-regional amount includes the Revolving Loan Fund.

NOTE: Details may not add due to rounding.

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
6,074.439 1/	5,466.448	5,485.651

PROGRAM SUMMARY OVERVIEW

For the FY 1989 bilateral economic assistance programs, A.I.D. requests an authorization and appropriation of $5,485,651,000, which compares to $5,466,448,270 appropriated in FY 1988. This request includes funding for Development Assistance (DA) and the Economic Support Fund (ESF).

This FY 1989 request is a straightline budget which reflects the concern for deficit reduction expressed throughout the President's budget request for FY 1989. It is fully consistent with the bipartisan agreement on FY 1989 budget levels established during the budget summit. It is a tight budget which balances limited resources with program priorities linked to U.S. foreign policy objectives and political and security interests. The request contains amounts necessary to carry out A.I.D.'s basic objective of promoting sustained economic growth through policy change which emphasizes increased reliance on market forces, trade and the private sector, and support for institution building, research and technology transfer.

Regional Priorities

Africa (Development Fund for Africa)

For FY 1989, A.I.D. is requesting $510,000,000 for the Development Fund for Africa (DFA).

In FY 1988, Congress approved the Administration's request for a special funding mechanism for Sub-Saharan Africa in order to provide the flexibility needed to promote economic growth in the world's poorest region. This Fund is our laboratory for testing ideas about how aid might be most effective in years to come. A.I.D. will consult with the Congress in the implementation and management of this program.

Through the Fund, A.I.D. will integrate project and non-project resources to promote broad-based growth, in part, by strengthening the role of the private sector. Fundamental to this approach is economic policy reform to reduce African government interventions in the productive sectors of the economy and increase those governments' capacity to provide social services more equitably and more efficiently.

1/Includes supplemental appropriations totaling $359,000,000.

A.I.D. will focus on two broad categories of activities -- 1) those intended to encourage broad-based growth and 2) those intended to make that growth self-sustaining by increasing the capacity of African peoples and institutions to solve their own problems. In the first category are those activities designed to increase employment both on and off the farm, increase agricultural production and better manage natural resources, improve financial markets, and reduce population growth. In the second category are those activities designed to strengthen public and private development institutions, broaden education, promote health care (particularly child survival and the fight against AIDS), and increase training.

A.I.D. is currently reviewing field operations of the small country programs with a view to conserving management resources.

The Southern Africa Development Coordination Conference (SADCC), for which Congress provided a separate appropriation in FY 1988, will receive economic development assistance under the DFA in FY 1989, particularly for the transport sector, but also for manpower development, energy and private sector initiatives.

A.I.D. again seeks no-year funding for the Development Fund to permit better planning and program design.

In addition to the DFA request, A.I.D. is requesting $81,500,000 in ESF for Africa in FY 1989 for use in African countries of particular political or strategic interest to the United States. These funds will provide budgetary support, balance of payments support, or serve to stimulate economic policy reform in Chad, Djibouti, Kenya, Liberia, Senegal, Seychelles, Somalia and the Sudan.

Asia/Near East

The FY 1989 request for Asia and the Near East totals $347,900,000 in Development Assistance and $2,639,500,000 in ESF.

A.I.D. has played a central role in the economic development of countries in Asia and the Near East for more than 25 years. As these countries' economies have changed, A.I.D.'s programs have also changed, evolving from direct transfers of capital and food to activities designed to help countries better manage their own resources. The proposed FY 1989 program for Asia and the Near East will accelerate the introduction of new approaches to promoting economic growth and development.

In addition to serving many of the most important foreign policy objectives of the United States, including Middle East peace, freedom for Afghanistan, and Philippine democracy, A.I.D.'s development objectives in the region seek to help alleviate Asian poverty through: (1) increased economic growth; (2) improved access to family planning services to enable couples who so desire to control the size of their families; (3) reduced child and infant mortality; (4) improved literacy and educational opportunities, especially for women and girls; (5) improved systems for generating and using energy for agricultural and industrial growth; and (6) preservation and improved management of the environment and natural resource base.

The unifying theme in a development strategy for the varied countries of Asia and the Near East is the need for more rapid economic growth. Increased growth provides the best hope for widespread relief from the poverty which still afflicts too many people in the region. This strategy will be implemented through programs which: (1) promote market-oriented, outward looking trade and investment regimes; (2) encourage the introduction of advanced scientific research and technological innovation in support of development; (3) increase rural incomes; (4) enhance the effectiveness of development institutions; and (5) continue to support crop substitution and education programs where narcotics production is a serious problem.

A.I.D. will continue to work closely with other U.S. agencies as well as the multilateral banks, other donors and private corporations to maximize the effective use of our resources. As countries of Asia and the Near East develop socially and economically and A.I.D.'s programs evolve to respond to this changing environment, new modes of A.I.D. program management will be examined.

Latin America and the Caribbean

The FY 1989 request for the Latin America and Caribbean region totals $371,600,000 million in Development Assistance and $547,500,000 million in ESF.

A.I.D.'s primary strategic objective in this region is to ensure long-term stability by providing assistance aimed at long-term growth. A.I.D. supports an environment of stable, friendly, democratic governments that provide a climate of political and economic freedoms in which our major security interests, as well as theirs, can be protected.

A.I.D.'s economic assistance program seeks to help preserve and strengthen democratic gains and to stimulate a private sector-led economic recovery whose benefits will extend to the entire population.

To address the region's development problems, A.I.D. focuses on achievement of four broad goals: (1) short-term economic stabilization, (2) basic economic policy reforms which permit rapid and sustained economic growth, (3) wider participation in these economies, which broadens the number of people that benefit from growth, and (4) strengthening of democratic institutions and respect for human rights.

This strategy for broad-based growth emphasizes market-oriented policies leading to employment opportunities for all as well as greater access to health care, family planning information, education (especially primary education), credit for small businesses, and social services. While the role of the private sector is stressed as the main engine of development, A.I.D. also seeks to improve the role of the public sector by encouraging reforms to increase economic and political freedoms, as well as by fostering management improvements. Additionally, A.I.D. funds activities to support democratic institutions and human rights, including an administration of justice program, along with activities supportive of

U.S. efforts to help control narcotics production and trafficking, which threaten the integrity of regional government authority and hinder balanced economic growth and the development of legitimate private enterprise. A.I.D. stresses the importance of training and institution building as well as the application of technology in support of this strategy.

Advanced Developing Country (ADC) Strategy

U.S. interests will increasingly be affected by a group of developing countries that have reached or will soon reach a stage of advanced development. Over the coming years, these countries will become increasingly important actors in international and regional affairs, in trade and investment, and in scientific and technological advances. As this process unfolds, the U.S. bilateral relationship with these countries will need to evolve from one in which the economic assistance relationship is paramount to one where A.I.D. facilitates development of a multi-faceted, mature, mutually beneficial relationship.

A.I.D. programs need to be transformed to support this new bilateral relationship in advanced developing countries (ADCs). In countries which are moving toward an advanced stage of development, we need to begin to plan for a more mature relationship in the future.

An A.I.D. strategy towards such countries will emphasize broadened and intensified relationships through the creation of strong and sustainable ties between the commercial, scientific, technological and other institutions of the United States and these countries. Building on A.I.D.'s experience with such institutions over the years, A.I.D.'s strategy will seek to achieve improved progress in the attainment of sustainable, broadly-based economic growth and will emphasize certain areas of involvement including: 1) trade and investment; 2) the exchange of technology and, where appropriate scientific collaboration; and 3) training.

We would expect that this strategy will help preserve development gains in advanced developing countries, result in a more efficient use of A.I.D. resources overall, and serve to facilitate stronger bilateral ties with developing countries in support of U.S. political, economic and developmental interests.

Development Assistance

For Development Assistance, the FY 1989 appropriation request totals $2,204,651,000 compared to an FY 1988 appropriation of $2,265,628,270. This request includes funding for the Functional Development Assistance Program, the Development Fund for Africa (discussed earlier), the Private Sector Revolving Fund, American Schools and Hospitals Abroad, International Disaster Assistance, the Trade Credit Insurance Program, Operating Expenses, the Foreign Service Retirement and Disability Fund, and Housing Guaranty borrowing authority.

Functional Development Assistance 1/

The Agency's FY 1989 request totals $1,140,000,000 2/ for the Functional Development Assistance accounts. The comparable FY 1988 appropriated level, is $1,160,526,270. 3/

1. Agriculture, Rural Development and Nutrition

An appropriation of $461,062,000 is requested in FY 1989 for this account compared to an FY 1988 appropriation of $488,715,000.

Recent World Bank reports affirm that hunger and malnutrition continue to plague far too many people of the world, and, in fact, are increasing in some low-income countries. The sharpest improvements in diets have occurred where per capita incomes have risen rapidly, in Asia and the Middle East, though hunger and malnutrition remain in the poorest countries. The effort to increase rural incomes on a sustained basis requires economic policies that are conducive to economic growth and employment generation, programs that conserve and make efficient use of natural resources, and investments that improve rural infrastructure, government services, and human resources.

A.I.D.'s FY 1989 agriculture, rural development and nutrition program will focus on increasing the incomes of the poor, based on the recognition that efforts to address virtually all development problems, including hunger, infant mortality, disease, illiteracy, and inadequate shelter will be frustrated unless rural incomes increase sufficiently to stimulate sustained economic growth. In the context of this income-oriented strategy, A.I.D. supports agricultural systems that are productive, sustainable, and environmentally sound.

Specific activities A.I.D. will support are designed to: increase farm and non-farm employment and income; promote private agricultural marketing and distribution systems; encourage market-oriented, efficient, low-cost production of food and other crops on small family farms; provide food assistance; and incorporate sound nutritional and food consumption principles into the design and implementation of agricultural and rural development activities. Environmental protection along with forestry and renewable energy development are a part of our programs, as is provision of agricultural credit, which is an essential element to economic growth.

1/ It should be noted that FY 1988 and FY 1989 Functional Account levels exclude programs now covered under the Development Fund for Africa (discussed earlier).
2/ Includes $12,500,000 in deob/reob estimates.
3/ Includes $12,500,000 in deob/reob estimates.

2. Population

A.I.D. is requesting $190,940,000 for population assistance in FY 1989, not including population activities funded under the Development Fund for Africa. This compares to $197,940,000 appropriated for the population account in FY 1988.

A.I.D.'s population program is a world leader in program areas such as innovative models for service delivery, management training, private sector approaches to family planning, natural family planning, biomedical and operational research, policy analysis, technology transfer, contraceptive logistics systems, and the use of mass media in family planning and population programs. The United States continues to be the principal international donor in the population field. In recent years, A.I.D. has contributed over 40% of all the population assistance provided by government, private and multilateral donors to the developing world.

A.I.D. support for international family planning is based on three principal rationales: (1) the right of the family to choose the number and spacing of their children, (2) the positive impact birth spacing has on child and maternal survival, and (3) the positive impact family planning has on the reduction of abortion.

By its commitment to voluntary family planning, A.I.D. supports couples in their own reproductive decisions. There is a growing demand for family planning services as countries experience rapid urbanization, improvements in public health, and decreased rates of child mortality. Concurrently, since economic development and family planning programs are mutually reinforcing, a large number of LDC governments formulate their population policies and request assistance because they believe that slower population growth rates increase their chances for economic growth.

A.I.D. population policy emphasizes strong support for voluntary family planning but firm opposition to coercion and to abortion as a method of family planning. A.I.D. has not funded any abortion activities since legislation was passed prohibiting it in 1973. Under this Administration, A.I.D. has taken further steps to dissociate U.S. funds from abortion. In 1984, the Agency stopped funding foreign non-governmental organizations which promote or provide abortion as a method of family planning with funds from any source.

Following legislation passed in 1985 that prohibits support for organizations which support or participate in the management of programs of coercive abortion or involuntary sterilization, A.I.D. withheld funding for the United Nations Fund for Population Activities (UNFPA) because of its involvement with the family planning program in China. No contribution to UNFPA was made in 1986 and 1987. Release of funds designated for UNFPA for 1988 will depend on whether UNFPA's program in China or the China program itself changes and the organization is again eligible for U.S. support.

3. Health

For FY 1989 A.I.D. requests $114,000,000 in health funding (exclusive of $66,000,000 requested below under the Child Survival Fund and $30,000,000 requested under the AIDS Prevention and Control Fund). This compares to $119,000,000 appropriated in FY 1988.

The overall goal of A.I.D.'s health assistance program is to improve health status in A.I.D.-assisted countries as reflected in increased life expectancy. Since half of all deaths in developing countries occur in the five and under age group, the major focus of A.I.D.'s health program is addressing health problems of children and their mothers. Approximately 40% of health funds are used to directly counter the problems of infant and child mortality.

The primary objectives of the Agency's health sector activities are to: (1) reduce infant and early childhood mortality by increasing immunization coverage, reducing diarrheal disease mortality, improving nutrition in young children, and improving birth spacing and maternal health; (2) reduce maternal mortality and morbidity; (3) use child survival interventions as the basis for building a more comprehensive health care system over time; (4) ensure that gains made are sustained; and (5) continue developing new technologies and improved systems for delivery of child survival services. Other activities focus on primary health care, vector-borne disease treatment and control, health research and water and sanitation projects. (Given high cost, water projects are coordinated carefully with assistance by other donors and the banks).

New sources of financing for health services in developing countries are also being examined, including the possibility of user fees and improved efficiencies in the delivery of public sector services. Increased private sector involvement -- through dialogue with recipient governments to encourage the development and strengthening of private health-care organizations and personnel -- is viewed as essential in developing systems which can be sustained over the long term.

4. AIDS Prevention and Control Fund

For FY 1989, A.I.D. is requesting $30,000,000 for the AIDS Prevention and Control Fund, exclusive of activities to be undertaken under the Development Fund for Africa.

As of December 1987, more than 73,000 active cases of acquired immune deficiency syndrome (AIDS) had been reported to the World Health Organization (WHO). WHO estimates the actual number of active cases at 150,000 with 5-10 million persons already infected with the AIDS virus. A.I.D. recognizes the leadership of WHO in developing and coordinating international AIDS programs and A.I.D. projects are developed in conjunction with WHO. The following factors are examined prior to Agency support for AIDS activities: the particular activity and whether it could best be supported by A.I.D. or by another domestic or international

agency; availability of funding and staff; absorptive capacity in LDCs as well as in donor agencies; compatibility of the activities with the approved WHO country plan; and availablity of technology and potential effectiveness of the activity.

In addition to providing support to the WHO Global Programme on AIDS, AIDS funds will support short- and long-term technical assistance, training, operations research, and commodities and equipment procurement for countries on request, including the purchase of condoms. A.I.D. mission projects will support AIDS prevention and control activities through existing or planned health and population projects, as well as specific AIDS control projects planned in selected countries with high levels of HIV infection and AIDS incidence or at high risk for AIDS spread.

5. Child Survival Fund

For FY 1989, A.I.D. is requesting $66,000,000 for the Child Survival Fund account, the same amount appropriated for FY 1988.

As noted earlier, half of all deaths in developing countries are accounted for by deaths of children age five and under. The A.I.D. Child Survival strategy places major emphasis on oral rehydration therapy (ORT) and immunization. Two other interventions are also integral to this program: child spacing and a focused nutrition package emphasizing breastfeeding, weaning and growth monitoring. A.I.D. and other donors, including UNICEF, WHO, UNDP, and PAHO, have joined together in the worldwide effort to achieve the ambitious goals of universal childhood immunization and universal access to ORT in this century. Particular attention must be paid to the institutionalization of these programs so that they can be sustained over the long term with reduced dependence on donor financing. PVOs will continue to play a major role in the implementation of these activities.

A.I.D. is integrating child survival activities within the regular programs of the Agency, especially in programs dealing with basic and primary health care services. In fact, the bulk of funding for child survival activities comes through other DA program accounts, including health (maternal/child health and primary health care projects), population (child spacing), agriculture (nutrition and water projects), as well as some ESF and PL 480 local currency generations. Through these various funding sources, A.I.D. assists countries to develop programs and provide basic child survival services which can be sustained over the long term.

6. Education and Human Resources Development

A.I.D. requests $129,541,000 for FY 1989 Education and Human Resources Development programs. This compares to $117,000,000 appropriated in FY 1988.

While less-developed countries have made some progress in providing educational opportunities for their citizens, much remains to be done. Lack of basic education and skills training still impedes productivity

and technological advances and exacerbates the problem of unemployment. A dynamic private sector depends on a labor force with at least a primary education. Education and training capacities are needed at all levels and for many purposes, from basic schooling for children to job-related skills training for adolescents and adults to advanced or specialized training for key managers, technicians, scientists, and other leaders in all sectors.

A.I.D.'s priority focus for the education sector is strengthening basic education systems, particularly for rural children; but assistance is also provided for skills training for adolescents and adults as well as for scientific, technical, administrative and managerial training. Economic growth through strengthened private and public sector institutions cannot occur without a literate populace.

A.I.D. is very proud of its participant training programs. Training in the United States and in third world countries has been extended to 250,000 participants from both the public and private sectors during the past 44 years by A.I.D. and predecessor agencies. In FY 1987 alone, 17,498 participants received training; 25% of these participants were women.

All countries face budgetary and administrative burdens which are unlikely to ease in the near future. Through policy discussions and managerial training, A.I.D. is assisting these countries to consider alternative, creative, cost-effective and sustainable approaches to education.

7. Private Sector, Environment and Energy

A.I.D. requests $135,957,270 in FY 1989 appropriations for the Private Sector, Environment and Energy (FAA section 106) account, which compares to $129,371,000 appropriated for FY 1988 (including $8,662,270 for the Office of the Science Advisor in FY 1988 and $8,662,000 requested for FY 1989).

This account addresses cross-sectoral development problems not covered adequately, or only selectively covered, in the other more narrowly focused functional accounts.

Activities funded under this account include: (1) support for the activities of private and voluntary organizations and cooperatives (PVOs); (2) support for private enterprise development and efforts to reform government policies and institutions; (3) research and technical assistance activities to alleviate energy constraints to development, including the encouragement of private investment in energy infrastructure; (4) the promotion of human rights and democratic initiatives; and (5) support for the Science Advisor's office and other science and technology efforts.

Core funding is provided for a number of U.S.-based PVOs which carry out a range of innovative development programs including Save the Children,

Technoserve, and Foster Parents, as well as support for local PVOs. This funding is frequently supplemented by resources provided from the more specialized functional accounts.

Programs under the Office of the Science Advisor support "cutting edge" research in areas such as biotechnology and immunology, biomass resources and conversion technologies, and approaches to conserve the unique and diverse biological resources found in many developing countries.

Other A.I.D. Programs

Microenterprise Programs

Microenterprise is among the areas of private enterprise development in which A.I.D. is particularly active. In FY 1988, A.I.D. will allocate at least $50,000,000 for credit and other assistance for microenterprises. These programs offer great potential for economic growth and demonstrate the strength of entrepreneurship to the poorest people in developing countries. Stimulation of microenterprises also introduces large segments of society to formal credit and formal business practices, which through increased productivity and commercial performance, strengthens their national economies.

To assist with its microenterprise activities, A.I.D. has organized an advisory committee to assist the Administrator in developing guidelines for microenterprise assistance. The members of this committee have been selected from nongovernmental organizations and have experience with microenterprise lending in developing countries.

A.I.D. looks forward to continuing its work with microenterprises in FY 1989 and beyond. Microenterprises have been and will continue to be an important part of our commitment to stimulating economic growth through private enterprise development.

This is an across-the-board effort, and is not tied to a single sector or specific DA account; activities will be funded out of DA, ESF or local currency funds.

Private Sector Revolving Fund

In keeping with its policy of fostering market-based growth through the private sector, A.I.D. requests that $8,500,000 be provided in FY 1989 for the Private Sector Revolving Fund, to be included within the proposed overall level for Functional Development Assistance. This Fund is managed by the Bureau for Private Enterprise and promotes a market-oriented approach to development assistance by (1) negotiating directly with small and medium-sized private enterprises and institutions; (2) lending at commercial market rates of interest; and (3) leveraging scarce U.S. foreign aid funds by attracting private capital on a three- or four-to-one basis. In particular, the Fund supports increased agricultural promotion, rural development and employment

generation with an emphasis on developing and using new financing techniques to make more credit available to small and medium-sized private enterprises.

In FY 1989, A.I.D. is proposing to enhance its private sector investment program and further leverage scarce foreign aid resources through the Fund by requesting a $100,000,000 guaranty authority.

American Schools and Hospitals Abroad (ASHA)

For FY 1989, A.I.D. is requesting $30,000,000 for the ASHA program. ASHA grants support private, non-profit, American-sponsored schools and hospitals overseas which educate a worldwide cadre that can communicate shared values and work with Americans in business, government, the sciences and other mutually beneficial endeavors. Priority will be given to those institutions which best serve as study and demonstration centers for U.S. ideas and practices, have good self-help records and offer the greatest potential for developing human resources. Given the increasing number of applicants for these grants, ASHA will encourage greater cost-sharing and matching by applicants.

International Disaster Assistance

A.I.D. is requesting $25,000,000 in FY 1989 for International Disaster Assistance, which includes funding for disaster relief worldwide and for non-relief assistance in contingency planning, training, preparedness, early warning, and mitigation.

The goal of this program, which is administered by the Office of U.S. Foreign Disaster Assistance (OFDA), is to save lives and reduce the suffering of victims in foreign countries stricken or imminently threatened by disaster. While disasters may strike anyone, anywhere, and at any time, developing countries are particularly vulnerable. In addition to destroying lives, livelihoods, and property, disasters frequently damage the vital infrastructure needed for social and economic development.

In FY 1987, OFDA responded to 54 newly declared disasters in 44 countries, as well as providing relief to 13 countries in response to prior year disasters.

In FY 1989, to improve its worldwide relief operations, OFDA will implement the following initiatives: (1) stockpile light extrication search and rescue equipment; (2) develop closer ties with emergency medical and mass casualty experts; (3) establish new co-funding agreements with other government agencies; (4) enhance contingency planning at the regional and host country levels; and, (5) deploy state-of-the-art communications equipment for emergency use as required.

Trade Credit Insurance Program

The Trade Credit Insurance Program (TCIP) is a program designed to induce U.S. banks to provide short-term trade credit to countries in Central

America. For FY 1988, $200,000,000 has been approved; for FY 1989, $200,000,000 of guaranty authority is being requested.

As required by the enacting legislation, A.I.D. has established a reserve fund for discharging liabilities under the TCIP. To date, $20,000,000 has been obligated for this fund.

Housing Guaranty Reserve Fund

For FY 1989, A.I.D. is requesting $22,000,000 in Treasury borrowing authority for the Housing Guaranty Reserve Fund to cover claims against the Fund. Claim payments are contractual obligations of the United States which must be paid. The need to replenish the Fund arises from the worldwide debt problems and ensuing reschedulings which have necessitated payments from the Fund.

Operating Expenses

For FY 1989, A.I.D. is requesting $414,000,000 for its operating expenses. This represents an increase of $8,000,000, or 2% over the FY 1988 appropriation. During the past year there has been a rapid increase in costs, especially in Africa, as a result of the declining value of the dollar. This has a major impact on our ability to cover the administrative costs of operating overseas. A.I.D. is looking for ways to realize savings through management improvements and changes in the way the Agency conducts its overseas program.

A.I.D.'s Operating Expense appropriation provides funds for administrative support of the Development Assistance, Economic Support Fund, and most of the PL 480 food programs. This account covers salaries and other support costs of direct hire personnel in Washington and at overseas missions (except for those employees funded from the Housing Investment Guaranty program and the Office of the Inspector General).

Foreign Service Retirement and Disability Fund

In FY 1974, amendments to the Foreign Assistance Act of 1961, as amended, permitted A.I.D. career foreign service employees to become participants in the Foreign Service Retirement and Disability Fund. The extension of coverage to A.I.D. employees created an unfunded liability in the system. An actuarial determination by the Department of the Treasury shows that in FY 1989, $40,532,000 will be required to amortize this liability and the unfunded liability created by pay raises and benefit changes since 1974. For FY 1989, A.I.D. is requesting this amount.

Inspector General - Operating Expenses

For FY 1989, A.I.D. is requesting $23,119,000 for the operations of the Office of the Inspector General. This amount compares to the FY 1988 appropriated level of $23,970,000. Included in this request is an estimated $1,100,000 to reimburse the A.I.D. operating expense account for costs related to supporting the IG's operations worldwide and $1,600,000 for security enhancement purposes overseas.

Economic Support Fund

For FY 1989, A.I.D. is requesting an appropriation of $3,281,000,000 1/ for the Economic Support Fund (ESF). The request is up only slightly from the FY 1988 appropriated level of $3,200,820,000. 2/

ESF provides economic assistance to address economic, structural, and development problems in countries of particular security and political interest to the United States. To the extent feasible, such assistance conforms to the basic policy directions underlying Development Assistance. ESF finances balance of payments and other general support, often in the context of multi-donor structural adjustment programs. It also finances infrastructure and other capital projects, and development projects of direct benefit to the poor. ESF provides economic support to allies and developing nations heavily burdened by external debt and is frequently provided in conjunction with military base or access rights agreements.

Consistent with its objective of promoting peaceful solutions to problems affecting U.S. interests, material security and the achievement of foreign policy objectives, the key elements of the FY 1989 ESF request include: the continued efforts to achieve peace and stability in the Middle East through economic aid to Israel and Egypt; support for development activities in Jordan, West Bank and Gaza, and regional cooperation activities among Israel, Egypt and other neighboring countries; furnishing economic assistance to base rights and military access countries such as the Philippines, Turkey, Portugal, and Kenya; supporting economic and political reform in the Philippines and Jamaica; helping Central American democracies achieve economic stability and growth and strengthen their democratic institutions and respect for human rights; assisting Pakistan as it supports Afghan refugees; and providing humanitarian assistance to the Afghan people as they resist Soviet aggression.

Deobligation/Reobligation (Deob/Reob) Authority

The FY 1989 request for deob-reob authority is for $12,500,000 in DA and $12,500,000 in ESF, the same as provided in FY 1988.

1/ Includes $12,500,000 in deobligation/reobligation estimates.
2/ Includes $12,500,000 in deobligation/reobligation estimates.

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
$686.933	$489.073[a]	$461.062[a]

AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION

INTRODUCTION

A.I.D.'s agriculture, rural development and nutrition program is designed to increase the incomes of the poor majority and to expand the availability and consumption of food, while maintaining and enhancing the natural resource base. Increasing the incomes of the poor is the single most important determinant of growth in average food consumption. The effort to increase rural incomes on a sustained basis requires economic policies that are conducive to economic growth and employment generation, programs that conserve and make efficient use of natural resources, and investments that improve rural infrastructure, government services and human resources.

The Problem. The World Bank estimates that in 1980 at least 340 million people in 87 developing countries--1/6 of the people in these countries--did not consume the minimum calories needed to prevent stunted growth and serious health risks. Some 730 million people, or a third of the people in these 87 countries, did not consume the minimum calories needed for an active working life. Most of them--four of every five--live in low-income countries. Clearly, hunger and malnutrition continue to plague far too many people of the world.

Between 1970 and 1980 the proportion of people with inadequate diets declined. The sharpest declines occurred where per capita incomes were rising rapidly, in East Asia and the Middle East. The declines were much less in the low-income countries than in the middle-income countries. In South Asia and Sub-Saharan Africa the proportion of people with inadequate diets actually increased somewhat between 1970 and 1980.

During this period the total number of people with inadequate diets increased, largely as a result of population growth. At least 90 million more people were malnourished in 1980 than in 1970. This situation is unlikely to change dramatically unless the incomes of the poor can be increased.

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a/ Total does not include funds for projects under the Development Fund for Africa.

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The natural resource base on which sustainable agriculture depends--soil, water, forests, and rangelands--is increasingly vulnerable to depletion and degradation. Tropical forests are rapidly being converted to other uses, resulting in significant environmental and economic loss and decreased biological diversity. For example, in Latin America exclusive of Brazil, an area half the size of Virginia is deforested every year. And the world's topsoil is lost at the rate of 7% each decade. Semi-arid rangelands are becoming degraded and are showing increasing evidence of desertification. These problems are caused in large part by shortsighted agricultural and resource management practices as well as population pressure. Many of their effects are extremely costly to arrest or reverse.

Prognosis for the Future. Although we are making progress in alleviating chronic hunger and malnutrition, the problem has not been solved. The extent to which hunger remains a problem will be influenced significantly by the level and distribution of income, and by population growth. If growth in per capita income accelerates, and if the increased income is shared equitably, then the number of hungry and malnourished people will decrease.

Even a small increase in the energy content of the average national diet--say, 2% over the current decade--could reduce the proportion of people with energy-deficient diets by 10%. This will happen only if the poor share proportionately in the consumption of additional food made possible by increased productivity. Agricultural development plays a central role in contributing to growth because most of the poor depend directly on agriculture for subsistence, employment and incomes.

The U.S. Interest in Alleviating Hunger. Increased farm productivity, broad-based income growth, and growth in agricultural imports tend to be mutually supportive: that is, increases in one lead to increases in the others. A recent University of Minnesota analysis of 48 low-income countries showed that:

-- a 10% gain in farm productivity was clearly associated with an 11% to 12% gain in per capita income, on average; and

-- a 10% increase in per capita income was strongly associated with a 10% to 11% expansion in agricultural imports, on average.

The lesson is clear and compelling. Advances in agricultural productivity in the poorest nations contribute to broadly-based growth in income, which historically has been associated with the rapid expansion of imports, including both agricultural commodities and manufactured goods. The underlying factor that

explains this process is increased incomes.

The United States has an interest in helping to alleviate hunger by increasing the incomes of the poor, not only because of the moral imperative to do so, but also because it can contribute to increased opportunities for U.S. exports. In particular, many developing countries are potential markets for agricultural exports, but this potential will be realized only to the extent these countries experience rapid economic growth.

FY 1989 REQUEST

A.I.D. is requesting $461.1 million for Agriculture, Rural Development and Nutrition in FY 1989, compared to an appropriation of $489.1 million in FY 1988. (This does not include funds requested under the Development Fund for Africa.)

The FY 1989 proposed budget will support a program that is focused on increasing the incomes of the rural poor. This sharpened focus recognizes that efforts to address virtually all development problems, including hunger, infant mortality, disease, illiteracy, and inadequate shelter will be frustrated unless rural incomes increase sufficiently to stimulate economic growth. That growth must be sustainable, based on the effective use and conservation of the natural resource base.

Many countries that were formerly assisted by A.I.D. have achieved significantly increased income levels, including Taiwan, Malaysia, South Korea and Brazil. These countries are now more stable politically, and they participate more effectively in world trade than do their less developed neighbors. Increased incomes stimulate consumption; poverty does not. Increased incomes translate into increased demand for both domestically produced and imported products (including agricultural commodities); poverty does not.

A.I.D. OBJECTIVES

A.I.D.'s agriculture, rural development and nutrition program recognizes that families as well as nations obtain food either by producing it or by purchasing it in the marketplace--the domestic marketplace or the international marketplace. Accordingly, A.I.D. supports activities designed to:

-- increase farm and non-farm employment and incomes to enable low-income households to purchase available food;

-- promote private agricultural marketing and distribution systems for food produced domestically and imported;

-- encourage market-oriented, efficient, low cost production

of food and other crops on small family farms on a sustainable basis;

-- provide food assistance, including targeted food assistance, to people currently unable to exercise market demand, with particular attention to children and women in low-income families; and

-- incorporate sound nutritional and food consumption principles into the design and implementation of agricultural and rural development activities.

In the context of this income-oriented strategy, A.I.D. supports agricultural systems that are productive, sustainable and environmentally sound. This recognizes that pressure on the world's fragile land resources is increasing relentlessly. Programs and farming systems that help to conserve the natural resource base, protect the environment, and preserve genetic diversity will help to maintain the long-run capacity of nations and small farms to produce food and other agricultural products. The ARDN program provides most of the funds (about 75%) to support A.I.D. activities designed to protect the environment and natural resource base.

SELECTED PROGRAM EXAMPLES

The impact of A.I.D.'s efforts to increase the incomes of the poor is illustrated by the following projects in the low-income countries.

Guatemala Small Farmer Diversification Project (520-0255). This $9.2 million project was initiated in Guatemala in 1981 to improve the economic well-being of rural people living in the western highlands. It was designed to promote small-farm diversification from basic grains to high-value fruits, vegetables and small livestock. It also supported soil conservation and small-scale irrigation.

In February 1987 a project survey was conducted. Of 1,142 farms surveyed, 738 had been directly or indirectly involved with the project; the remainder were outside the project area. A comparison of "project farms" (those influenced by the project) and "non-project farms" (those outside the project area) reveals the following:

-- Project farms earned, on average, more than 4 times the net income from crops, and 1.3 times the net income from livestock, as non-project farms.

-- Households on project farms annually consumed 10% more food, measured by value, than households on non-project farms.

-- Project farms consumed 35% more meat and cheese, by value, than non-project farms. Project farms consumed moderately more beef than non-project farms (7%), more than twice as much chicken, and 1.75 times as much pork.

-- Project farms as a whole spent 58% more on medical services and medicine than non-project farms.

The survey showed that farm families spent much of their increased incomes on food items such as chicken. Although chickens are produced locally, their production is dependent upon the import of U.S. feed grains. This is a good example of an A.I.D. activity that created increased demand for U.S. exports and had a direct impact on the U.S. farmer.

Dominica Banana Company Project (538-0083). The Dominica banana industry is the dominant agricultural, economic and income-generating activity of this island country. In 1982 the Government of Dominica, faced with the imminent collapse of the entire industry due to the publicly controlled Dominica Banana Company's rush towards bankruptcy, entered into an agreement with A.I.D. that made up to $1.75 million available to improve the cost effectiveness and financial viability of the industry. A major condition of the A.I.D. grant was the formation of a new, commercially-oriented banana institution which could be financially self-sufficient. The Grant Agreement contained a well-defined list of 15 indicators and desired outcomes needed to monitor progress. The overriding emphasis was to put the industry into the hands of the private sector, mostly small banana farmers, and out of the hands of the government-controlled growers association.

The project has had a profound, positive impact on the banana industry. Exports of bananas increased by 89% between 1982 and 1986, and revenues from these exports increased by 150% during the same period. These increases were the result of growers assuming control and responsibility for packing their bananas, the availability of chemicals to control crippling banana diseases, and the steadily increasing prices which the Dominica Banana Marketing Corporation (DBMC) was able to pay growers.

The net earnings of the DBMC shifted from a loss of over $1.0 million in 1982 to a surplus of over $3.0 million in 1986. As a result, the DBMC was able to increase the price it paid to farmers for their bananas from approximately $0.06 per pound in 1982 to over $0.10 in 1986. The fact that farmers' incomes increased was central to the success of the project.

Morocco Dryland Agricultural Applied Research Project (608-0136). Morocco, through the mid-1960s, was self-sufficient in grain production and able to meet the needs

of its rapidly growing population. Its soil, climate and production costs continue to assure a relatively strong comparative advantage for cereal grain production. However, yields and total production levels have been stagnant over the past 20 years.

An A.I.D.-funded research project implemented by a consortium of U.S. land-grant universities is achieving breakthroughs of great potential significance to both Moroccan and U.S. agriculture. The $21.0 million project has developed a wheat variety resistant to Hessian fly biotypes in Morocco. Hessian fly is an insect pest that can reduce wheat yields by as much as 50% in Morocco. Yields of the new variety compared to traditional varieties were 100% greater, on average, based on research station trials in 1987. Widespread adoption of the new variety could translate into increased incomes of $20 million or more per year, spread among the small farmer beneficiaries.

U.S. agriculture also stands to benefit significantly from the results of this research project, since severe infestations of Hessian fly periodically occur in the United States. Researchers conducting wheat breeding trials in Kansas found that four Moroccan varieties, susceptible to Hessian fly biotypes in Morocco, were highly resistant to U.S. fly biotypes. The resistant genes in these Moroccan varieties could become the future source of Hessian fly-resistant varieties in the U.S.

Pakistan On-Farm Water Management Project (391-0413). The On-Farm Water Management (OFWM) project was designed to increase agricultural production through the improvement of existing networks of watercourses. When the $18.4 million project began more than a decade ago, the emphasis was on infrastructure: providing the bricks, masonry and heavy equipment used in the construction of watercourses and for precision land leveling. While repairs were underway, care was taken not to disrupt the daily routine of the residents. Farm families continued to use the watercourses for their laundry, and areas were set aside for water buffalo to bathe. During the last four years of the project, which was completed in June 1987, efforts concentrated on training indigenous water management personnel to maintain and expand the program.

The OFWM project is considered by government officials, farmers and donor agencies alike as one of the most successful undertakings of recent years. Nearly 12,000 water users' associations have been created; 7,500 watercourses have been renovated; 150,000 acres of land have been precision leveled; more than 6,700 demonstration plots have been established; and a water management training institute and training

demonstration farm have been established in each of four provinces.

Collaborative Research Support Program (CRSP). Five years ago, the Cowpea CRSP began operating in the hot, dry, harsh conditions of semi-arid Senegal. Cowpea, an edible legume, is one of the few crops able to yield food on a regular basis, even during dry years. Under this $27.9 million project, seven new varieties of cowpea have been introduced into Senegal, and several Senegalese have been trained in the United States to participate in the ongoing research and extension efforts.

The new varieties offer heat and drought tolerance, a shorter growing cycle, improved yields and the benefit of nitrogen fixation for improved soil fertility. An estimated 75% of all farmers in the program area have adopted the improved varieties or improved production techniques, and they are achieving on-farm yields three times greater than the yields of traditional varieties.

Cowpea is increasingly being integrated into local diets. During August and September, early-maturing varieties provide green pods for food and dry grain for animal feed before other crops can be harvested.

The Small Ruminant CRSP is supporting an outreach/extension program in Indonesia whereby subsistence farmers receive one male and four female adult sheep plus a $100 subsidy for construction of an animal house. Its objectives are to raise the productive and reproductive performance of small ruminants at the village level.

To date, 17 on-farm sites have been established. Acceptance of the new technology and improved animal husbandry practices by the farmers has been excellent because of the increased income made possible as a result.

A related activity supports an experiment with grazing sheep on native grasses growing beneath young rubber trees. The experiment, if successful, will reduce herbicide usage, reduce rubber production costs, and increase income as a consequence of being able to produce and market four sheep per hectare per year at little or no production expense.

Egypt Agricultural Production Credit Project (263-0202). In 1974 Egypt exported more food than it imported. By 1986 the country was importing 50% of its foodgrain requirements. This dramatic decline of Egyptian agriculture was caused primarily by poor policies. The Government of Egypt was telling its farmers what to grow, when to plant, what inputs to use, where to sell and what price to accept (usually far below the world

market price).

In 1986, in conjunction with the $120.0 million Agricultural Production Credit project, the Government took steps to reverse these policies. It agreed to reduce subsidies on agricultural inputs and feed grains while simultaneously increasing incentive prices; to remove specified price controls, area controls, and crop procurement quotas; to privatize agricultural inputs distribution; to reduce the subsidy on agricultural credit; and to limit state ownership of land. As a result, the economic framework is now more conducive to stimulating increased agricultural incomes.

Nepal Forestry Development Project (367-0158). This $7.0 million project, scheduled to begin in FY 1988, supports key elements of a $35 million milti-donor-financed forestry program. The proposed forestry program includes a significant redirection of forestry policy. In particular, it is designed to return control and management of the previously nationalized forest lands to those who use them, who need the forest products, and who are in the best position to develop and manage forest resources; that is, the local communities. The heart of the forestry program is implementation of this transfer process. A.I.D. will also provide assistance to reduce fuelwood demand through substitution of improved stoves.

SUMMARY --FY 1989--
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION ACTIVITIES
(IN THOUSANDS OF DOLLARS)

BUREAU FOR ASIA AND NEAR EAST

AFGHANISTAN	7,000
BANGLADESH	21,200
BURMA	5,985
INDIA	17,300
INDONESIA	29,764
MOROCCO	9,000
NEPAL	8,000
PAKISTAN	15,000
PHILIPPINES	3,500
POLAND	3,225
SRI LANKA	22,800
THAILAND	11,600
YEMEN	9,500
SO PACIFIC REGIONAL	2,200
ASIA AND NEAR EAST REGIONAL	8,193
TOTAL FOR BUREAU	174,267

BUREAU FOR LATIN AMERICA AND CARIBBEAN

BELIZE	3,075
BOLIVIA	9,150
COSTA RICA	9,693
DOMINICAN REPUBLIC	6,850
ECUADOR	6,244
EL SALVADOR	27,719
GUATEMALA	14,540
HAITI	11,000
HONDURAS	16,453
JAMAICA	7,650
PERU	4,700
CARIBBEAN REGIONAL	7,645
CENTRAL AMERICAN REGIONAL	2,044
ROCAP	15,120
LAC REGIONAL	2,575
TOTAL FOR BUREAU	144,458

SUMMARY --FY 1989--
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION ACTIVITIES
(IN THOUSANDS OF DOLLARS)

BUREAU FOR SCIENCE AND TECHNOLOGY	
AGRICULTURE	30,500
NUTRITION	5,800
ENERGY	6,173
FORESTRY AND ENVR NAT RES	4,300
RESEARCH AND UNIVERSITY RELATIONS	6,100
RURAL AND INSTITUTIONAL DEVELOPMENT	7,650
EDUCATION	225
PROGRAM OFFICE	1,200
AMOUNT FOR BUREAU	61,948
BUR FOR FOOD FOR PEACE AND VOL ASSIST	
FOOD FOR PEACE	5,800
PRIVATE/VOL COOP	18,384
TOTAL FOR BUREAU	24,184
BUR. FOR PROGRAM AND POLICY COORDINATION	
EVALUATION AND DEV INFO	2,104
POL DEV/PROGRAM REV	970
WOMEN IN DEV	800
CGIAR	40,000
PEACE CORPS	1,200
TOTAL FOR BUREAU	45,074
BUREAU FOR PRIVATE ENTERPRISE	
INVESTMENT	5,236
PROGRAM REVIEW	385
PROJECT DEVELOPMENT	5,510
TOTAL FOR BUREAU	11,131
TOTAL PROGRAM	461,062

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
267.154	197.000 1/	190.440 1/

POPULATION

OVERVIEW

The United States continues to be the principal international donor in the population field. In recent years A.I.D. has contributed over 40% of all the population assistance provided by government, private and multilateral donors to the developing world. The U.S. Government has spent more than $3 billion on family planning programs over the past two decades with the Reagan Administration contributing over half ($1.6 billion) of this funding.

A.I.D. support for international family planning is based on three principal rationales:

-- the right of the family to choose the number and spacing of their children,

-- the positive impact birth spacing has on child and maternal survival, and

-- the positive impact family planning has on the reduction of abortion.

By its commitment to voluntary family planning A.I.D. supports couples in their own reproductive decisions. There is a growing demand for family planning services, as countries experience rapid urbanization, improvements in public health and decreased child mortality. As a result of changed circumstances in many places, large families are no longer necessary to contribute to agricultural production, or to ensure that enough children survive to care for parents in their old age. Couples increasingly desire fewer children, and seek out family planning services.

Economic development and family planning programs are mutually reinforcing; each contributes to reducing population growth rates. A large number of LDC governments formulate their population policies and request assistance because they believe that slower population growth rates increase their chances for economic growth. Among A.I.D. funded countries, 59 support family planning for economic reasons. These countries view slower population growth as an integral part of meeting their social service and development infrastructure objectives, decreasing the degradation of renewable resources, closing income gaps and improving their ability to create employment. High population growth rates can be reduced by effective family planning programs.

1/ Total does not include funds for projects under the Development Fund for Africa. See separate narrative within this volume and program description in CP Annex I.

POLICY

A.I.D. population policy under the Reagan Administration emphasizes strong support for voluntary family planning but firm opposition to coercion and to abortion as a method of family planning. Programs supported by the United States are voluntary and based on informed choice. Our goal is to provide a range of safe and effective contraceptive methods so that couples may choose the method appropriate to them. Family planning organizations with funds from A.I.D. must offer a range of family planning methods, or must agree to refer couples to other sources of family planning.

A.I.D. has not funded any abortion activities since legislation was passed prohibiting it in 1973. Under this Administration, A.I.D. has taken further steps to dissociate U.S. funds from abortion. In 1984 the Agency stopped funding foreign non-governmental organizations which promote or provide abortion as a method of family planning with funds from any source. In countries where abortion is legal, we insist in bilateral agreements that funds be strictly segregated so that U.S. funds are not used for abortion activities.

Acting on the intent of Congressional legislation passed in 1985, A.I.D. has withdrawn support from organizations which support or participate in the management of programs involving coercive abortion. In 1985, we withheld part of our contribution to the United Nations Fund for Population Activities (UNFPA) because of their involvement with the family planning program in China. In 1986 and 1987 we provided no funds for UNFPA. Release of funds designated for UNFPA for 1988 will depend on whether UNFPA's program in China or the China program itself changes and the organization is again eligible for U.S. support.

OBJECTIVES

In 1985, as part of its Strategic Plan, A.I.D. adopted the goal that at least 80% of couples in the developing world should have access to family planning services.

In pursuing this objective, approximately 76% of the population assistance provided by A.I.D. is directed to the delivery of family planning services. In 1988, direct service assistance occupied 54% of the budget and related service support (training, information and education) comprised approximately 11% of the budget. Contraceptives and family planning supplies comprised approximately 11% of the budget last year.

The funding mix by functional area has not changed in recent years. The general functional breakdown of the DA population assistance in 1988 was as follows:

Total service delivery		76%
Services	54%	
Information & Training	12%	
Contraceptives	15%	
Demographic data collection and policy analysis		14%
Data collection	5%	
Policy analysis	9%	
Operational and biomedical research		10%
Operational research	5%	
Biomedical research	5%	
TOTAL		100%

Examples of the types of programs funded include the following:

Demographic data collection and analysis: Reliable demographic and family planning data are essential for creating an awareness and understanding among LDC officials concerning their population's characteristics and growth, and for evaluating the impact of A.I.D..-supported population assistance programs. Consequently, for 20 years A.I.D. has supported centrally-funded programs to assist LDCs in the collection and analysis of high-quality survey and census data.

For example, A.I.D. has been a recognized leader in promoting the use of sample surveys as a tool for family planning program evaluation and documenting demographic trends. Data from these surveys have had a tremendous programmatic and scientific impact; in fact, most of what is known about recent trends and determinants of fertility, family planning, and infant mortality has come from these surveys.

Through the ongoing Demographic and Health Surveys (DHS) project, A.I.D. is continuing its leadership in this important area, expanding the focus of its surveys to include both population and child survival indicators. In just five years (1984-1989), 35 surveys will be completed, with a similar number planned during the final five years of the project (1989-1994).

Through the U.S. Bureau of the Census, A.I.D. is also supporting short-term training and technical assistance in more than a dozen LDCs in connection with the 1990 round of censuses. Timely and reliable census data will be critical to effective development planning in these countries.

Contraceptive research: A.I.D.'s family planning policy is based on provision of a range of safe and effective family planning methods. To assist in meeting this objective, A.I.D. supports biomedical research on contraceptive development and operational research on the introduction of new technologies in LDCs. Donor support for contraceptive research is critical because the private sector continues to reduce its support for contraceptive research due to concerns with liability and the lack of profitability of newer methods of contraception. Nevertheless, A.I.D. has developed good working relationships

with a half dozen companies and continues to foster appropriate private sector participation in the field.

Private Sector: A.I.D.'s private sector family planning work encompasses four approaches:

-- contraceptive marketing
-- employer provided family planning
-- family planning business ventures
-- business leadership in family planning

To date, most program experience has been with contraceptive marketing and retail sales programs. Often referred to as Contraceptive Social Marketing (CSM) these programs use existing commercial distribution and sales channels, and indigenous media channels to sell contraceptives at prices accessible to low income consumers. Most of these programs use A.I.D. donated commodities, however some alternate sourcing is beginning to occur. When A.I.D. can find alternate means for commodity support, its ability to leverage the use of USG funds for improving family planning availability increases considerably. Twenty-two centrally-funded and bilateral projects are underway at this time, and ten more are expected to begin in the coming year.

Newer private sector initiatives include employer provided family planning, family planning business ventures and the development of LDC business support for family planning. For example, A.I.D. is actively encouraging private firms to pay for and provide family planning services for their employees. A.I.D. feels this approach will help the private sector share the financial and management responsibility of meeting the unmet demand for family planning services among low income groups in LDCs. As a result, in some countries private employers have become the family planning providers for their employees and in others private employers buy family planning services for their employees from local family planning organizations. Whichever approach is more appropriate, A.I.D. is becoming increasingly able to share with the private sector the costs of family planning in developing countries.

Standards for Evaluation: In assessing family planning programs, A.I.D. uses a wide range of measures which include: demographic impact, impact on maternal and child health, availability of services, number of acceptors, number of active users, couple years of protection (CYP), and program costs. A.I.D. can then assess programs by testing these evaluation criteria using mathematical models to estimate changes in birth rates that should result from program investments to determine how much better or worse the performances of a new family planning delivery system may be. Other less complicated procedures use output measures to assess programs--such as number of acceptors attached to the program or the cost per acceptor. Each approach to measuring program productivity carries its own statistical advantages and disadvantages. A.I.D. chooses the most appropriate procedure for each program situation.

FY 1989 REQUEST

A.I.D. is requesting $190.4 million for population assistance in FY 1989, not

including funds for regional and bilateral projects in Africa. This request is consistent with our continued support for voluntary family planning services in the developing world. Excluding regional and bilateral projects in Africa which fall under the Development Fund for Africa (DFA), the 1988 population funding availability is $197 million.

The Science and Technology Bureau's Office of Population request for FY 1989 is for $115 million compared with the FY 1988 request of $103.5 million. Of this, approximately 30% will be programmed for countries in Africa. The 1989 request for S&T/POP includes $20 million for the United Nations Fund for Population Activities (UNFPA). If, because of UNFPA's inability to meet legislative restrictions, it is not possible to obligate funds to the UNFPA, it is A.I.D.'s intention to use the funds for other voluntary family planning activities.

In Asia/Near East, the 1989 request is for $53.4 million compared with the FY 1988 request of $53.6 million.

For programs in Latin America and the Caribbean, the FY 1989 request is for $20.9 million compared with a request for $24.7 million in FY 1988.

In addition, $20.2 million in ESF funds and $32 million in DFA funds will be used for population activities in FY 1989.

CENTRALLY-FUNDED PROGRAMS

In FY 1989 the Bureau for Science and Technology's centrally funded program is $115 million. This represents approximately 61% of the total appropriated population account, and provides assistance to Africa, Asia, the Near East, and Latin America and the Caribbean.

The $115 million requested by the Office of Population for FY 1989 will include four major elements:

-- $63.5 million (55%) is requested for family planning services: technical assistance in program design, contraceptive supplies, education and information, and training.

-- $21.7 million (19%) is requested for operational research to improve family planning delivery systems and biomedical research for improved contraceptive technology.

-- $9.8 million (9%) is requested for policy analysis and demographic data collection.

-- $20 million (17%) is requested for UNFPA.

The Bureau for Policy and Program Coordination requests $1 million for FY 1989.

SELECTED EXAMPLES FROM COUNTRY PROGRAMS

Thirty nine percent ($74.3 million) of the total request for population funds for FY 1989 is allocated directly to regional and national programs in Asia, the Near East, Latin America and the Caribbean. These funds are allocated bilaterally or through regional projects. Regional and bilateral projects in Africa are funded under the ADF.

Examples of the types of country programs supported are as follows:

Asia and the Near East: Population assistance through country programs in the ANE region enable governments to increase the coverage of their family planning programs to disadvantaged populations. Examples of programs include: a new Child Survival and Family Planning Services Project in Nepal (367-0157), a new Population Sector Support Project (492-0396) in the Philippines, the continuation of the Family Planning and Health Services Project (388-0071) in Bangladesh, and the continuation of the Family Planning Support III Project (608-0171) in Morocco. For higher prevalence, middle income countries A.I.D. assistance has focused on on improving the sustainability of family planning coverage through increased private sector involvement. For example, the new Private Sector Family Planning Project in Indonesia (497-0355) is assisting the Government of Indonesia to incorporate the private sector into the National Family Planning Program.

Latin America and the Caribbean: In Latin America and the Caribbean, an important initiative is to provide local population institutions with the technology needed to increase information and improve service delivery. For example, the Central American Population Information Center (597-0015) is increasing the information flow to couples so they can make informed decisions concerning child spacing. Computer technology is being introduced into A.I.D. supported activities throughout the region. In El Salvador, for example, a new computerized national logistics system has improved distribution of contraceptives in the public and private sector under the Population Dynamics project (519-0210). This has improved program management and in turn the quality of family planning service delivery.

Country programs in Latin America have increasingly adopted marketing approaches to family planning service delivery in an effort to both provide services and recover costs. For example, the Costa Rica Family Planning Self Reliance project (515-0168) helped a local group begin a contraceptive sales program which expands contraceptive availability and at the same time raises income to help recover program costs.

Africa: A.I.D. has been committed to expanding population activities in Africa since 1981. Population assistance for Africa increased from $20 million in 1981 to over $60 million in 1987. By 1987, Africa was receiving approximately 30% of the DA population budget.

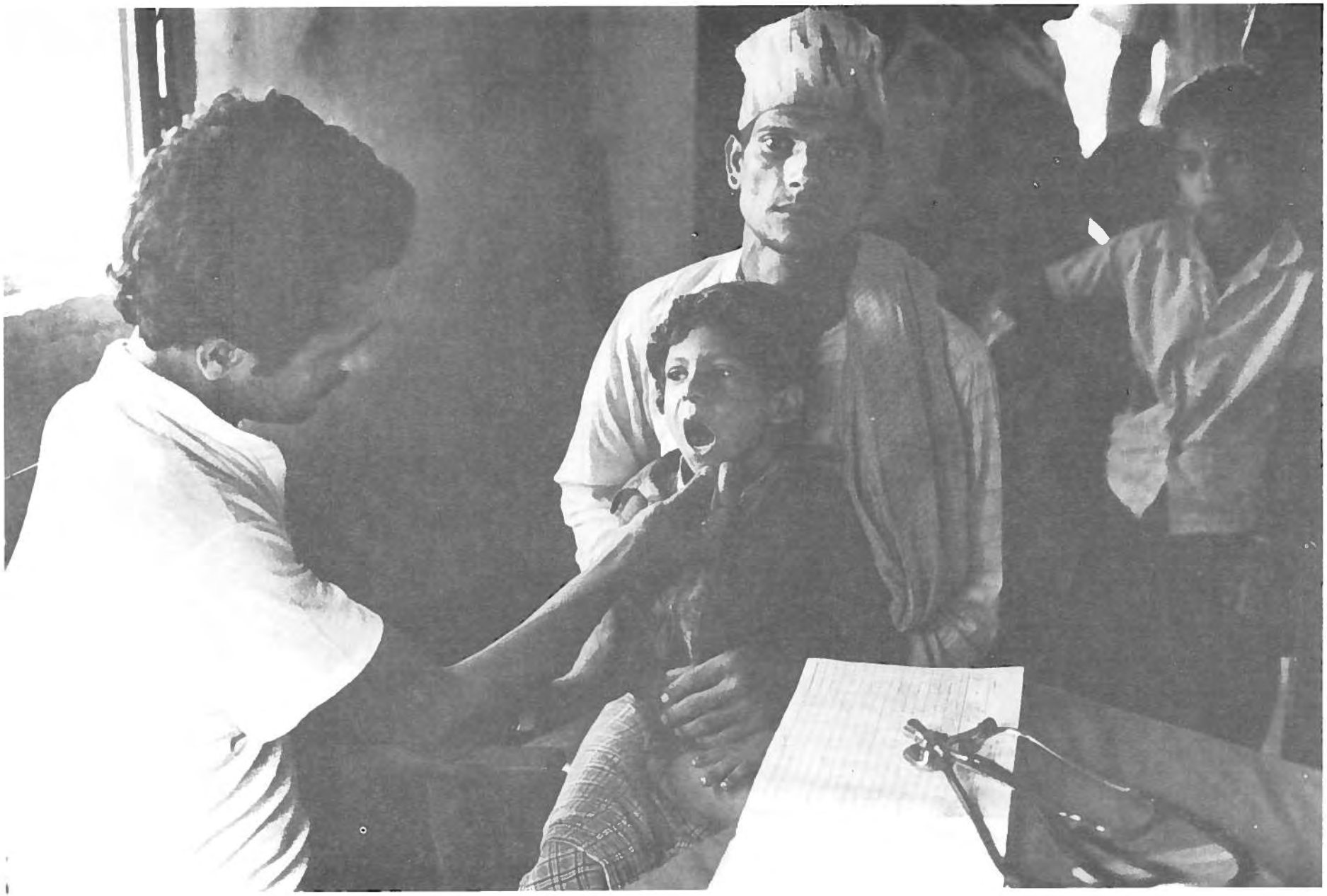
Many sub-Saharan African countries have recently adopted policy positions favoring lower population growth and supporting family planning. Similarly,

from a total of 48 African countries, the number supporting family planning has increased from 22 in 1983 to 40 in 1987. This means fully 96% of the region's population live in countries supporting family planning. Throughout the policy development process A.I.D. has engaged governments in collaborative analyses of the implications of population growth for national development and the health of mothers and children.

Success stories are emerging. In Zimbabwe, for example, A.I.D. support to the national family planning program has helped raise the level of contraceptive prevalence to an impressive 36% of couples of childbearing age. In Nigeria, an A.I.D. sponsored project is collaborating with Sterling Products, Ltd. to distribute and sell contraceptives within the extensive Sterling system of distributors and retail outlets. During the first 12 months of the project some six million condoms, 600 thousand pill cycles, and 128 thousand foaming tablets were sold. This project will provide the mainstay for the private sector component of the new five-year collaborative agreement between A.I.D. and the Government of Nigeria.

SUMMARY --FY 1989--
POPULATION PLANNING
(IN THOUSANDS OF DOLLARS)

BUREAU FOR ASIA AND NEAR EAST	
BANGLADESH	25,000
INDIA	2,000
INDONESIA	5,300
MOROCCO	2,000
NEPAL	2,000
PAKISTAN	10,000
PHILIPPINES	5,000
ASIA NEAR EAST REGIONAL	2,064
TOTAL FOR BUREAU	53,364
BUREAU FOR LATIN AMERICA AND CARIBBEAN	
BELIZE	20
BOLIVIA	100
COSTA RICA	850
DOMINICAN REPUBLIC	700
ECUADOR	1,156
EL SALVADOR	1,200
GUATEMALA	4,010
HAITI	1,500
HONDURAS	3,275
JAMAICA	490
PERU	2,290
CARIBBEAN REGIONAL	1,500
CENTRAL AMERICAN REGIONAL	2,500
LAC REGIONAL	1,353
TOTAL FOR BUREAU	20,944
BUREAU FOR SCIENCE AND TECHNOLOGY	
POPULATION	115,000
TOTAL FOR BUREAU	115,000
BUR. FOR PROGRAM AND POLICY COORDINATION	
EVALUATION AND DEV INFO	572
POL DEV/PROGRAM REV	310
WOMEN IN DEV	250
TOTAL FOR BUREAU	1,132
TOTAL PROGRAM	190,440



PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
$168.117	$ 120.070 1/	$114.000 1/

HEALTH ACCOUNT

OVERVIEW

The overall goal of A.I.D.'s health assistance program is to improve the health status in A.I.D.-assisted countries as reflected in increased life expectancy. Most health problems in developing countries stem from infectious diseases (including diarrheal diseases, respiratory illnesses, measles, tetanus and tuberculosis); parasitic diseases; poor environmental conditions; lack of health care and knowledge; and malnutrition. Hundreds of millions of adults suffer from chronic illness, but children are the most vulnerable group. Half of all deaths in developing countries occur in the five and under age group. The most direct way to increase life expectancy and general health status in developing countries is by addressing the health problems of children and their mothers. Therefore, within A.I.D.'s health assistance program priority is given to support for child survival and improved maternal and child health.

In A.I.D.'s health program, child health is approached primarily through selected child survival interventions -- immunizations against six major childhood diseases; oral rehydration therapy (ORT) to prevent dehydration due to diarrheal disease; improved nutrition through enhanced breastfeeding, weaning, and growth monitoring; and optimal birth spacing. These interventions also provide the basis for building up more comprehensive primary health care systems over time. Priority is placed on immunizations and ORT, but the choice of which interventions to support will be made on the basis of country-specific conditions and needs.

A.I.D. recognizes that other health interventions in addition to the four listed above can make important contributions to child survival; and, that other health problems in developing countries not specific to children or their mothers also need to be addressed. Health activities, including maternal health care, primary health care, water and sanitation projects, and vector-borne disease treatment and control, particularly malaria, are also supported. Research and field testing of important new technologies such as malaria and cholera vaccines, as well as applied or operational research on improved service delivery mechanisms, remain important parts of A.I.D.'s program.

1/ Total does not include funds for projects under the Development Fund for Africa. See separate narrative within this volume and program description in CP Annex I.

Acquired immune deficiency syndrome (AIDS) has emerged as a new disease problem which A.I.D. is addressing worldwide through various accounts. The Agency program for combatting AIDS is described in a separate narrative in this volume on the AIDS Prevention and Control Fund.

Attention to sustaining child survival and other health interventions, particularly through new mechanisms for financing of health services, is an important component of all projects. Health financing activities include attention to improved resource mobilization through reallocation of resources as well as increased revenue generation from user fees, and to increased efficiencies in the use of existing resources. Increased and enhanced use of the private sector also is an important component of A.I.D. efforts to assist countries to develop programs and provide services which will be sustained over the long term.

A.I.D. HEALTH POLICY AND OBJECTIVES

A.I.D.'s Health Policy Paper (December 1986) has a major focus on child survival activities. Under this policy the primary objectives of the Agency's health sector activities are to:

-- reduce infant and early childhood mortality by increasing immunization coverage, reducing diarrheal disease mortality, improving nutrition in young children, and improving birth spacing and maternal health;

-- reduce maternal mortality and morbidity;

-- use child survival interventions as the basis for building a more comprehensive health care system over time;

-- ensure that gains made in improving child survival and health are sustained; and

-- develop new technologies and improved systems for delivery of child survival services.

For a number of years A.I.D. has included activities aimed at improving maternal and child mortality and morbidity in the health portfolio. Since 1985 A.I.D. has concentrated a substantial proportion of the Health Account (approximately 40% of Health funds) on countering the problems of infant and child mortality.2/

Increased emphasis on child survival within the health sector has caused some reduction in other A.I.D.-supported health activities. However, in many instances other activities have been reoriented and incorporated into child survival programs. In many cases, these previously free-standing activities, such as planning, management, training and disease control, have been phased out, and the relevant aspects of these elements have been added to specific child survival projects. It is A.I.D.'s intention that these important

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2/ See also separate narrative on Child Survival Fund.

activities be effectively carried out in the specific context of an immunization, ORT or other child survival activity. Health systems will be incrementally strengthened in this fashion.

HEALTH ACTIVITIES

In FY 1987 Congress appropriated $168.1 million for Health, and $75 million for Child Survival. In FY 1987 funding for ORT activities increased substantially over FY 1986, and funding for immunization activities increased significantly over both FY 1985 and FY 1986 levels. Funding for ORT from all accounts increased from $35 million in FY 1986 to $45 million in FY 1987. A.I.D.'s immunization effort has expanded as part of a major worldwide immunization effort, in collaboration with other international donors, and in response to Congressional directives. Funding for immunization services from the Health, Child Survival and other accounts (Sahel and ESF) increased from approximately $30 million in FY 1985, to roughly $50 million in FY 1986, and to $51 million in FY 1987.

In FY 1988 Congress appropriated $120.1 million for Health, and $66 million for the Child Survival Fund. In FY 1988 a majority of A.I.D.'s health resources will again be devoted to child survival activities. The use of ESF and PL 480 local currency generations for health and especially child survival activities is being encouraged. An estimated $43 million in ESF funds in FY 1987 and $34 million in ESF funds in FY 1988 are being used for health projects, exclusive of water and sewerage infrastructure projects. ($173 million in ESF funds was used for water and sewerage projects in Egypt in FY 1987.)

A.I.D. health programs are carried out through U.S. private and voluntary organizations, private sector firms, universities, and other government agencies, such as the Centers for Disease Control. A.I.D. also collaborates closely with UN organizations, including UNICEF, WHO and UNDP. Policy dialogue aimed at improving health sector efficiency and effectiveness is an important part of A.I.D.'s health effort.

The following examples describe health programs which illustrate the focused child survival approach adopted by A.I.D, as well as other projects which are not limited to child survival activities. Child survival-oriented projects have received funding from both the Health and Child Survival accounts.

Child Survival Activities Within Health Projects

The regional Africa Child Survival Initiative, formerly known as the Combatting Childhood Communicable Diseases Project (ACSI/CCCD) was initiated in 1981, with a funding level of $47 million. In FY 1986 the project was amended to add additional funds, increasing the total to $89 million, and to extend the program to 1991. The renaming of the program at the time of the extension, reflects the fact that this major health program is a prototype of child survival programs currently emphasized by A.I.D. The ACSI/CCCD Project is designed to strengthen existing primary health care systems to deliver immunizations, oral rehydration therapy (ORT), and presumptive treatment of malaria. Major project activities are being carried out in thirteen countries, including Burundi, Central African Republic, Congo, Guinea, Ivory Coast, Lesotho, Liberia, Malawi, Nigeria, Rwanda, Swaziland, Togo, and Zaire.

In the Latin America and Caribbean Bureau, a regional effort also is underway to strengthen and accelerate the Expanded Program on Immunization in the region. This program has been supported by both Health funds and Child Survival Account funds. A.I.D. has joined with four other major donors under the leadership of the Pan American Health Organization (PAHO) to strengthen immunization programs and to undertake the eradication of polio from the Americas by 1990.

A.I.D. also funds activities designed to strengthen basic health care services and improve the management of preventive and primary health care services important to child survival programs. In El Salvador, A.I.D. is funding a $48 million grant to support and strengthen the Ministry of Public Health and expand their service delivery of basic health care services, particularly immunization, oral rehydration therapy and selected nutrition interventions.

The Integrated Rural Health/Family Planning Services Project assists the Government of Nepal to improve the management of health delivery systems and to expand the delivery of rural health services, such as immunization, ORT, and birth spacing, throughout the country. In Yemen, the Accelerated Cooperation for Child Survial Project is designed to institutionalize the capacity to improve child survival by strengthening basic health services for women and children in six rural governorates. Mass media/health education and accelerated immunization programs will be implemented in coordination with WHO and UNICEF, and the possibility of private sector ORT activities is being explored.

Water and Sanitation Activities

In several countries A.I.D. supports efforts to improve rural water and sanitation systems. In Haiti, the Dominican Republic and Belize, A.I.D. supports rural water and sanitation activities through CARE. In all programs the emphasis is on assisting community groups to develop the interest and capacity to operate and maintain these systems.

In Latin America a number of bilateral health projects support water and sanitation activities. In Honduras, the new Health Sector II Project will include a large rural water supply and sanitation component along with child survival and private sector initiatives. In Peru, the Rural Water and Environmental Sanitation Project has completed 660 rural water systems and expects to complete an additional 200 systems in 1988. In El Salvador, A.I.D. recently began a pilot project with the government to provide 183 wells and handpumps and 13 water systems. Over the life of the project, the system will provide $1.6 million for rural areas and $4 million for urban areas. The private sector is providing design, supervision and construction support. The Save the Children Federation Water Project is funding rural water systems.

In the Philippines, the Rural Water Supply and Sanitation Project assists at local and national levels in more effective design, management, operation and maintainance of rural water systems. The project stimulates and encourages

greater local participation in construction and operation of local water systems. It will finance construction of rural water systems and assist in integrating improved water systems with improved health and sanitation practices.

The activities of the centrally-funded Water and Sanitation for Health (WASH) Project, phases I and II, will be carried on in the new WASH III Project. This project will provide continuity in services to A.I.D. missions, giving special attention to child survival emphasis countries. Because of the shift of population to urban areas, WASH III will provide assistance to periurban as well as rural areas. This project also will assist countries to add guineaworm disease control activities to ongoing water and sanitation projects and will help interested governments to develop national plans for guineaworm disease control.

Research

A.I.D. has invested approximately $55 million over the past 20 years in the development of vaccines against malaria. Several prototype vaccines have been developed and are currently being tested. A.I.D. also supports vaccine research carried out by WHO, NIH and others on measles, whooping cough, typhoid fever, cholera, rotavirus and leprosy. Additional research supported by A.I.D. includes diarrheal disease research emphasizing development of cereal-based ORT formulations; research on improved diagnostic tools; research on iron deficiency, maternal and infant diet, and on the effect of vitamin A supplementation on mortality and morbidity; as well as operations research on the delivery of health and child survival services.

Health account funds have been used to undertake exploratory research activities on the subject of aging in less developed countries, through the U.S. Bureau of the Census, the HHS Office of International Health and the National Institute on Aging. These and other activities planned for FY 1988 will provide an improved database on the situation of aging in A.I.D.-recipient countries and will enhance understanding of the relationship between aging of populations and development.

A.I.D. contributes in several ways to research and control of onchocerciasis, or river blindness. A.I.D. is a major contributor to the multi-donor Onchocerciasis Control Program, which operates in 11 countries in West Africa. Through this program, control of the vector fly is carried out through aerial spraying, and testing of the oral agent Ivermectin is being conducted through community field trials. The phamaceutical company Merck, Sharp and Dohme has made the drug available free of charge for the field trials and for subsequent distribution to target areas following the completion of the field trials in late 1988. In addition to this activity, A.I.D. contributes to the WHO/World Bank Tropical Disease Research Program for research on the development of new drug therapy against the onchocerciasis parasite.

FY 1989 REQUEST

A total of $114 million is being requested for the FY 1989 Health account. This does not include projects funded from the Africa Development Fund. The $66 million request, not including Africa projects, for the FY 1989 Child Survival Fund is discussed in the separate narrative on Child Survival. The $30 million request for AIDS activities is described in the narrative on AIDS Prevention and Control. Health funds totaling $42 million dollars will be spent through the central bureaus. The Asia and Near East Bureau is requesting $35 million and Latin America and Caribbean $36 million.

A major portion of the Health Development Assistance funds will again be devoted to child survival activities in FY 1989 as in previous years. In FY 1989 approximately $20 million of Health account funds will be spent on research, most of which is for the development, adaptation and dissemination of technologies related to child survival. Following A.I.D.'s direction, PVO activities will increasingly emphasize child survival. In addition, continued funding for child survival activities from other accounts (PL 480, ESF) is projected. In FY 1989 an estimated $47 million in ESF funds will be spent on health projects, exclusive of water and sewerage infrastructure projects in Egypt, which are projected at a level of $165 million in FY 1989.

The FY 1989 program will include a number of both new and continuing bilateral, regional, and centrally funded child survival and related health activities. Most of the child survival activities will be concentrated in A.I.D.'s child survival emphasis countries. Major projects for which Health account funds are requested are described below.

SELECTED BILATERAL AND REGIONAL PROJECTS

- $2.0 million for continuation of the Family Planning and Health Services Project (3880071) in Bangladesh, to improve the coverage and quality of child health services in Bangladesh.

- $2.9 million for continuation of the Accelerated Cooperation for Child Survival Project (2790082) in the Yemen Arab Republic. This project assists the Yemeni Government in providing basic health services to women and children in six previously underserved rural governorates.

- $1.5 million for a new Child Survival and Family Planning Services Project in Nepal (3670157) to expand the availability of child survival services to Nepal's disadvantaged population. This project will continue initiatives established by the Integrated Rural Health/Family Planning Project (3670135), which ends in FY 1989.

- $4.1 million for continuation of a Dominican Republic Private Sector Health Care Project (5170245) to create a self-financed prepaid health care delivery system in the private sector that provides basic health services, including child survival interventions.

- $1.6 million for continuation of Health Sector II Project (5220216) in Honduras to expand the coverage and increase the efficiency of the Ministry of Health's child survival program and the primary health care system.

SELECTED CENTRALLY FUNDED PROJECTS

In FY 1989 Health account funds programmed centrally will be used for technical support for child survival activities worldwide, for basic field support in the area of vector control and water and sanitation, and for child survival-related and other research.

- An additional $1.9 million for the PHC Operations Research Project (9365920) to fund small operations research activities to improve management and cost effectiveness of child survival and other health programs in twelve countries.

- $3.0 million for the Water and Sanitation for Health Projects (WASH II:9365942 and WASH III:9365973) to provide technical assistance for community water supply and sanitation projects.

- An additional $1.75 million for the Vector Biology and Control Project (9365948) to provide technical assistance for vector control projects emphasizing malaria and river blindness (onchocerciasis) control.

- $1.8 million for the Improved Maternal and Infant Diet Project (9311010) to promote breastfeeding and improved weaning practices as major ways to enhance child survival.

- $8.5 million for the Malaria Immunity and Vaccination Research Project (9310453) to continue development and testing of prototype malaria vaccines and $2.0 million for Malaria field trials (9365967).

- An additional $1.5 million for the Applied Diarrheal Disease Research Project (9365952) and $3.0 million for the Diarrheal Disease Research project (9365928). These funds will support research conducted by the International Centre for Diarrheal Disease Research/Bangladesh and by WHO on development of cholera, shigella, typhoid, and rotavirus vaccines.

- $2.5 million for the Tropical Disease Research Project (9311126) to continue support for research and training conducted by WHO on six major tropical diseases.

- An additional $1.5 million for the Diagnostic Technology Development Project (9365935) to identify, adapt and develop new cost-effective techniques for quick and reliable diagnosis of childhood diseases such as diarrheal disease, acute respiratory infection, and malaria at the community level.

SUMMARY --FY 1989--
HEALTH
(IN THOUSANDS OF DOLLARS)

BUREAU FOR ASIA AND NEAR EAST	
AFGHANISTAN	9,000
BANGLADESH	2,000
INDIA	7,900
INDONESIA	1,410
NEPAL	1,500
PAKISTAN	5,000
PHILIPPINES	2,300
THAILAND	200
YEMEN	3,000
SO PACIFIC REGIONAL	400
ASIA AND NEAR EAST REGIONAL	2,727
TOTAL FOR BUREAU	35,437
BUREAU FOR LATIN AMERICA AND CARIBBEAN	
BELIZE	890
BOLIVIA	202
DOMINICAN REPUBLIC	4,855
ECUADOR	1,323
EL SALVADOR	17,370
GUATEMALA	305
HAITI	3,273
HONDURAS	1,677
JAMAICA	518
PERU	507
CARIBBEAN REGIONAL	1,220
CENTRAL AMERICAN REGIONAL	559
ROCAP	102
LAC REGIONAL	3,483
TOTAL FOR BUREAU	36,284
BUREAU FOR SCIENCE AND TECHNOLOGY	
NUTRITION	2,600
RESEARCH AND UNIVERSITY RELATIONS	2,700
HEALTH	27,366
TOTAL FOR BUREAU	32,666
BUR FOR FOOD FOR PEACE AND VOL ASSIST	
PRIVATE/VOL COOP	6,215
TOTAL FOR BUREAU	6,215

SUMMARY --FY 1989--
HEALTH
(IN THOUSANDS OF DOLLARS)

BUR. FOR PROGRAM AND POLICY COORDINATION	
EVALUATION AND DEV INFO	580
POL DEV/PROGRAM REV	385
WOMEN IN DEV	233
PEACE CORPS	800
TOTAL FOR BUREAU	1,998
BUREAU FOR PRIVATE ENTERPRISE	
HOUSING AND URBAN DEVELOPMENT	1,400
TOTAL FOR BUREAU	1,400
TOTAL PROGRAM	114,000

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
$74.994	$66.000 1/	$66.000 1/

CHILD SURVIVAL FUND

OVERVIEW

Half of all deaths in developing countries are accounted for by deaths to children under five. In order to reduce this tragic statistic and to increase life expectancy in developing countries, A.I.D. has joined other donors in a worldwide effort to increase child survival significantly by the end of the decade. It is estimated that as much as half of the approximately 15 million deaths of children in developing countries due to vaccine preventable childhood diseases (measles, polio, diphtheria, pertussis, tetanus, and tuberculosis) and acute dehydrating diarrhea can be reduced by successful and sustained application of two key technologies, oral rehydration therapy (ORT) and immunization. The Child Survival Strategy developed by A.I.D. to guide implementation of child survival activities and programs places major emphasis on ORT and immunization. Two other interventions are an integral part of the strategy: birth spacing and a focused nutrition package emphasizing breastfeeding, weaning and growth monitoring. Detailed guidance on the design of immunization activities is incorporated in the Agency's Immunization Strategy (January 1986), the Diarrheal Disease Control: Oral Rehydration Therapy Strategy (December 1986), the Nutrition Strategy for Child Survival (August 1987), and the Child Spacing for Child Survival Strategy (November 1987).

In some areas other interventions that contribute substantially to child survival, such as treatment of malaria and acute respiratory infection in young children, are supported as part of the child survival approach. Family planning services are funded mainly from the Population account, and some nutrition interventions receive Agriculture funding. Substantial child survival activities are funded from the Health Account and are described in a separate narrative in this volume. ESF funds also support these activities. Other complementary health activities, such as water and sanitation, are carried out with funding from the Health account and ESF funding.

A.I.D. is aware that Acquired Immune Deficiency Syndrome (AIDS) presents a new threat to the survival of children in A.I.D.-recipient countries. Agency activities to combat this new and tragic pandemic are described in a separate chapter in this volume on the AIDS Prevention and Control Fund.

1/ Total does not include funds for projects under the Development Fund for Africa. See separate narrative within this volume and program description in CP Annex I.

OBJECTIVES OF THE A.I.D. CHILD SURVIVAL PROGRAM

A.I.D. and other donors, including UNICEF, WHO, PAHO and UNDP, have joined together in the worldwide effort to achieve ambitious goals in both ORT and immunization by 1990. In the past few years substantial progress has been made internationally toward reaching these goals. In some countries universal childhood immunization and universal access to ORT will be achieved by 1990. In other countries a target date of 1995 or beyond has been specified for achievement of these goals. A.I.D. believes that 1990 represents the beginning, and not the end, of this global effort.

Countries in which the targets are not reached by 1990 should be encouraged to continue to strive for early achievement of these goals. If targets have not been met by 1990, efforts should not be abandoned prematurely. Given the impressive progress made to date, A.I.D. believes the international community must redouble its effort to achieve child survival goals by the end of the century.

In countries where child survival goals are attained by 1990, governments may be tempted to declare victory without building in the necessary mechanisms to sustain critical child survival services for succeeding cohorts of children. A.I.D. believes it is of critical importance that the sustainability of child survival services be insured before the final victory is declared.

A.I.D. therefore will continue to support efforts to reach international child survival goals, paying particular attention to the institutionalization of child survival programs. This will require increased attention to the development of financing mechanisms that will reduce dependence on donor financing in the long term. As service availability expands, emphasis will be placed on creative use of modern communication strategies to increase demand for these services and to provide education on their use. In addition to increasing service availability and use, A.I.D. will continue to support operational research related to child survival, using a combination of Child Survival, Health, and other funds.

CHILD SURVIVAL ACTIVITIES

A.I.D. has long emphasized programs promoting child survival. Beginning in FY 1985 A.I.D. accelerated its efforts in this area. In FY 1987, $75 million was appropriated for the Child Survival Fund, and in FY 1988 $66 million was appropriated for this account.

Oral rehydration therapy and immunization activities together have received increased levels of funding each year. Funding for immunization and ORT services from the Health, Child Survival and other accounts in FY 1988 is estimated to be at least $90 million. We expect to continue this commitment in FY 1989.

As in previous years, the FY 1988 Child Survival Fund is supporting a PVO competitive grants program organized by A.I.D.'s Bureau for Food for Peace and Voluntary Assistance (FVA) for U.S.-based PVOs to undertake child survival projects in child survival emphasis countries.

The FVA Bureau also will provide additional funds to support the Rotary International $120 million PolioPlus campaign. A.I.D. support of this program began in FY 1987 and will total $6 million. A.I.D. funds will be met on a 1:2 matching basis by Rotary funds raised above the initial $78 million level committed by U.S. Rotary clubs. The grant will motivate and challenge U.S. Rotarians, who number nearly 400,000 and belong to more than 6,600 clubs nationwide, to raise the required matching funds. The grant will support immunization programs in several of the A.I.D. child survival emphasis countries and will be used to purchase polio vaccine.

In FY 1988 the Child Survival Fund will also support regionally and centrally funded technical assistance for child survival activities that are undertaken in countries assisted by A.I.D., with a particular focus on those countries selected for priority child survival programs. In Latin America and the Caribbean a regional effort is underway to strengthen and accelerate the Expanded Program on Immunization. A.I.D. has joined four other major donors - the Inter-American Development Bank, UNICEF, Rotary International, and the Pan American Health Organization (PAHO), to strengthen immunization programs and to undertake the eradication of polio and interruption of indigenous transmission of wild polio virus.

Several major centrally funded activities support child survival efforts worldwide. The Technology for Primary Health Care Project (parts I and II) provides short- and long-term technical assistance and logistical and financial support for ORT and immunization programs, as well as assistance in health care financing. The Communication for Child Survival Project provides assistance in communication, social marketing and behavior analysis applied to various child survival interventions. The Child Survival Action Program supports child survival fellows, information exchange, research and technical support for child survival.

All 22 child survival emphasis countries have national ORT and immunization programs which are supported by various international donors. A.I.D. funds major bilateral projects to support these programs in most of the child survival emphasis countries in all geographical regions. Large new projects will be initiated in Honduras and Pakistan in FY 1988. In Honduras, the Health Sector II Project will consolidate and continue the process of extending coverage of primary health care services with primary emphasis on child survival interventions and rural water and sanitation services. The project will build on predecessor health sector and water and sanitation projects. It will focus on development and implementation of remaining child survival support systems, with the principal focus on increasing the capacity of the operational levels to program, execute, monitor and evaluate the delivery of primary health care services. Access to safe water and sanitation systems will be expanded in areas where health conditions are the poorest, in order to contribute to the reduction in incidence of diarrheal diseases.

In Pakistan a new child survival project will focus mainly on immunization and ORT activities, with supplementary efforts in training, regulation to improve accessibility to child survival pharmaceuticals, and curriculum development for health training institutions. The project will finance a comprehensive communication and training program in ORT, focusing on both public and private sector distribution. The immunization component will support the national immunization program, in cooperation with other donors, emphasizing improvements in coverage of tetanus toxoid vaccine for women of childbearing age and measles vaccination of infants 9-23 months of age.

FY 1989 REQUEST

For FY 1989 A.I.D. is requesting $66 million for the Child Survival Fund[2/] to highlight the fact that child survival is an Agency priority and the primary focus of our health program. At the same time, A.I.D. is continuing to support child survival activities with resources from multiple sources. Currently approximately 40% of DA Health funds, in addition to ESF and PL 480 local currency generations, are spent on child survival activities of the type supported from the Child Survival Fund. In FY 1989 A.I.D. is also requesting $114 million in DA Health Funds, of which a substantial proportion will be spent on child survival activities.

Projects to be funded from the Child Survival Account in FY 1989 include:

SELECTED BILATERAL AND REGIONAL PROJECTS

- An additional $2.0 million for the Family Planning and Health Services Project (3880071) in Bangladesh to support the urban immunization program and the ORT program, including a social marketing component.

- $3.0 million for a Child Development Support Project/ICDS-CARE (3860508) in India to assist the Government of India, through its Integrated Child Development Services Scheme (ICDS), to develop a comprehensive approach to child survival and to improve nutrition status in Indian villages.

- $10.0 million for the Child Survival Project (3910496) in Pakistan, which focuses on two child survival technologies (immunization and oral rehydration) to reduce infant and child mortality rates in Pakistan.

- An additional $2.4 million for the LAC Regional Accelerated Immunization Project (5980643) to strengthen immunization services within the Region.

- An additional $2.6 million for the Child Survival Action Project in Peru (5270285) focusing on diarrheal disease control, immunization, acute respiratory infections, nutrition, and child spacing.

2/ These totals exclude funds for projects included under the Development Fund for Africa.

- $4.7 million for continuation of the new Health Sector II Project in Honduras (5220216) to expand coverage and increase efficiency of the Ministry of Health's child survival program and primary health care system. This project also includes DA Health funding.

- $2.0 million for the Voluntary Agencies for Child Survival (VACS) Project (5210206) in Haiti, to develop the institutional capabilities of PVOs and assist in expansion of their service delivery programs in key child survival interventions, including child spacing activities.

- $1.5 million for a Child Survival Project in Ecuador (5180071).

SELECTED CENTRALLY FUNDED PROJECTS

- An additional $2 million for the Child Survival Action Program Support Project (9365951) for technical assistance, applied research, information and training and evaluation in support of child survival programs.

- An additional $2.5 million for the Communication for Child Survival Project (9311018) to develop and expand ways of using integrated communication channels to support widespread adoption of ORT, immunization and other child survival technologies.

- $1.2 million for a new perinatal health project (9365966) to address problems of low birth weight and maternal health, key determinants of child survival.

- $2 million for the ongoing project on Technology for Primary Health Care I (9365927) and $3.5 million for Primary Health Care II (9365969) to provide continued support for ORT, immunization, and health financing projects in A.I.D.-recipient countries.

- $7.5 million for a centrally-funded competitive awards program for PVO efforts concentrated in child survival emphasis countries.

SUMMARY --FY 1989--
CHILD SURVIVAL
(IN THOUSANDS OF DOLLARS)

BUREAU FOR ASIA AND NEAR EAST	
BANGLADESH	2,000
INDIA	3,000
PAKISTAN	10,000
TOTAL FOR BUREAU	15,000
BUREAU FOR LATIN AMERICA AND CARIBBEAN	
BELIZE	530
BOLIVIA	4,250
DOMINICAN REPUBLIC	1,452
ECUADOR	1,650
EL SALVADOR	1,100
GUATEMALA	2,000
HAITI	1,400
HONDURAS	4,700
PERU	3,175
CENTRAL AMERICAN REGIONAL	350
LAC REGIONAL	4,487
TOTAL FOR BUREAU	25,094
BUREAU FOR SCIENCE AND TECHNOLOGY	
NUTRITION	1,000
HEALTH	16,309
TOTAL FOR BUREAU	17,309
BUR FOR FOOD FOR PEACE AND VOL ASSIST	
PRIVATE/VOL COOP	8,597
TOTAL FOR BUREAU	8,597
BUR. FOR PROGRAM AND POLICY COORDINATION	
TOTAL PROGRAM	66,000

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
--	$30.000	$30.000[1/]

AIDS PREVENTION AND CONTROL FUND

OVERVIEW

Acquired immune deficiency syndrome (AIDS) is a problem of international proportions which is particularly severe in many A.I.D.-recipient countries, and a potential concern in others where the disease has not yet taken hold. More than 73,000 cases of AIDS had been reported to WHO as of the end of 1987. WHO estimates that the actual number of cases is closer to 150,000, and that there are 5-10 million persons already infected with HIV, the AIDS virus. An estimated 50 to 100 million additional people will become infected over the next five years. It is believed that at least half of all AIDS cases have occurred in Africa, although most of these cases have not been reported. A.I.D. recognizes the serious implications of AIDS for ongoing A.I.D. programs and for development prospects in A.I.D.-assisted countries.

In early 1987 the Administrator approved A.I.D. Policy Guidance on AIDS and established an AIDS Working Group. The Agency AIDS policy endorses the leadership of the World Health Organization (WHO) in developing and coordinating international AIDS programs through the Special Programme on AIDS. Agency support for AIDS activities will depend upon: LDC requests for assistance; the particular activity and whether it could best be supported by A.I.D. or another domestic or international agency; absorptive capacity in LDCs as well as in donor agencies; compatability of the activity with the approved WHO country plan; the available technology; and the potential effectiveness of the activity.

AIDS ACTIVITIES

In FY 1986, A.I.D. provided the first contribution of $1 million to the WHO Special Programme on AIDS and also provided $1 million to the WHO African Regional Office. These latter funds were to develop AIDS surveillance and prevention and control programs in four heavily-affected Central African countries: Central African Republic, Congo, Rwanda, and Uganda. In November 1986, A.I.D. co-sponsored (along with WHO, the Centers for Disease Control, and the National Institutes of Health) an international conference on African AIDS, held in Brazzaville, Congo.

1/ Total does not include funds for projects under the Development Fund for Africa. See separate narrative within this volume and program description in CP Annex I.

In FY 1987, A.I.D. allocated $17 million in Health and Population funds for global AIDS control, including a $5 million cash contribution to the WHO Special Programme on AIDS. The balance was used for regional and bilateral prevention and control efforts in collaboration with WHO-coordinated host country programs. This included $3 million set aside by A.I.D.'s Africa Bureau for AIDS prevention.

A $3 million allocation in Population funds financed requests for condoms for AIDS prevention worldwide. In addition to supplying condoms, the Office of Population has supported a variety of AIDS activities through its ongoing projects. These have included operations research to assess the interaction of family planning and AIDS prevention activities, improved condoms and viricidal methods, and numerous training and educational activities.

In order to provide support to countries, A.I.D. developed in FY 1987 a global AIDS project with two major components. The Public Health Communications Component (AIDSCOM) provides public health communications assistance; the AIDS Technical Assistance Component (AIDSTECH) offers technical assistance in surveillance, blood screening, prevention of HIV spread through existing health, population and nutrition programs, and consultation on financing of AIDS health care and prevention; applied and operations research; training; information dissemination; and commodities and equipment. This global project will provide both short and long-term technical assistance to A.I.D.-recipient countries. With the FY 1987 funds AIDS activities were initiated in 30 countries most seriously affected by the virus in Africa, Latin America and Asia.

A.I.D. also initiated AIDS database and modeling activities through the Bureau of the Census in FY 1987 in order to develop a better understanding of the spread of the virus and its broad economic and developmental effects. The database activity will provide periodic updates on AIDS based on both published and unpublished reports. The modeling effort began with a workshop sponsored by A.I.D. and WHO in cooperation with the National Academy of Sciences and the Bureau of the Census. The workshop brought together internationally prominent statisticians and social scientists to discuss data needs and the most promising approaches to developing models to predict demographic and socio-economic effects of the disease. Important steps were taken in this meeting, including recommendations on data requirements, a growing consensus on model design and components, and some prelimary indications regarding the impact of the epidemic.

In FY 1988 Congress appropriated $30 million for an AIDS Prevention and Control Fund. In FY 1988 A.I.D. will provide $15 million in AIDS funds, to the WHO Special Programme on AIDS, which has been recently renamed the Global Programme on AIDS (GPA). Additional AIDS funds will provide bilateral support to countries through the centrally-funded global AIDS project, as well as through bilateral programs in selected countries with high levels of AIDS or at high risk for AIDS spread. AIDS funds will be used to make available additional condoms for AIDS prevention to be provided to countries on request. The AIDS Fund also will support additional AIDS database and modeling activities.

FY 1989 PROGRAM

For FY 1989 A.I.D. is requesting $30 million for the AIDS Prevention and Control Fund to support continued and new programs to combat this deadly pandemic. This does not include activities which would be supported under the Development Fund for Africa. The AIDS Fund will contribute $15 million to the WHO Global Programme on AIDS, which will support activities against AIDS in all regions.

An allocation of $12 million is requested for continuation of centrally funded AIDS activities. A portion of these funds will be used for the global AIDS Technical Support Project (9365972), to support additional short and long-term technical assistance, training, and operations research, and to provide commodities and equipment to countries on request, in Africa, Asia and the Near East, and Latin America and the Caribbean. Other centrally programmed AIDS funds will be used to purchase condoms for AIDS prevention. Another portion of these funds is requested to support continuing database and modeling activities.

The Latin America and Caribbean Bureau is requesting $3 million for bilateral activities in the region, to support AIDS prevention and control activities through existing or planned health and population projects, as well as specific AIDS control activities in selected countries.

Funds for regional and country programs for AIDS prevention and control activities in Africa in FY 1989 are included in the request for the Development Fund for Africa. A significant portion of both the WHO contribution and the S&T allocation will support AIDS activities in Africa.

The following table shows trends in A.I.D. funding for AIDS from FY 1986 to FY 1989.

AGENCY ACTIVITIES IN AIDS PREVENTION AND CONTROL*

ACTIVITIES	FY 86 (ACTUAL) (000)	FY 87 (ACTUAL) (000)	FY 88 (EST.) (000)	FY 89 (REQ.) (000)**
Support to WHO	$ 2.0	$ 5.0	$15.0	$15.0
Centrally funded technical assistance; database and modeling	--	4.4	7.0	9.0
Condoms for AIDS prevention	--	3.0	3.0	3.0
Regional and bilateral activities	--	4.6	5.0	3.0
TOTAL	$ 2.0	$17.0	$30.0	$30.0**

* In FY 1986 and 1987 AIDS activities were supported by Health and Population account funds. In FY 1988 a separate AIDS Prevention and Control Fund was created by Congress. In FY 1989, the Agency is requesting $30 million for the AIDS Fund.

** This total does not include funds for activities requested under the Development Fund for Africa.

SUMMARY --FY 1989--
AIDS
(IN THOUSANDS OF DOLLARS)

BUREAU FOR LATIN AMERICA AND CARIBBEAN	
BELIZE	100
BOLIVIA	200
DOMINICAN REPUBLIC	500
HAITI	150
JAMAICA	250
PERU	100
CARIBBEAN REGIONAL	800
LAC REGIONAL	900
TOTAL FOR BUREAU	3,000
BUREAU FOR SCIENCE AND TECHNOLOGY	
HEALTH	24,000
POPULATION	3,000
TOTAL FOR BUREAU	27,000
TOTAL PROGRAM	30,000

At the people of the United State
Thanks "the pupils"

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
163.064	117.658 1/	129.541 1/

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

OVERVIEW

Human resources development is both a catalyst for development and an ongoing requirement for sustained development. The countries which have given priority to education and training and to nurturing economic and social environments in which people can use their talents productively, fully and freely have been among the most successful in achieving sustained development, in all areas.

Education and training capacities are needed for many purposes, from basic schooling for children to job-related skills training for adolescents and adults to advanced training for key technicians, scientists, managers and leaders in all sectors. As development proceeds, economic and institutional environments become more complex, the required levels of general education rise and the needs for workers with specialized training increase and diversify.

However, the starting point and most basic requirement for human resources development, as well as most other aspects of sustained economic and social development, is the education of children. Until a nation can ensure that most children obtain at least primary schooling, only a fraction of its potential can be realized. Opportunity is distributed inequitably, creativity as well as productivity is constrained and too few individuals are prepared for further education or specialized training.

In the wage economy, general education increases people's options for employment as well as for more specialized training. Employers benefit from improved efficiency and productivity and a wider range of investment and technology choices. Society benefits from economic growth, increased employment and better distribution of opportunity.

For the self-employed, basic education and skills training enable individuals to use resources more productively and to respond more quickly to opportunities. Information is obtained more easily; new technologies and marketing practices are adopted more readily; risks are calculated more accurately and inputs used more efficiently.

For individuals and families, household incomes and family welfare improve as education levels rise and more members develop economic skills. Education for girls and women is particularly important. As female education increases the economic and social roles open to women expand, health, sanitation and nutrition practices tend to improve, infant mortality to decline and birth rates to fall.

1/ Total does not include funds for projects under the Development Fund for Africa. See separate narrative within this volume and program description in CP Annex I.

For society as a whole, basic education sufficient to make informed choices is key to non-coercive approaches to fertility and other personal decisions, to efficient functioning of market economies and to full participation in modern social, economic and political institutions.

Though most countries have made very substantial progress, few have met their basic education needs fully, let alone their requirements for more highly trained and specialized technicians, scientists, managers and administrators.

- education resources are poorly distributed, with rural children, the urban poor and females having the least opportunities to learn.

- educational quality is poor, with schools typically overcrowded, in poor repair and lacking essential equipment, materials and trained teachers.

- grade repetition and dropout rates are high; typically, less than two-thirds of those who enter school complete the primary cycle and less than half of these continue to secondary school or vocational training.

- administrative, analytic and logistic systems are weak, making it difficult to use available resources efficiently and to implement needed reforms.

- countries face, simultaneously, shortages of skilled workers, skilled worker unemployment or underemployment and strong social and economic demand for additional training.

All countries, including those making satisfactory quantitative progress, face budgetary and administrative burdens which are unlikely to ease in the near future. Difficult choices must be made between the need to maintain existing capacity, the need for further investments to improve quality and the need for expansion to accommodate additional children.

Most resources necessary for such efforts must be mobilized and allocated by the countries themselves. A.I.D. cannot provide the resources to fund the expansion of education systems directly, but it can help countries to assess the efficiency and cost-effectiveness of existing capacities and practices, to do the necessary experimentation and to undertake logistic and management improvements. Improving the data base to enable more systematic analysis and improved systems management and ensuring the availability of an essential minimum of instructional materials are among the priority tasks.

Similar efforts are needed to expand and diversify vocational-technical training and higher education capacities. In many countries, secondary and post-secondary training has become the major part of the education budget. There is strong demand for training at these levels, both from individuals with aspirations for modern sector employment and from employers with needs for trained workers. However, it is clear that most countries cannot sustain the present training policies requiring high levels of public subsidy. Countries need to consider alternative approaches for financing and managing technical training and university study, to find ways of involving employers more fully in planning and implementing vocational training, and to examine labor market incentives, personnel policies and professional support systems.

OBJECTIVES OF THE A.I.D. PROGRAM

A.I.D.'s Education and Human Resources (EHR) programs support a broad range of education and training objectives. Human resources development components support training in the United States and locally to improve public and private sector leadership and to strengthen key institutions relevant to development. The priority for the education sector programs, on the other hand, is strengthening the basic primary and secondary school systems.

A.I.D. guidance is provided in its policy statements on Basic Education and Technical Training, Participant Training and Development Communications.

A.I.D. EHR assistance objectives are to improve:

-- basic schooling opportunities for children 6-14, with particular attention to strengthening analytic, planning and management capacities. More efficient allocation and use of resources is key to improving education quality as well as access for girls and other children, particularly in poor and rural areas. To improve resource utilization, it is necessary to strengthen local administrative and financing capacities and to involve communities and parents more directly in administration of local schools;

-- skills training for adolescents and adults, with particular attention to training for self-employment and employment in small and medium enterprises. Employers should be involved as fully as possible in developing and financing training systems, from pre-service training institutions to in-service, on-the-job and extension training programs;

-- scientific, technical, administrative and managerial training as needed in support of A.I.D. programs in each sector. Participant training in the United States is an essential part of A.I.D. strategies to strengthen private and public sector institutions, including universities and other teaching institutions, to improve leadership in all sectors and to effect technology transfer. [See separate discussion of Participant Training under Special Issues, elsewhere in this Volume.]

A.I.D. strategy emphasizes helping countries mobilize, allocate and utilize their own education and training resources more effectively. A.I.D. education sector programs emphasize: analysis of policy choices; strengthening analytic, management and logistic capacities; production and distribution systems for basic instructional materials such as textbooks; and design and application of educational media and training technology. In addition, external training for key faculty, administrators and technicians is central to strategies for strengthening education and training institutions.

In most cases, A.I.D. capital assistance for construction or financing for equipment and commodities is limited to components required to implement technical assistance projects, pilot projects and experimentation preliminary to larger scale replication or application. Most capital required for system

expansion and the finance for recurrent costs and systems maintenance must be provided by the country itself, assisted as necessary by other donors. A.I.D. works closely with other donors to ensure that A.I.D. support for sector assessments as well as other aspects of country programs is coordinated fully with programs of the World Bank and other donors assisting education.

Most EHR assistance is provided on a bilateral basis. The central-bureau EHR program[2/] provides field support to A.I.D.'s overseas missions and administrative support for the participant training and labor development programs. Centrally funded programs also support research and development on: education and training systems; development applications of mass media and communications systems; and administrative and management systems. Regional programs provide technical support for the bilateral programs and administer a number of advanced training programs on a regional basis. In addition, EHR offices (bilateral, regional, central) provide technical and administrative support for specialized education and training programs in other sectors.

To implement its overall education and training programs, including the ESF-funded programs, A.I.D. relies on 55 education and training officers, of whom 36 (including 5 new Development Interns) are assigned to field missions and 19 to the regional and central bureau offices in Washington.[3/]

Program Lessons:

A.I.D. has almost three decades of experience assisting countries with the development of their education capacities. Among the long-term lessons from A.I.D. assistance in the 1960s and 1970s in Korea, Brazil, Jordan, Nigeria and other countries is that A.I.D. has contributed most effectively by: a) supporting systemic reform, b) staying involved over an extended period, and c) strengthening key institutional capacities. Assistance focused more narrowly, for shorter periods or with less attention to developing local capacities generally has been less effective and enduring. Institutional capacities for research and analysis, administration, teacher training and instructional materials production are particularly important.

A second general lesson is that major, lasting system improvement comes more from the accumulation of many small gains, modifications and additions, representing the contributions of many individuals, institutions and programs, than from any single reform, policy decision or technologic innovation. An assistance approach which is broad enough to include work on many aspects, flexible enough to respond to problems as they are identified and modest enough to apply state-of-the-art expertise to relatively mundane problems will in most cases have more lasting impact and be implemented more effectively than will one seeking dramatic breakthroughs or targetted narrowly on pre-selected problems, beneficiaries or technologies.

2/ A Detailed description of centrally funded education program is in Annex V.

3/ Though EHR programs in Africa are funded separately, EHR staff for Africa are included in EHR staff totals and EHR projects in Africa receive technical and administrative support through Central programs to implement participant training, education research, sector assessments and planning.

A third general lesson is that training for key technicians, managers and analysts is key to institutionalizing competence and ensuring a lasting impact. External and local training is central to A.I.D. strategies for strengthening institutions in all sectors, including education and training institutions. Total participant training in U.S. institutions has increased threefold since FY 1981, from about 6,000 to just under 18,000 in FY 1987.

A.I.D. emphasizes a) detailed assessment of education and training system capacities and weaknesses as the first stage of program planning, b) policy dialogue to encourage both the allocation of resources as needed for education and training and attention to the efficient and equitable allocation of resources, c) long-term program strategies to strengthen key institutions and capacities, including analytic and management capacities, and d) technical assistance as needed to help countries implement changes in management, instructional technology, instructional materials production and distribution and other systems improvements as they are identified.

For example, A.I.D. has supported sector assessments as part of long-term program development in Botswana, Liberia, Somalia, Nepal, Indonesia, Pakistan, Yemen, Haiti, Honduras and Guatemala. In several of these countries, e.g. Honduras, Indonesia and Yemen, a major focus of education sector assistance is to expand the data base, strengthen education research and analysis capacities and improve system management capacities. These programs build on previous experience with sector assessments in El Salvador, Brazil and elsewhere and with strengthening education research and planning institutes in Korea, Nigeria and other countries in the 1960s and 1970s.

A.I.D. continues to support the development of new technologies and innovative approaches, building on its experience with: nonformal education and skills training in Ecuador and Lesotho; the use of radio and other media to improve rural instruction in Guatemala, Nepal, Kenya and the Dominican Republic; computer instruction in Tunisia; children's television programming in the Near East. For over a decade, A.I.D. has been a major catalyst encouraging the use of satellite telecommunications to link universities and research institutions in Indonesia and in the Caribbean, to reduce rural isolation in Peru and to support university extension programs in the South Pacific.

FY 1989 REQUEST

In FY 1989, A.I.D. is requesting $129.5 million for education and human resources development, exclusive of EHR activities in the Africa Region. This compares with $123.6 million requested and $117.7 million estimated for EHR in FY 1988, exclusive of EHR activities in Africa.

About 40% of the total program supports training for administrators, managers, scientists and technicians. About 30% supports elementary, secondary and adult education, 9% vocational/technical training and 7% labor programs. The balance supports planning and research, PVO programs, Women-in-Development, and a range of activities related to human resources development, such as narcotics education, legal system and election reform, local government improvement and private enterprise development.

About 53% of the FY 1989 request will support programs in Latin America and the Caribbean, where there is a major emphasis on participant training as well as attention to strengthening basic schooling and skills training systems. Approximately 39% will support participant training, education, labor and PVO activities in Asia and the Near East. The remainder of the request, about 8%, will provide central bureau support for research and development, evaluations, administration of participant training, Women-In-Development and PVO programs.

SELECTED PROGRAM EXAMPLES

In Latin America and the Caribbean, A.I.D. will support efforts to expand and revitalize school systems in Honduras, Haiti, El Salvador, Guatemala and Jamaica. There is continuing attention to skills training for employment in Belize, Ecuador, Jamaica, Honduras, El Salvador, and for the Caribbean Region, concentrating on training needs of the private sector and training for self-employment. Management training is a priority throughout the Region, with major programs in Bolivia, Costa Rica, Ecuador, Haiti, Honduras, Jamaica, Peru and for the Caribbean Region. The largest program allocation is for the Central and Latin America Scholarship Program (CLASP) which supports increased training in the United States at the undergraduate and technical levels. The CLASP program includes the Central America Peace Scholars (CAPS) project and the Latin America and Caribbean Training Initiative II (LAC II, the Andean Scholars Program and the Presidential Training Initiative for the Islands Caribbean (PTIIC)).

In Asia and the Near East, A.I.D. will begin a major basic education program in Pakistan and provide additional resources for the expansion of basic education in Yemen, for participant training for Morocco, Yemen, Pakistan, Bangladesh, Burma and Nepal as well as for regional programs for the ASEAN countries and the South Pacific.

The Central Bureau program supports research and development, with emphasis on instructional technologies, communications strategies using radio and other media, the economics and financing of education and strategies for education decentralization. Education sector analysis and field support are provided under the program for Improving the Efficiency of Education Systems (IEES). Software development and research for the improvement of education management information systems are being supported under the BRIDGES education research consortium. A new project is planned to expand work on education administration and management systems. Other projects support experimentation with radio science and training in telecommunications technologies.

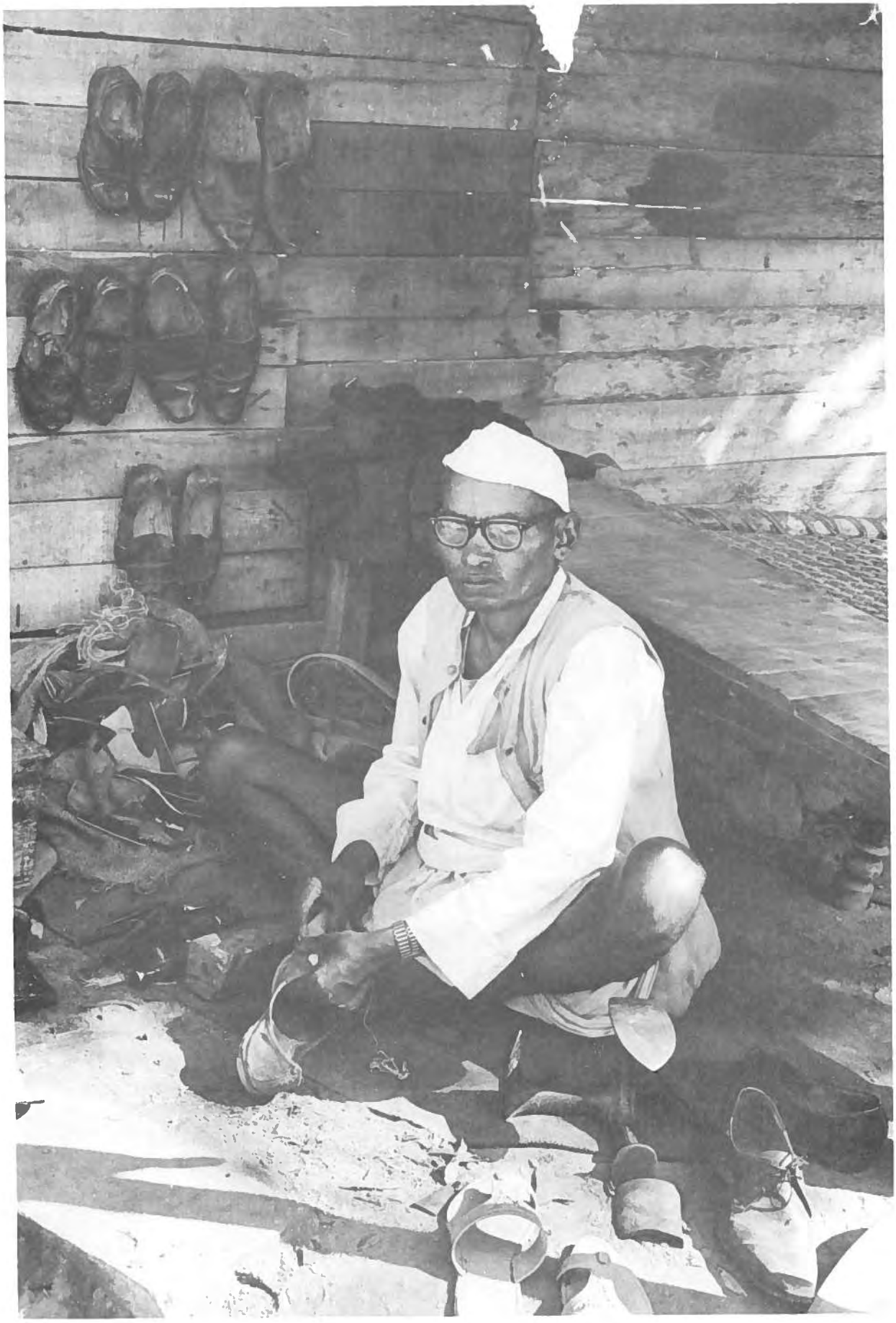
The Office of International Training provides administrative, analytic and field support for the participant training programs, including administrative support for labor training and private sector training. Agency-wide, almost 18,000 individuals participated in training programs in the United States in FY 1987. Similar levels are anticipated for FY 1988 and FY 1989.

SUMMARY --FY 1989--
EDUCATION AND HUMAN RESOURCES
(IN THOUSANDS OF DOLLARS)

BUREAU FOR ASIA AND NEAR EAST	
AFGHANISTAN	6,500
BANGLADESH	3,000
BURMA	1,015
INDIA	1,500
INDONESIA	3,040
MOROCCO	1,500
NEPAL	500
PAKISTAN	10,000
PHILIPPINES	800
YEMEN	9,000
SO PACIFIC REGIONAL	800
ASIA AND NEAR EAST REGIONAL	5,982
TOTAL FOR BUREAU	43,637
BUREAU FOR LATIN AMERICA AND CARIBBEAN	
BELIZE	1,617
BOLIVIA	2,280
COSTA RICA	980
DOMINICAN REPUBLIC	1,990
ECUADOR	3,348
EL SALVADOR	7,360
GUATEMALA	5,739
HAITI	4,974
HONDURAS	6,026
JAMAICA	3,683
PERU	3,090
CARIBBEAN REGIONAL	5,828
CENTRAL AMERICAN REGIONAL	16,148
ROCAP	2,009
LAC REGIONAL	8,250
TOTAL FOR BUREAU	73,322
BUREAU FOR SCIENCE AND TECHNOLOGY	
RURAL AND INSTITUTIONAL DEVELOPMENT	150
EDUCATION	4,607
TOTAL FOR BUREAU	4,757

SUMMARY --FY 1989--
EDUCATION AND HUMAN RESOURCES
(IN THOUSANDS OF DOLLARS)

BUR FOR FOOD FOR PEACE AND VOL ASSIST	
PRIVATE/VOL COOP	4,693
TOTAL FOR BUREAU	4,693
BUR. FOR PROGRAM AND POLICY COORDINATION	
EVALUATION AND DEV INFO	460
POL DEV/PROGRAM REV	255
WOMEN IN DEV	517
TOTAL FOR BUREAU	1,232
OFFICE OF INTERNATIONAL TRAINING	
INTL TRAINING	1,900
TOTAL FOR BUREAU	1,900
TOTAL PROGRAM	129,541



PROGRAM SUMMARY (In millions of dollars)		
FY 87 Actual	FY 88 Estimated	FY 89 Request
$ 196.217 1/	$ 127.754 1/	$127.795 1/

PRIVATE SECTOR, ENVIRONMENT AND ENERGY

OVERVIEW

The Private Sector, Environment and Energy Account (section 106 of the Foreign Assistance Account) provides assistance to stimulate sustained economic growth by supporting the development of market-oriented economies and by mobilizing developing country human and capital resources. The presence of an economic and political climate that encourages individual productivity and human rights is essential to long term sustainable economic growth. Unlike the other more narrowly focused functional accounts which are designed to address specific development problems related to population, health, agriculture or education, the 106 account supports programs that provide the foundation required to sustain and expand the output of goods and services in all economic and social sectors. Thus, activities supported by the 106 Account complement the more targeted assistance provided by the other functional accounts.

Activities funded under this account include (1) support for private enterprise development and efforts to reform government policies and institutions; (2) research and technical assistance activities to alleviate energy constraints to development, including the encouragement of private investment in energy infrastructure; (3) the promotion of human rights and democratic initiatives; (4) support for the activities of private and voluntary organizations and cooperatives; and (5) support for the Science Advisor's Office and other science and technology efforts. These activities together with funding for policy reform efforts and the program development and evaluation activities of regional bureaus and field missions account for about 80% of funding in this account.

The 106 account provides funding for activities designed to encourage the adoption of sound economic policies which stimulate private enterprise, mobilize domestic and foreign capital, and encourage the privatization of production and service activities which can most efficiently be performed outside of the public sector. The flexibility of 106 account funds has been invaluable to A.I.D.'s privatization initiative.

In addition to supporting economic and political policies the 106 account also assists countries in supplying resources necessary for economic growth. Energy is a critical input for the expansion of the industrial, agricultural, commerce, and transport sectors. Protecting the environment and managing natural resources assure a supply of raw materials and the maintenance of environmental systems that are necessary for sustainable development.

1/ Does not include funds for Science and Technology. See separate narrative which follows.

Activities which encourage the provision of human rights and democracy improve the condition of the people and provide the political basis for more democratic forms of government. In those countries where individual civil and political rights are secure, economic growth and improvements in the quality of life for all the population is most likely.

The 106 Account also makes a small but important contribution to A.I.D.'s environmental management program, as well as housing programs and activities classified as self-help, accelerated impact, training and education, and women in development.

FY 1989 REQUEST

A.I.D. requests an appropriation of $127,795,000 in FY 1989 for the Private Sector, Environment and Energy Account or Section 106 Account compared to a FY 1988 request level of $162,700,000 and an actual appropriations level of $127,754,000. For FY 1987 the comparable level was $149,727,000. These totals do not include funds for projects under the Development Fund for Africa. Included in FY 1989 is $8,662 million for the Science Advisor.

A. Private Enterprise Development

A.I.D.'s private enterprise development strategy addresses the challenge of LDC economic growth on a number of levels. It recognizes that impediments to individual freedom and initiative are complicated and often deeply ingrained in the governance of developing countries. The flexibility of 106 funds allows the leveraging of policy reform, the provision of direct assistance to business, and the use of the private sector as a tool of development assistance. In addition to these broad categories, A.I.D. has taken positions within the donor community concerning the divestiture of state-owned enterprises and the breaking-up of entrenched, protected "crony capitalist" business systems.

Funds from the 106 account are essential to A.I.D.'s private enterprise initiative which encourages a development strategy where individuals have freedom of economic choice, freedom to own the means of production, freedom to compete in the market place, freedom to take economic risk for profit, and freedom to retain the rewards of economic decisions. An economy with these freedoms is the most efficient means of achieving broad based economic development. With this development, societies can increase their wealth and improve the quality of life for their people.

In FY 1987, the 106 account provided approximately 36% of A.I.D.'s DA private enterprise funding. This cross-sectoral funding is essential to the success of A.I.D.'s private enterprise initiative because it serves as a catalyst to market-oriented approaches in all development activities. Only through these approaches will sustained, broad-based growth in developing countries be accomplished.

One of the traditional interests of A.I.D.'s private enterprise initiative has been micro and small-scale enterprise. We have found that these businesses exemplify the entrepreneurial spirit of people in developing countries. Unfortunately, the smallest enterprises are often those most vulnerable to repressive national economic policies. Consequently, U.S. assistance to this sector takes the form of active policy dialogue in conjunction with both lending and technical assistance resources.

The major elements of the private enterprise initiative are:

- Policy reform. A.I.D.'s encouragement of policy reform is premised on the belief that sustained economic growth will come to countries only when market-oriented policies are employed and government intervention in the economy is minimized. Unreasonable government policies and regulations have stymied entrepreneurial energies and creativity and have impoverished the very people they were created to protect. This is especially true of micro-enterprises and the rural poor. Continued 106 support of efforts to change these economically adverse policies is needed to achieve cross-sectoral policy reforms.

- Private enterprise development. The 106 account supports a broad range of direct private enterprise support activities. These include lending (especially to micro- and small enterprises), technical assistance, institution building activities, trade development, and the strengthening of U.S./LDC business linkages.

- Delivering assistance through the private sector. When host country conditions make it possible, A.I.D. prefers to deliver development assistance through the private sector. This can be through U.S. or indigenous private enterprises, cooperatives, PVOs, etc. The range of activities is as broad as A.I.D.'s program -- from the delivery of family planning services to health care to vocational training to trade development.

- Privatization. Since 1986, privatization has been a focal point of A.I.D.'s program in most missions. One of the reasons for A.I.D.'s success in privatization is the availability of 106 account funds to assist in the necessary steps to privatization, including valuation, marketing, sale, employee training, etc.

Microenterprise assistance has been an important element of A.I.D.'s private enterprise development strategy for economic growth. It is particularly useful in advancing the goals of increasing incomes and indigenous

investment. The micro-enterprise subsector includes the whole spectrum of relatively labor-intensive productive activities ranging from rural-based agribusinesses and handicraft production to urban-based trading, service, and manufacturing enterprises. It also includes a substantial number of self-employed entrepreneurs. In conjunction with funds from other functional accounts and local currency generations, funds from the 106 Account support programs that provide microenterprises with credit, institutional development, training, and technical assistance.

The new private sector projects described below demonstrate the diversity of the account and its force as a catalyst for creative activities in all areas of A.I.D.'s portfolio.

An Export Promotion project (511-0585) in Bolivia will provide technical assistance, training, and credit in order to alleviate institutional, technological, financial, and policy constraints that hamper Bolivian exports. The project will result in increased private sector employment and increased export earnings.

In the Dominican Republic, an Industrial Production Technology project (517-0238) is planned to expand the production capabilities of small and medium-sized enterprises by the provision of currently available, appropriate production technologies. The project will rely upon both the International Executive Service Corps and commercial banks in this project.

A Privatization project (519-0350) will provide technical assistance, training, and other support to the Government of El Salvador to help it in the privatization of government-owned enterprises.

Broader discussions of A.I.D.'s Private Enterprise Initiative and Privatization Program are presented in the Special Issues section of this volume.

B. Energy

Developing countries rely on a combination of fossil and renewable energy sources to meet the needs of the modern commercial sector and to satisfy household fuel needs. Supplies of both forms of energy are costly and frequently unreliable. Shortages and high prices constrain development efforts and create serious hardships, especially for the poor living in rural areas who depend on fuelwood or other biomass resources to meet their domestic fuel needs. Conventional forms of energy -- oil, coal, natural gas, and electricity -- are essential for the expansion of the industrial, agricultural and transport sectors as well as for improving the quality of life for people in developing countries. Funds will be used to provide support for technical assistance, policy development, training, technology transfer and research to help developing countries assure adequate and reliable supplies of conventional energy for economic growth.

Activities related to the production and use of non-fossil energy especially fuelwood and other biomass resources is generally funded from the ARDN or 103 account.

A.I.D. efforts funded through the 106 account are specifically designed to help developing countries establish appropriate pricing and investment policies to stimulate the exploitation of domestic energy resources and the efficient use and production of all energy supplies whether imported or produced domestically.

The 106 account provides training and technical assistance for the development of domestic energy resources and electricity. During the period FY 1987-FY 1989, assistance for the expansion of electricity into rural areas will account for the major portion of these development efforts. Development of fossil fuel resources is seen to be largely the responsibility of the private sector, and A.I.D.'s limited funds are used to promote these investments and utilize technologies which minimize environmental impacts. For example, A.I.D. is working with the governments of Jordan and Morocco to assess the potential contribution of oil shale resources and with the Government of Pakistan to explore potential uses of lignite and municipal solid waste. Because a number of developing countries are expanding their use of indigenous low-quality coal, which poses serious environmental problems, A.I.D. is encouraging the transfer of innovative "clean coal" technologies to these countries.

In many countries energy conservation is the most cost-effective means of increasing energy supplies. Consequently, for the last several years A.I.D. has supported a series of programs which provide technical assistance, training, and policy development to promote increased energy efficiency in the industrial, electricity, transport, and buildings sectors. During the last five years, over 20 countries have sought and received assistance in mounting energy conservation programs.

106 funds are also being used to help expand the role of the private sector in the provision of electricity supplies. The U.S. experience in private power generation is seen as particularly useful to developing countries as they attempt to cope with the expanding demands for electricity-- estimated at about 7% a year. Rural areas, where many of the poorest live, are generally the last to gain access to electricity. Electricity promises significant improvements in the quality of life and important gains in rural productivity.

With the assistance of the National Rural Electric Cooperative Association, the Rural Electrification Project (596-0146) will continue to strengthen the institutional and technical bases needed to reach the 85% of rural Central Americans who now lack access to electricity.

The Energy Policy Development and Conservation Project (936-5728) will implement innovative technical, policy and financing approaches to meeting the rapidly growing demand for energy and electric power in developing countries. The project will support pre-feasibility studies in economically viable systems, such as clean coal technology and energy

efficiency, will promote a private sector role in financing and technology transfer, will encourage policies to ensure efficient pricing and institutional reform, and will improve the management of environmental impacts and risks associated with energy production.

The Program to Accelerate Commercial Energy Research in India (386-0494) will take an innovative approach and provide financial support to consortia of public and private manufacturers and research institutions organized to undertake market oriented R&D likely to result in commercially viable products.

C. Human Rights and Democratic Initiatives 1/

In FY 1989, the 106 account will contribute $2.0 million to the A.I.D. Human Rights and Democratic Initiatives Program. These activities assist in the development and strengthening of institutions, such as judicial systems and legislatures, along with the provision of electoral technical assistance. Current foreign assistance legislation authorizes A.I.D. to use not less than $3 million in either Development Assistance or Economic Support Funds for human rights activities under Section 116(e) of the Foreign Assistance Act. Agency policy mandates the $3 million as a floor rather than a ceiling. Over the past several years, A.I.D. has significantly exceeded that amount in carrying out these activities. A.I.D. obligated $4.1 million in FY 1985, $5.1 million in FY 1986 and $6.2 million in FY 1987. Activities funded during these years focussed on training programs for judges, other legal professionals and court clerks emphasizing due process and the protection of individual rights; assistance in election preparation and support for regional organizations to develop activities which promote free and fair elections; support for legal education and human rights literacy programs for community leaders, law students, the disadvantaged and the general public; and support for a program to assist victims of discrimination in South Africa. A.I.D. intends to obligate a minimum of $4.5 million in FYs 1988 and 1989 for Section 116(e) activities.

Another component of A.I.D.'s Human Rights and Democracy Program, related to the Section 116(e) activities but funded separately through the Economic Support Fund, is the Latin American and Caribbean Administration of Justice Program. This initiative is an integral part of U.S. policy to support democracy in Central and Latin America and the Caribbean by assisting indigenous efforts to develop the capacity to effectively administer justice in their societies. Specific activities include support for Latin American institutions dedicated to strengthening bar associations, law schools, judiciaries, court administration, public defender systems, prosecutorial staffs and investigative capabilities conducted under judicial or prosecutorial control.

Examples of new initiatives and ongoing projects which will continue in FY 1988 and 1989 are:

1/ See separate narrative in this volume.

International Foundation for Electoral Assistance

During FY 1986 and FY 1987, A.I.D. supported Phases I and II of a program of technical election assistance designed to strengthen democracies around the world by improving the structural electoral capabilities of nascent democracies. In FY 1988, A.I.D. will undertake the third and final phase of the project by supporting a non-profit foundation, the International Foundation for Electoral Systems, designed to carry out technical electoral activities worldwide. The Foundation will provide electoral assistance through a trained group of election specialists and through ready access to comprehensive, computerized election data in response to requests from A.I.D., international private organizations and other nations.

Administration of Justice in Africa

In FY 1987, one component of the Administration of Justice program was initiated in Liberia where A.I.D. provided funds to purchase basic legal and human rights documents and texts for the National Law Library. In FY 1988 and FY 1989 A.I.D. will coordinate the design and implementation of a regional initiative. The program will provide country specific assistance in the legal area, such as magistrate, legal professional and para-professional training; basic equipment for courts and legal libraries; publication and distribution of legal rights pamphlets and texts; legal awareness and advice centers; and development of national charters and constitutions.

Inter-American Institute of Human Rights

Ongoing assistance will continue to the Inter-American Institute of Human Rights and to its sub-entity, the Center for Electoral Assistance and Promotion (CAPEL). Efforts will focus on human rights education, research and technical electoral assistance in Central and Latin America and the Caribbean.

Specific activities will include a human rights course for leaders, policy makers, academics and members of human rights organizations to inform them of the basic norms for protection of human rights; research on the Latin American criminal justice systems and their impact on human rights; a comparative study of the customary laws of indigenous peoples; and root causes and potential solutions for the growing refugee problem in the region. Specialized seminars will be held on implementing or revising international human rights instruments.

D. Private and Voluntary Organizations and Cooperatives

A.I.D. supports a wide variety of PVO activities. The Agency-wide 106 account provides grants to PVOs for programs which address energy, environment, capital saving technology, small enterprise development and urban problems in LDCs. In addition, the account provides reimbursement to PVOs for the shipment of purchased or donated commodities used in their relief and development programs overseas.

The Matching Grants to PVOs Project (938-0158) administered by the Bureau for Food for Peace and Voluntary Assistance supports a number of discrete activities. For example, the Institute for International Development, Inc., provides loans and management training to local small business entrepreneurs in seven countries: India, Guatemala, El Salvador, Indonesia, Sri Lanka, Pakistan and Jamaica. The Small Enterprise Education and Promotion Networks consists of U.S. PVOs who are working in assisting with small enterprise development and credit projects in developing countries.

E. RESEARCH AND TECHNOLOGY TRANSFER

Support is provided for the programs of the Office of the Science Adviser ($8.7 million in FY 1989) as well as for science and technology transfer programs funded by A.I.D. missions. The Science Advisor's program 1/ provides funding for research on innovative technologies which hold long-term promise for solving development problems. The program promotes cooperation between scientists from the U.S. and developing countries. The Office currently supports three major activities:

The Innovative Scientific Research Program (936-5542) is a competitive research grants program designed to stimulate research in LDCs on problems that confront developing countries and to assist LDCs in building their scientific and technological capacity. Research proposals are solicited in the following topical areas: biotechnology/immunology, plant biotechnology, chemistry for world food needs, biomass resources and conversion technology, biological control, and biological diversity.

The Applying Science and Technology to Development Project II (936-5545) administered by the National Academy of Sciences will fund four networks of LDC research institutions dealing with the following critical issues: Tropical Trees, Mosquito Vectors, Rapid Epidemiological Assessment and

1/ See separate narrative for Science Advisor in both this volume and Annex IV "Centrally Funded Programs."

Acute Respiratory Infection in Children.

The US/Israel Program for Cooperative Development Research Project (936-5544) initiated in FY 1985 is designed to facilitate the application of Israeli experience to help solve development problems confronting AID assisted countries. In FY 1989, the program focus will continue the shift begun in FY 1988 from competitive research grants to training and technical assistance involving Israeli and LDC scientists. The program builds on Israeli experience in technological areas such as arid land management, irrigation, solar energy, biotechnology, biological pest control and aquaculture.

F. Environment

The 106 account provides a small but increasingly important source of funding for environmental/natural resource activities. Many of these activities such as general environmental training programs, development of environmental profiles or national conservation strategies, and programs to address the environmental problems arising from increasing urbanization and industrialization are closely linked to other sectoral activities funded primarily or exclusively through this account.

The Environmental Planning and Management Project (936-5517) strengthens the capabilities of developing country institutions to better manage and conserve their natural resources for sustainable development. The project emphasis is an integrated multi-sectoral approach carried out in direct collaboration with host country people and institutions.

SUMMARY --FY 1989--
PRIVATE SECTOR, ENVIRONMENT AND ENERGY
(IN THOUSANDS OF DOLLARS)

BUREAU FOR ASIA AND NEAR EAST	
BANGLADESH	1,300
INDIA	3,800
INDONESIA	5,486
PHILIPPINES	3,400
SRI LANKA	4,000
THAILAND	4,200
SO PACIFIC REGIONAL	600
ASIA AND NEAR EAST REGIONAL	3,397
TOTAL FOR BUREAU	26,183
BUREAU FOR LATIN AMERICA AND CARIBBEAN	
BELIZE	1,168
BOLIVIA	6,088
COSTA RICA	477
DOMINICAN REPUBLIC	3,971
ECUADOR	2,999
EL SALVADOR	12,951
GUATEMALA	7,406
HAITI	2,853
HONDURAS	7,869
JAMAICA	4,998
PERU	1,408
CARIBBEAN REGIONAL	3,237
CENTRAL AMERICAN REGIONAL	1,999
ROCAP	7,269
LAC REGIONAL	3,805
TOTAL FOR BUREAU	68,498
BUREAU FOR SCIENCE AND TECHNOLOGY	
ENERGY	3,120
FORESTRY AND ENVR NAT RES	700
RURAL AND INSTITUTIONAL DEVELOPMENT	1,200
PROGRAM OFFICE	700
TOTAL FOR BUREAU	5,720
BUR FOR FOOD FOR PEACE AND VOL ASSIST	
PRIVATE/VOL COOP	7,211
PROGRAM MGT SUPPORT OFF	200
TOTAL FOR BUREAU	7,411

SUMMARY --FY 1989--
PRIVATE SECTOR, ENVIRONMENT AND ENERGY
(IN THOUSANDS OF DOLLARS)

BUR. FOR PROGRAM AND POLICY COORDINATION	
ECONOMIC AFFAIRS	400
EVALUATION AND DEV INFO	284
POL DEV/PROGRAM REV	1,080
WOMEN IN DEV	200
U.S.-ISRAEL COOPERATION	5,000
TOTAL FOR BUREAU	6,964
BUREAU FOR PRIVATE ENTERPRISE	
HOUSING AND URBAN DEVELOPMENT	3,360
INVESTMENT	3,764
PROGRAM REVIEW	385
PROJECT DEVELOPMENT	5,510
TOTAL FOR BUREAU	13,019
TOTAL PROGRAM	127,795

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
$14.662 2/	$8.662	$8.662

1/ Requested under Section 106(e) (1) of the Foreign Assistance Act for the Energy, Private Voluntary Organizations and Selected Development Activities account.
2/ Includes funds for U.S./Israeli Cooperative Development Program.

PROGRAM IN SCIENCE AND TECHNOLOGY COOPERATION

OVERVIEW

The Office of the Science Advisor (SCI) seeks to take advantage of breakthroughs and advances on the cutting edge of science and to explore the potential uses of new and particularly innovative technologies that are related to international development. Concurrently, the Office seeks to strengthen the capacity of less developed countries (LDCs) to apply these new technologies. The program emphasizes innovation, e.g., biotechnology, genetic engineering, tissue culture, immunochemistry, biological control of disease-carrying organisms, the development of new food and tree crops, etc. This modest program is an important instrument of A.I.D.'s policy to collaborate with LDC scientists in establishing priorities for future programs of technology transfer. The program began in FY 1981 as the Program in Science and Technology Cooperation (PSTC). The purpose was to take a more innovative and collaborative approach and to seek alternative solutions to the problems and processes of development and technology transfer. The funds provided are in addition to those made available for regular research and technical assistance under other A.I.D. functional accounts.

The program developed quickly and currently involves scientists from over 60 developing countries. While their scientific approaches may be new, the problems they are researching are often long-standing and intractable, e.g., control of disease-carrying mosquitoes, plant resistance to disease, control of respiratory diseases, low cost enrichment of soils, recycling of wastes, development of new vaccines and diagnostic tests, elimination of disease-carrying snails, and alternatives to petroleum-based fertilizers. Over 3,900 requests for funding have been submitted to PSTC to date; the majority are from LDC scientists who are participating for the first time in an A.I.D. research program. The growing LDC interest in the program, in the face of rigorous scientific review criteria, demonstrates an increasing readiness of LDC institutions to contribute to their own development.

POLICIES

Relevant research contributes to accelerated economic growth. Accelerated social and economic growth in LDCs is a central theme upon which A.I.D.'s specific policies rest. To develop and transfer technology for long-term sustainable growth in LDCs, the PSTC program specifically pursues

innovative ideas for application in selected LDCs. Concurrently, the PSTC program strives to strengthen competence among researchers in developing countries.

Over the past six years, policy has been to focus on particularly promising research in target countries. Hence, approximately 60% of PSTC funds are used for a Competitive Research Grants program in biotechnology-immunology; plant biotechnology; chemistry for world food needs; biomass resources and conversion technology; biological control of disease-bearing organisms and a new area, biological diversity. The remaining 40% of the funds are used for the LDC Research Networking program with the National Academy of Sciences to identify underexploited resources of potential economic value such as grain amaranth; biological nitrogen fixation; fast growing trees; mosquito vector field studies; rapid epidemiologic assessment methods; and acute respiratory infections in children. The two programs have been designed to avoid overlap, and are coordinated to assure requests for funding are reviewed by the appropriate staff.

In keeping with its exploratory role, this program supports the initial research phase of chosen topics, typically of three years duration. Program activities are concerned primarily with the so-called hard sciences, e.g., biology, chemistry and engineering.

DESCRIPTION OF PROGRAM

I. Competitive Research Grants

A.I.D. requests $6.662 million for this competitive research grants program in FY 1989. In FY 1988 A.I.D. plans to obligate $6.462 million for the approximately 35 proposals to be selected from over 400 submitted for competitive consideration. In FY 1987, A.I.D. obligated $5.6 million. Of this amount, $5.2 million funded 37 proposals under the Innovative Scientific Research Project (936-5542) and $0.4 million funded technical assistance activities under the Strengthening Scientific and Technological Capacity Project (936-5543).

Proposals are selected in accordance with guidelines which emphasize three objectives:

- To stimulate and support new research approaches to current or emerging development problems;

- To assist LDCs in building the scientific and technological capacity they need to attack such problems on their own; and

- To involve LDC scientists and scientific institutions more directly in science planning, information exchange and technology transfer.

Proposals are sought principally within the following six priority research modules:

1. Biotechnology/Immunology, in human or animal systems, including recombinant microbiology (genetic engineering), monoclonal antibodies and related immunological techniques for better and more rapid diagnosis, immunotherapy, vaccine development, and related health applications.

2. Plant Biotechnology, including tissue culture research, protoplast fusion, somaclonal variation, and recombinant microbiology for use in agriculture, e.g., gene expression, transfer and regulation; drought tolerance; insecticide and herbicide resistance, etc.

3. Chemistry for World Food Needs, particularly biochemical growth regulation in plants and animals, soil chemistry, soil-plant-animal relationships (biochemistry), innovative food chemistry, and the chemistry of integrated aquaculture systems.

4. Biomass Resources and Conversion Technology, emphasizing new and improved processes for producing fuels, fodder and chemicals from biomass, especially better digestion and use of lignocellulose, improved thermochemical cleaning and storage of producer gas, and development of under-utilized land or marine biomass resources.

5. Biological Control of human schistosomes and associated snail vectors, and plant crop viruses and their arthropod vectors. Emphasis is given to biologically and ecologically acceptable approaches for the interruption of disease transmission based on innovative studies of microorganism-host-vector relationships encompassing genetics, biochemistry, immunology, pathophysiology, reproductive biology (juvenile hormones, pheromones), natural predation, ecology and pathobiology of the pathogens themselves.

6. Biological Diversity is a new research module initiated in FY 1986 whose substantive focus was derived from the results of the Congressionally mandated study of biological diversity and previous PSTC and NAS experience in genetic resources research.

In addition to the foregoing, there will be some flexibility to consider a very small number of proposals in engineering technology, and in earth, atmospheric and marine sciences. Proposals funded in these additional areas may form the basis for establishing future research modules.

The proposals undergo internal and external scientific peer review and are specifically evaluated for scientific merit, relevance to development, innovative character, and LDC capacity-building aspects. Research proposals from LDC institutions which have good potential but inadequate

design may receive modest technical assistance from the Strengthening Scientific and Technological Capacity Project to enhance their competitiveness.

Response from the scientific community has been most enthusiastic and is increasing. In FY 1981 120 submissions were received compared to the more than 400 received for the FY 1987 competition. Altogether, some 3,900 submissions have been received through October 1987, with the majority now originating in LDCs. Two-thirds of the proposals funded in FY 1986 were awarded directly to LDC institutions. An additional one third involves active LDC collaboration with U.S. scientists.

Because this program supports the initial phase of research and much of the research is longer term, results are not always immediate. Some of the projects, however, have begun to show results:

> Following the positive review of the program by A.I.D.'s research advisory committee in 1985, in 1987 a program of evaluation studies was started. In the summer of 1987 a meeting of 57 grantees in Thailand provided a unique occasion for senior Thai officials to evaluate the impact on a prototypical country. This meeting was co-sponsored by Thailand's Royal Family. An indepth review was also conducted on biomass production and conversion, as well as a review of projects in soil chemistry and microbiology. All were generally favorable, while providing specific recommendations on new approaches that could be introduced. Future efforts focus on biotechnology in plant and animal systems in 1988. Since heavy use is made of volunteer scientists and scientific fellows, costs have been unusually low.
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> The Central American Institute for Research and Industrial Technology (ICAITI) has recently completed work under one of the earliest PSTC grants. They focused on processing of wastes (bagasse)from the production of sugar and essential oils (lemon grass and citronella bagasse). Twelve journal articles have resulted from this modest project, seven of which have already been accepted for publication. (There have also been nine presentations accepted at scientific meetings.) The results were multiple and can serve to stimulate further progress toward commercial processes. ICAITI studied several pre-treatment processes, finding that they were effective in increasing digestability of all three types of bagasse. They found organic solvents were particularly successful, suggesting that in some cases industrial processes for lignocellulosic materials based on sulpher chemistry, which frequently present serious environmental problems, could be replaced with more benign organic solvent processes. They also suggest that pretreatments of sugar bagasse may allow this material to be used economically as cattle feed--a topic they recommend for more research. In one experiment they tested varieties of white-rot fungi. A problem of utlization of agricultural wastes is that the lignin in the bagasse is tightly bound to the cellulosics, and interferes with its digestion. White rot fungi have a natural

mechanism to break this linkage, and the residues of the fungi enrich the bagasse after the removal of the lignin . ICAITI has received additional funding from the U.N. University to follow-up on these findings. One of the fungi used, the Oyster mushroom, was singled out by Carlos Rolz, the principal investigator, as of special interest since the fruiting bodies have a good market in addition to the value that they add to the substrate on which they are grown. Another PSTC project (5.070) is following-up on this lead.

One of the interests of A.I.D./SCI has been underexploited plants of potential economic value to developing countries. In this respect, the winged bean appears to be expecially noteworthy. The winged bean is a relatively little known legume that has been singled out by the National Academy of Sciences for special attention, and is now the focus of research for the Winged Bean Institute in Sri Lanka. The winged bean grows well as a kitchen garden crop in tropical Asia, and virtually every part of the plant is used by villagers. It is a potentially valuable legumenous source of protein for the poor. With a PSTC grant, Dr. Venketeswaran of the University of Houston has been studying tissue culture techniques applied to this plant. He reports that although leguminous plants have generally been found not to regenerate whole plants from in vitro cultures, he has succeeded in establishing a process which routinely regenerates plantlets from winged bean callus culture. This should be an important step in allowing the more advanced techniques of biotechnology to be used to speed improvement of this potentially important group for the tropics.

II. LDC Research Networking

In FY 1989, A.I.D. requests $2.0 million for the Applying Science and Technology to Development II project (936-5545) administered by the National Academy of Sciences (NAS). In FY 1988, A.I.D. plans to obligate $2 million for this program.

The NAS solicits proposals from LDC institutions which are judged to have the competence, interest and local conditions for best contributing to the objectives of the research networks. Proposals are subject to peer review and funding decisions are made by a committee of scientists. About one-third of the proposals submitted have been funded. The NAS provides a range of support services to the principal investigator: help in project design; workshops where principal investigators share information; and, when required, short-term training in innovative research technologies.

For FY 1989 the NAS program will fund the following four networks of LDC research:

1. The network on Tropical Trees which deals with leguminous and other fast-growing tropical species. These are important both for reforestation and for agro-forestry. Grants have been approved in

Chile, the People's Republic of the Congo, Kenya, Malawi, Mexico, Panama, the Philippines, Senegal, Sudan, and Thailand.

2. The Mosquito Vector research network which continues studies on the ecology of mosquitoes which transmit malaria and viral diseases such as dengue and yellow fever, and develop new vector control mechanisms such as natural predators and pathogens of the vectors. Institutions in Columbia, Guatemala, Kenya, Malaysia, Mexico, Pakistan, Panama, Peru, Senegal, Sri Lanka, Thailand and Uganda are participating in this network.

3. The network on Rapid Epidemiological Assessment develops low-cost, easily implemented, approaches to the identification of public health problems in developing countries. Ten institutions in Brazil, Chile, Ecuador, Egypt, Guatemala, India, Peru, and the Philippines, will continue in this area.

4. The final network - Acute Respiratory Infection in Children - has subgrants with activities in such countries as Guatemala, Papua New Guinea, Uruguay, Kenya, Nigeria and the Philippines, Bangladesh, Colombia, Chile, India, Pakistan, and Thailand. While respiratory disease is a major killer of children in developing countries, public health authorities lack information on which specific disease-causing organisms are incriminated as the major killers. This network is beginning to provide the basic data to allow more effective control measures to be taken.

Two research networks, dealing with grain amaranth and biological nitrogen fixation are being phased-out to concentrate limited resources on the most productive areas. In the first grant, subgrants for research in these topics were completely funded, in some cases into 1990. These will continue with NAS supervision, until the research is completed.

In Lima, Claudio Lanata of the Institute of Nutritional Research (IIN) has adapted a technique borrowed from industrial quality control, Lot Quality Assurance Sampling, to evaluate health services and measure health status. The advantage of the technique is that it requires a very small number of subjects to decide whether to "accept or reject a lot." In Lanata's work, a lot refers not to industrial products on an assembly line, but to vaccinated children in a health-service district. In an early trial, he was astonished at the low vaccination rates he was finding; follow-up revealed a shortage of vaccine that had not been reported by the health services to the Ministry of Health. This timely information helped establish a good working relationship between Lanata's research group and ministry officials. Particularly interesting is the use of microcomputers in the field survey. Microcomputers are operated in a van with the driver doubling as data entry person, and although the survey team is away from the institute for weeks at a time, they are able to process the data on the spot and give each village a report on the results before leaving.

Another project of particular interest is that of Hernando Flores in Brazil on use of autopsy measurements of liver retinol reserves to evaluate vitamin A dificiency in the population at large. Flores work provides a new and relatively low-cost way of assessing a health problem of increasing concern in developing countries.

In the Rapid Epidemiological Assessment program, a project in Peru has applied quality control methods to evaluate the effectiveness of health services and prevalence of malnutrition. The approach appears to provide quick, cheap and reliable data to improve the efficiency and effectivness of health services. The method is now described in a working manual and the researchers and the Peruvian Ministry of Health are institutionalizing its use. In Guatemala, researchers have developed a "sentinal" warning system: school teachers are trained to measure pupils' height, and averaged results are used to predict the prevalence of malnutrition in the community. Similarly, a Brazilian group takes data from routine children's autopsies to assess the state of the community's vitamin A malnutrition. Both approaches provide new and very low cost sources of community public health data to health planners.

In the Philippines, Jane Baltazar is conducting a study to assess the value of case control methods as a way to evaluate the effectiveness of a water and sanitation program in reducing diarrhea. This study compares data collected from a traditional long-term and expensive prospective study of diarrhea with the data from the much quicker case control method. Preliminary studies suggest the case control method provides acceptable accuracy and greatly reduces the cost of doing such studies. A recently funded proposal in Chile will use the case control methodology as a means of evaluating the efficacy of typhoid fever vaccines, under situations where the administration of a placebo vaccine is not possible. The normal approach requires a control group to receive no vaccine but be allowed to be exposed to the same risk of disease as the vaccinated group. Because the immunization program is administered through the government, the extablishment of a randomly selected control group from whom immunization is withheld would be unethical. The case control method avoids this problem: when a typhoid case is found, controls are selected and the surveyor determines whether and when they have been immumized. This gives the program manager a means of evaluating the efficacy of the vaccine in the field without the expense of following subjects for several years to accumulate enough typhoid cases to evaluate.

The NAS also carries out selected studies, workshops and other activities related to the development of LDC research programs, including a major dissemination effort of NAS findings. Examples include: 1) a workshop on transfer of microcomputer technology for development, 2) a publication on triticale and high protein corn varieties, and 3) a publication on educational applications of microcomputers in developing countries.

The NAS has been strongly encouraged to seek additional complementary resources that would match those provided by A.I.D. in the new grant. While the NAS itself, which is Congressionally chartered but without Congressional appropriation, has very limited resources, it has attracted contributions, mostly in kind.

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
3,912,251 1/	3,266,886 2/	3,281,000 3/

ECONOMIC SUPPORT FUND

OVERVIEW AND OBJECTIVES

The Economic Support Fund (ESF) is the primary foreign assistance account from which we provide economic assistance to address economic structural and development problems in developing and other countries of particular importance to U.S. foreign policy interests.

The Agency for International Development (A.I.D.) develops and implements ESF programs in consultation with the Department of State, under the direction of the A.I.D. Administrator and the foreign policy guidance of the Secretary of State. ESF programs are executed by A.I.D. in the recipient countries with the collaboration of other U.S. government and host country officials. International financial institutions, other bilateral donors, private groups and business leaders are also frequently consulted or involved in the development and implementation of these programs.

Planning and programming of ESF is carried out in accordance with Chapter 4 of the Foreign Assistance Act (FAA) of 1961, as amended, which states that, to the extent feasible, policy guidance governing provision of development assistance funds should be applied to ESF.

ESF is most often used to provide foreign exchange to assist recipient countries in meeting urgent balance-of-payments and budget requirements. It is also used to fund commodity imports from the United States and to support development projects targetted at improving the quality of life and productivity of the economically disadvantaged. Specific conditions for provision of ESF are often negotiated which encourage economic and financial policy reforms by recipient countries, frequently in the context of major multi-donor structural adjustment programs. ESF resources help cushion short-term negative effects of economic adjustment programs, whose long-term positive impacts are often far-reaching. Adjustment programs may be targetted at areas such as pricing policies, reduction of subsidies and tax and tariff reforms. Policy changes can often be better encouraged through provision of non-project or sector-oriented ESF, than through provision of traditional development assistance.

To assist us in leveraging policy reform, we are requesting two-year obligational authority for ESF again for FY 1989. This authority has

1/ Includes $301 million supplemental appropriation, $300 million transferred from other accounts and $25,205,000 in deobligation /reobligation estimates.
2/ Includes $12.5 million deobligation/reobligation estimates and $66,066,000 in carry-over from FY 1987.
3/ Includes $12.5 million deobligation/reobligation estimates.

proven useful in allowing us to temporarily withhold funds when recipient governments have not lived up to agreements for implementing policy reforms, or have not met other mutually agreed upon conditions. In a number of cases, ESF is provided in recognition of U.S. and host country military base or access rights agreements. ESF is also provided to support allies and developing nations heavily burdened by high costs of their own defense, as is the case with Israel and sub-Saharan African military access countries.

Another common feature of ESF programs is the budgeting of host government-owned local currency, ordinarily in amounts equivalent to ESF foreign exchange provided, to finance capital improvements and investments, or development activities in such areas as health and child survival, rural development and nutrition, and vocational training and basic education.

ESF programs meet high standards of accountability. ESF projects and commodity import programs are subject to the same types of rigorous controls and accounting procedures which are applied to development assistance projects. All ESF cash transfers and related local currencies must be placed in separate bank accounts and not commingled with other funds, and the uses of the funds closely monitored.

To meet the challenges posed by the economic and political instability which has been threatening certain U.S. allies and many developing countries, Congress and the Administration agreed upon steady increases in ESF appropriations, including Supplementals, from FY 1981 to FY 1985 and again in FY 1987. Budget reductions and heavy earmarking have combined to greatly limit the Administration's discretionary spending authority for FY 1988 ESF, however. Crucial programs for Jamaica, the Dominican Republic, Ecuador and the Eastern Caribbean, for example, had to be eliminated. Assistance to Turkey, Portugal and Bolivia was sharply curtailed. The Administration's ESF request for FY 1989, while recognizing the need to stay within overall budget limitations, includes modest amounts of funding for the abovementioned programs to ensure that U.S. foreign policy interests and economic progress in those countries are not further undercut.

ESF Program Achievements

ESF programs have been successful in supporting U.S. foreign policy and economic development objectives. More specifically, ESF programs are:

-- encouraging continued progress toward a permanent peace and stability in the Middle East region through economic aid to Israel, Egypt, Jordan, the West Bank/Gaza and by promoting regional cooperation activities among Israel, Jordan and other neighboring Arab countries;

-- furnishing economic assistance to countries with which the United States has base or military access rights agreements, such as the Philippines, Turkey, Portugal and Somalia;

-- supporting economic reform and development programs, and thus assisting the fledgling democracy in the Philippines;

-- buttressing efforts by the Central American countries of Guatemala, Honduras, El Salvador and Costa Rica to achieve economic stability and renewed long-term growth; to promote equity and broader participation in development; and to strengthen democratic institutions and respect for human rights, thereby consolidating the region's progress toward democracy and helping to deal with the underlying sources of social and political unrest; and

-- helping to address the needs of displaced persons and refugees forced to flee armed conflicts in El Salvador and Cambodia;

-- helping mitigate the impact of Soviet aggression by assisting Pakistan and the Afghan Resistance through humanitarian assistance;

-- supporting U.S. foreign policy and development objectives in such African countries as Chad, Djibouti, Senegal, Somalia, and Kenya.

Specific accomplishments which have resulted from the use of ESF assistance for development purposes and for improvement of economic performance include the following:

-- In Somalia, ESF commodity import programs (CIPs) have helped alleviate balance of payments problems, and have financed productive capital and intermediate goods inputs. A foreign exchange auction which had been established produced a realistic exchange rate, and this auction mechanism was used to allocate ESF dollars to Somali businesses. Approximately half the proceeds were used for food commodity imports. The CIPs also contributed to the development of the private sector in Somalia. Successful new businesses which used CIP financing for start-up costs include a bonemeal processing plant, a factory for making polyprethane bags for agricultural products, a cattle feed factory, a vegetable oil processing plant, a tannery, an agro-chemical mixing plant, a fish distributor, a salt refinery, two bakeries, a biscuit factory and a sandal factory. Furthermore, a steel fabrication plant and a galvanized pipe business, which had been forced to close, were purchased by new management and opened with the assistance of CIP financing. As a result, for example, the purchase of spare parts for a sugar producer allowed it to resume operation and rehire a workforce of 2,000 permanent staff and 3,000 temporary workers.

-- In Senegal, A.I.D. has pursued an aggressive policy dialogue, supported by non-project assistance (a three-year Economic

Support Program, P.L. 480 Title I, and a bilateral Africa Economic Policy Reform Program), to help the government formulate and carry out its New Agricultural Policy, Medium and Long-Term Economic Program, and New Industrial Policy. Senegal's impressive progress and commitment to reform were recognized as a model for the continent at the second Consultative Group meeting for Senegal held in Paris on April 1, 1987. Agricultural reform is well underway in terms of liberalizing input markets, and paring back direct involvement by the government in marketing and processing activities. Restrictions on the movement of produce have been eliminated, floor prices for basic grains have been initiated, the role of ineffective government agencies has been curtailed and fertilizer subsidies have been reduced. The private sector is beginning to respond to the new demands and opportunities created by the withdrawal of government-owned corporations, particularly in the distribution of fertilizer and the marketing of cereals within Senegal. Direct benefits to the economy have resulted as the fiscal deficit has been sharply reduced; tax reform has been initiated; credit expansion has been brought under control; the external payment position has improved; and positive per capital income growth has been restored. In the industrial sector, successive reductions have been made in quantitative trade restrictions and tariff barriers; government-imposed restrictions on hiring and firing have been reduced; some price controls are being eliminated; and the Investment Code has been revised.

-- Egypt's ESF-supported child immunization program has achieved striking success. By 1987, the Ministry of Health (MOH), supported by USAID's Child Survival Project and by UNICEF, had immunized approximately 90 percent of all children under five (about eight million children or 15 percent of the population) against the full series of preventable childhood diseases, thus dramatically increasing the chances of child survival in Egypt. The immunization campaign has been relatively inexpensive, using disposable syringes at a cost of only 21 cents (U.S.) per series per child. The high campaign participation rate was achieved through television and other media messages which associated the benefits of immunization with Oral Rehydration Therapy (ORT), the other highly successful A.I.D. sponsored project in support of Egypt's child survival program. The campaign also benefitted from highly visible support by important political officials, including President Mubarak who gave the campaign recognition and support. The remarkable success of the expanded immunization program has made Egypt one of the most advanced countries in the developing world with respect to Child Survival interventions.

-- The Agriculture Commodities and Equipment program promotes increased agricultural productivity and provides needed balance of payments support to Pakistan. From FY 1982-FY 1987, the program financed average annual imports of nearly $50 million in

fertilizer and agriculture-related equipment from the United States. Major policy reforms in fertilizer have also been supported. Private sector distribution of imported phosphate fertilizer increased from 33 percent to 60 percent. Urea production and distribution was deregulated. The subsidy and development surcharge on fertilizer production was abolished, allowing $60 million to be retained by efficient urea producers, mainly in the private sector. Finally, the program has been flexible enough to allow A.I.D. to respond effectively to unexpected crises as they occur. For example, $100 million in wheat imports from the United States were funded during FY 1984-85 to meet consumer food needs in Pakistan following weather-related harvest problems.

-- Also in Pakistan, the ten-year On-Farm Water Management project is regarded by the Government of Pakistan and the donor community as a particularly innovative and successful program in the agricultural sector. By the end of the project, 1,319 irrigation systems had been improved, 74,857 acres of land prepared, and training centers and demonstration farms established in all four provinces of Pakistan. More important, the success of the On-Farm Water Management concept in providing for more efficient water delivery and utilization had been demonstrated and adopted by other institutions in Pakistan and abroad.

-- Costa Rica has achieved major economic advances during the period that ESF has been provided. In July 1981 the government suspended principal and interest payments on the external debt as the fiscal deficit reached 14% of the gross domestic product (GDP). During 1982 inflation expanded 100% and unemployment reached 9.5%. Since then key economic reforms have stabilized the economy and restored economic growth. In 1986 the fiscal deficit was reduced to 1.5% of the GDP, inflation was reduced to 15%, unemployment declined to 6.1%, GDP grew by 4.2%. BY 1987 nontraditional exports outside Central America had risen sharply to $390 million -- displacing coffee as the leading export. Some of the reforms achieved were a unified foreign exchange rate system, liberalized credit allocations with positive real interest rates, passage of a new Monetary Law, and elimination of GOCR losses resulting from parastatal enterprises. A GOCR effort is now underway to divest itself of these enterprises.

-- Guatemala can point to an impressive record of successful economic reforms and to a much improved business climate. Reforms to date have set Guatemala on a still tenuous but credible path back to sustainable, positive economic growth rates. Inflation has been brought down from more than 30% in late 1985 to under 13% in 1987. Foreign debt repayments have been kept current. The exchange rate has remained stable for

more than 15 months. From January to June 1987, foreign investment was up by $90 million over the same period in 1986. The Bank of Guatemala predicts a 2.3% growth rate for 1987 -- the country's first positive real GDP growth rate in five years.

-- Jamaica, with U.S. ESF assistance, has made major strides in restructuring its economy for growth. This follows seven consecutive years of economic decline under the prior government. Despite continued decline in its major export industry, bauxite, the country is now diversifying its export base. With export promotion efforts supported by A.I.D. assistance and policy dialogue, manufactured exports to the U.S. rose from $17 million in 1982 to an estimated $170 million in 1987. Agricultural exports have also risen sharply as a result of elimination of monopoly control by government marketing boards. Major government enterprises and hotels have been sold to the private sector, eliminating a major drain on the government budget, and the tax system has been sharply improved. As a result of these efforts, the economy is now recovering, and unemployment among job seekers has fallen below 10% for the first time in more than a decade.

Local Currency Uses

Under ESF balance-of-payments agreements, recipient countries often provide a specified amount of their national currency to fund development activities or investment projects. Programming of these locally-owned currencies attributed to ESF dollar aid can enhance the impact of dollar assistance.

-- In Egypt local currency is used to support the local costs of A.I.D. projects and to finance locally manufactured trucks, spare parts, maintenance facilities and related equipment for a pilot mechanized waste collection program managed by low-income entrepreneurs.

-- In Pakistan utilization of local currencies closely parallels the sectors in which A.I.D. is most active (irrigation, agricultural research and education, rural development) and others critical to Pakistan's long-term growth (population, energy and health).

-- In the Philippines, ESF-generated pesos finance recurrent government expenditures and a variety of small infrastructure projects in the rural areas. Projects include roads, market buildings, hospitals, health clinics and schools identified by village and municipal governments.

-- In Liberia, counterpart local currencies generated from the commodity import program support civil service reform in order to assist Liberia to reduce public sector expenditures.

-- In Costa Rica, local currencies expand the availability of credit for private sector export production; and will capitalize a new National Housing Mortgage Bank to finance low-cost housing and potable water.

-- In El Salvador, local currencies are directed at keeping the country's economic infrastructure and social services operating efficiently and at providing private sector credit and related support, including an innovative terrorism insurance program.

-- In Honduras, local currency is used to support activities of private voluntary organizations, including health, nutrition, small farmer extension and strengthening cooperatives. Local currencies also generate employment through village and small town infrastructure construction.

FY 1989 Program

The proposed FY 1989 ESF program is $3,281 million. The request includes $3,268.5 million in new obligational authority and $12.5 million in projected deobligation-reobligation authority under the ESF program.

Major components of the request include: continued support for economic stabilization and the peace process in the Middle East; promotion of economic growth and democratization in Central America; security and development-oriented programs in Europe and Asia; and support for economic progress by African countries. Following is a summary, by region and country, of the FY 1989 request.

AFRICA

In addition to funds provided under the new Development Fund for Africa, a total of $81.5 million in ESF is requested in FY 89 for use in African countries of particular political or strategic interest to the United States:

Chad - $10 million for budgetary support to key development agencies.

Djibouti - $3.2 million in financial resources to continue an effort to improve the country's economic base and financial stability.

Kenya - $10 million for continued balance-of-payments and budgetary assistance in support of the country's economic restructuring program.

Liberia - $7 million for balance of payments and budgetary support aimed at promoting economic recovery and growth. ESF will finance a commodity import program to permit the importation of essential commodities. Counterpart funds generated from the sale of these commodities is expected to be used primarily for the support of a civil service reform program.

Senegal - $10 million for budgetary assistance to implement agro-industrial reforms under the government's new agricultural policy, with particular emphasis on improving the investment climate for farmers and private enterprises engaged in producing, processing, and refining cereal crops.

Seychelles - $3 million for balance of payments support through financing petroleum imports, with local currency proceeds financing development activities.

Somalia - $23 million for foreign exchange to the private and public sectors to stimulate economic stabilization and recovery through sectoral programs, including transport and agribusiness development, and/or a commodity import program for the private sector.

South Africa - $3.3 million to fund the Black Enterprise Development project, in accordance with the Comprehensive Anti-Apartheid Act of 1986, as part of the larger program of assistance to disadvantaged South Africans.

Sudan - $12.0 million to support the implementation of significant economic policy reform. This support involves financing of balance-of-payments support, with local currency proceeds financing development projects.

LATIN AMERICA AND THE CARIBBEAN

Belize - $2 million, to support sector assistance in fisheries and forestry policy and development, and to fund Peace Scholarships.

Bolivia - $25 million in balance-of-payments support to assist the Bolivian government to continue its economic recovery program and to support anti-narcotics activities and administration of justice and democratic initiatives projects.

Costa Rica - $70 million, primarily for balance-of-payments support to encourage economic reforms through financing of imports of U.S. raw materials and intermediate goods needed to keep businesses functioning in the near term. Funding will also be provided for administration of justice and Peace Scholarship programs.

Dominican Republic - $25 million to support implementation of structural reforms necessary to diversify the Dominican Republic's economic base, and to promote private sector export growth.

Caribbean Regional - $15 million for continuation of a highly successful small-scale infrastructure development program, improvements in government economic policy formulation and public sector policy, planning and management.

Central America Regional Program - $7 million to support services that help improve the administrative, technical and legal performance of national judicial systems in Central America and for strengthening democracy initiatives.

Ecuador - $9 million to encourage private investment, maintain balance-of-payments support, and to assist public sector development projects, as well as for an administration of justice initiative.

El Salvador - $185 million for balance-of-payments support to help attain a positive per capita growth rate by facilitating the importation of essential commodities and capital equipment and further encourage economic policy reforms, and for project assistance to maintain critical public infrastrucutre, promote private sector development, improve the judiciary, and support Peace Scholarships.

Guatemala - $80 million to support economic stabilization and policy reforms with particular emphasis on the agricultural sector, to provide funding for the Peace Scholarship program, and for administration of justice and strengthening democracy projects.

Honduras - $87 million for balance-of-payments assistance to support Honduran efforts to further improve macroeconomic performance and progress made toward enhancing export competitiveness and promoting private investment, for the Peace Scholarship program and for a strengthening democracy project.

Jamaica - $25 million to help offset Jamaica's severe shortage of foreign exchange and to support the government's structural adjustment program.

LAC Regional - $10.5 million for programs in administration of justice, human rights, training, and free labor development.

Peru - $2 million to support the Upper Huallaga area development project, key to the government's narcotics control program, the Andean Peace Scholarship Program, and an administration of justice project.

ICITAP - $5 million will be provided for the International Crime Investigative Training Assistance Program (ICITAP) administered by the Department of Justice.

ASIA

Afghanistan - $22.5 million for cross-border humanitarian assistance. Funds will be used to continue health, education, agriculture and commodity support activities implemented through the Afghan Resistance Alliance and private voluntary organizations.

Cambodian Resistance - $5 million to continue support to the non-communist Cambodian resistance forces.

Pakistan - $250 million for the second year of a renewed six-year commitment. These funds will build on earlier work in energy, agriculture and social services. Policy reform will be an important element of activities in energy, agriculture and a commodity import program.

Philippines - $124 million in balance of payments support, land reform and nation-wide rural infrastructure development, and for studies and analyses to develop and design ESF projects.

South Pacific Regional - $11.2 million to support regional fisheries activities, including the recent Tuna Treaty.

Thailand - $5 million for the Affected Thai program to help sustain the government's efforts to stabilize economic and social conditions of Thai villagers in disrupted areas along the borders with Cambodia and Laos.

NEAR EAST

Egypt - $815 million to fund commodity import programs for both the public and private sectors. The request also includes funds for a cash transfer for continued balance of payments support; economic infrastructure support; increased agricultural and industrial production; cross-sectoral programs in science and technology; and on-going activities in education/training, health/nutrition and population sectors.

Israel - $1,200 million for a cash transfer for balance of payments requirements.

Jordan - $18 million for private sector initiatives and for supporting the government's development priorities for the West Bank and Gaza. Developmental activities in agriculture and child survival will also be funded.

Lebanon - $.3 million for emergency relief assistance to displaced and injured Lebanese.

Morocco - $15 million to continue activities in agriculture and private sector export promotion, and to continue the energy initiative for reducing Morocco's dependence on imported oil, through the strengthening of the government's energy demand management policies and programs.

Oman - $15 million to finance technical assistance, fisheries development, scholarship and training, and water resources development projects and activities of the Omani-American Joint Commission.

Tunisia - $12.5 million for continued support for institution building and technology needs in the agricultural sector, and aimed at the private sector. A commodity import program will help meet local costs of priority development activities.

ANE Regional - $12.5 million for projects in:

-- the West Bank and Gaza to improve living conditions and expand employment and income generation activities for Palestinians residing in these areas and

-- the regional cooperation project which supports activities that strengthen the peace process and increases mutual understanding between Israel and its Arab neighbors, particularly Egypt.

EUROPE

Cyprus - $3 million to support activities to continue relief and rehabilitation activities.

Portugal - $60.5 million cash transfer assistance to continue to support the Azores development budget.

Turkey - $70 million to continue support of Turkish economic reform and stabilization efforts. Turkey is expected to continue pursuing policies designed to encourage development of the private sector and enhance the climate for foreign investment.

PEACEKEEPING OPERATIONS

Congress authorized peacekeeping operations (PKO) under Chapter 6, Part II of the Foreign Assistance Act of 1961, as amended. Information on PKO support for United Nations Forces in Cyprus and Multinational Observers in the Sinai may be found in the FY 1989 Congressional Presentation Document on Security Assistance.

CATEGORIZATION OF ECONOMIC SUPPORT FUND OBLIGATIONS - FY 1979-1989
(DOLLARS IN MILLIONS)

Category	FY 1979 Actual	FY 1980 Actual	FY 1981 Actual	FY 1982 Actual	FY 1983 Actual	FY 1984 Actual	FY 1985 Actual	FY 1986 Actual	FY 1987 Actual	FY 1988 Estimated	FY 1989 Proposed
Project-Type Assistance	694.547	745.641	648.615	684.950	881.127	944.718	1,043.333	981.274	1,233.887	1,010.374	1,039.155
Percentage of Total	35.75%	34.55%	29.49%	24.73%	29.65%	30.03%	22.18%	19.97%	31.54%	31.05%	31.79%
Com. Imp. Prg./Spec. Procurement Activities	375.000	409.500	370.500	597.500	497.250	563.055	436.062	442.733	359.170	255.100	214.500
Percentage of Total	19.30%	18.97%	16.85%	21.57%	16.73%	17.90%	9.27%	9.01%	9.18%	7.84%	6.56%
Cash/Balance of Payments	873.000	1,003.000	1,180.180	1,487.814	1,593.085	1,638.394	3,224.290	3,488.890	2,319.194	1,988.855	2,014.845
Percentage of Total	44.94%	46.48%	53.66%	53.71%	53.61%	52.08%	68.55%	71.01%	59.28%	61.11%	61.64%
Total	1,942.547	2,158.141	2,199.295	2,770.264	2,971.462	3,146.167	4,703.685	4,912.897	3,912.251	3,254.329 a/b/	3,268.500 c/
Total Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

a/ In FY 1988, does not include $12.5 million of deob/reob authority because it will not be known until the end of the fiscal year how these funds were used.
b/ In FY 1988, includes carryover and deob/reob from FY 1987.
c/ In FY 1989, does not include $12.5 million of deob/reob authority because it will not be known until the end of the fiscal year how these funds were used.

ECONOMIC SUPPORT FUNDS - OBLIGATIONS
(Dollars in Thousands)

Region/Country	FY 1986 * Actual	FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
AFRICA				
Botswana	10,459	5,471 g/	0	0
Cameroon	0	9,000 h/	0	0
Chad	9,519	5,000 i/	10,000	10,000
Djibouti	2,950	2,033 g/i/	3,415 m/	3,200
Gambia	0	6,000 h/	0	0
Guinea	10,000 a/	0	0	0
Kenya	14,442	15,000 i/	10,000	10,000
Liberia	28,203	15,000 i/	11,000	7,000
Madagascar	2,844	1,000 i/	0	0
Malawi	0	0	0	0
Mali	0	0	0	0
Mauritius	1,914	1,000	0	0
Mozambique	9,570	10,000 i/	0	0
Niger	4,373	2,000 i/	0	0
Rwanda	0	0	0	0
Senegal	27,484 a/	12,000 i/	10,000	10,000
Seychelles	1,914	2,375	3,000	3,000
Somalia	22,011	17,125 i/	25,000	23,000
Sudan	10,000	0	14,350	12,000
Swaziland	11	140 i/	0	0
Tanzania	0	12,000 h/		0
Togo	7,850 a/	0	0	0
Zaire	24,527 a/	10,000 i/	0	0
Zambia	17,000	12,607 g/i/	0	0
Zimbabwe	5,000	0	0	0
Sahel Regional	678	0	0	0
South Africa Republic	4,972	3,054 g/	3,400	3,300
Southern Africa Regional	28,475	24,037	0	0
Africa Regional	977	0	0	0
Afr. Econ. Policy Reform	0 a/	0 h/	0	0
Subtotal	245,173	164,842	90,165	81,500
ASIA/NEAR EAST/EUROPE				
Afghanistan	18,308	12,104 i/	22,500	22,500
Cambodian Resistance	3,350	3,350	3,500	5,000
Cyprus	14,355	15,000	15,000	3,000
Egypt	1,068,434 b/	819,558 i/j/	820,000 n/	815,000
Fiji	957	0	0	0
Ireland	50,000	35,000	35,000	0
Israel	1,898,400 b/	1,200,000	1,200,000	1,200,000
Jordan	95,022 b/	111,000 b/i/j/	18,000	18,000
Lebanon	15,901 c/	12,564 c/i/j/	0	300
Morocco	16,484	10,000 i/	20,000	15,000
Oman	19,556	14,982 i/	13,000	15,000

ECONOMIC SUPPORT FUNDS - OBLIGATIONS
(Dollars in Thousands)

Region/Country	FY 1986 * Actual	FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
ASIA/NEAR EAST/EUROPE (CONT'D)				
Pakistan	239,250	250,500 i/j/	220,000	250,000
Philippines	300,000 d/	235,000 i/	189,000 n/	124,000
Poland	4,000 e/	1,000 k/	1,000	0
Portugal	76,487	64,799 i/	32,000	60,500
Spain	11,484	5,000	3,000	0
South Pacific	957	1,750 i/	10,000	11,200
Thailand	5,000	5,000	5,000	5,000
Tunisia	22,624	16,787 i/j/	10,000	12,500
Turkey	119,625	100,000	32,000	70,000
Asia/Near East Regional	26,166 b/	14,555	7,000	12,500
Subtotal	4,006,360	2,927,949	2,656,000	2,639,500
LATIN AMERICA/CARRIBEAN				
Belize	1,914	5,395 i/k/l/	0	2,000
Bolivia	7,177	7,500 i/	7,320	25,000
Costa Rica	120,582	142,466 i/l/	90,000	70,000
Dominican Republic	40,000	165 i/	13,835 n/	25,000
Ecuador	20,216 f/	19,334 i/	0	9,000
El Salvador	177,045	281,497 i/l/	215,000 n/	185,000
Guatemala	47,850	115,020 i/l/	80,000	80,000
Haiti	21,321	35,960 i/l/	0	0
Honduras	61,248	131,786 i/l/	85,000	87,000
Jamaica	58,000	24,925 i/	0	25,000
Panama	5,742	0	0	0
Peru	7,000	5,333 i/	0	2,000
Uruguay	14,355	12,152 i/	0	0
Caribbean Regional	25,575	21,775 i/l/	0	15,000
Central America Regional	42,231	2,518	2,009 n/	10,000
ROCAP	1,200	5,260 i/	0	0
LAC Regional	8,043	7,374	15,000	12,500
Subtotal	659,499	818,460	508,164	547,500
NON-REGIONAL				
Oceanographic Research	1,435	1,000	0	0
Off. of For. Disaster Asst.	530	0	0	0
Subtotal	1,965	1,000	0	0
OTHER				
Deob/Reob Authority	0	0 g/j/l/	12,500	12,500
TOTAL	4,912,997 a/b/c/d/e/f	3,912,251 g/h/i/j/k/l	3,266,829 m/n/	3,281,000

* Levels after Gramm-Rudman-Hollings reduction.

ECONOMIC SUPPORT FUNDS - OBLIGATIONS
(Dollars in Thousands)

Footnotes:

a/ In FY 1986, funds made available for the Africa Economic Policy Reform were reallocated to the following country programs: Guinea-$10 million; Senegal-$15 million; Togo $7.85 million; and Zaire-$15 million; for a total of $47.85 million.

b/ Of the $2,258 million made available from the FY 1985 supplemental, obligations in FY 1986 were as follows: Egypt-$250 million; Israel $750 million; Jordan-$80 million; and Asia/Near East Regional-$3.857 million. In FY 1987-Jordan $90 million.

c/ In FY 1986, $43.357 million was carried forward from Lebanon's FY 1983 no-year supplemental. Of this amount, Congress transferred $22.85 million to other accounts. Of the $20.507 million remaining for Lebanon, $6.467 million was carried forward to and obligated in FY 1987.

d/ Includes $100 million from the FY 1986 Urgent Supplemental.

e/ Carried forward from the FY 1984 supplemental funds from PL 98-396 for the Zablocki Clinic and obligated in FY 1986.

f/ In FY 1986, includes $6 million reprogrammed from Somalia deobligations to Ecuador.

g/ In FY 1987, the following reobligations occurred in Africa: Botswana $.471 million; Djibouti $.135 million; Zambia $.207 million; and South Africa Republic $1.314 million; total for Africa - $2.127 million.

h/ In FY 1987, the $27 million made available for the Africa Economic Policy Reform was reallocated to the following countries: Cameroon $9 million; Gambia $6 million; and Tanzania $12 million.

i/ In FY 1987, includes a portion of the $14.838 million for local support costs.

j/ In FY 1987, the following reobligations occurred in Asia and Near East: Egypt $9.558 million; Jordan $7.0 million; Lebanon $5.597 million (no-year funds); Pakistan $.500 million; and Tunisia $.584 million; total for ANE (including no-year) - $23.240 million.

k/ In FY 1987, includes $301 million Supplemental as follows: ANE: Poland $1 million; Belize $1.0 million; Costa Rica $54.750 million; El Salvador $129.750 million; Guatemala $54.750 million; and Honduras $59.750 million.

l/ In FY 1987, the following reobligations occurred in Latin America and Caribbean: Belize $2.141 million; Haiti $.795 million; and Caribbean Regional $2.5 million; total for LAC - $5.436 million.

m/ Includes reobligations of $.165 million.

n/ Includes carry over from FY 1987.

CATEGORIZATION OF ECONOMIC SUPPORT FUNDS - FY 1989 PROPOSED
($ in Millions)

	Project-Type Assistance	Commodity Import Program/Special Procurement Activ.	Cash/Balance of Payments	Total FY 1989 CP
BUREAU FOR AFRICA				
CHAD	0.000	0.000	10.000	10.000
DJIBOUTI	0.200	0.000	3.000	3.200
KENYA	0.000	0.000	10.000	10.000
LIBERIA	0.000	7.000	0.000	7.000
SENEGAL	0.000	0.000	10.000	10.000
SEYCHELLES	0.000	3.000	0.000	3.000
SOMALIA	11.455	0.000	11.545	23.000
SOUTH AFRICA	3.300	0.000	0.000	3.300
SUDAN	12.000	0.000	0.000	12.000
BUREAU TOTAL	26.955	10.000	44.545	81.500
BUREAU FOR ASIA AND NEAR EAST				
AFGHANISTAN	22.500	0.000	0.000	22.500
CAMBODIAN	5.000	0.000	0.000	5.000
CYPRUS	3.000	0.000	0.000	3.000
EGYPT	500.000	200.000	115.000	815.000
FIJI	0.000	0.000	0.000	0.000
IRELAND	0.000	0.000	0.000	0.000
ISRAEL	0.000	0.000	1,200.000	1,200.000
JORDAN	11.000	0.000	7.000	18.000
LEBANON	0.300	0.000	0.000	0.300
MOROCCO	15.000	0.000	0.000	15.000
OMAN	15.000	0.000	0.000	15.000
PAKISTAN	250.000	0.000	0.000	250.000
PHILIPPINES	64.000	0.000	60.000	124.000
PORTUGAL	0.000	0.000	60.500	60.500
SPAIN	0.000	0.000	0.000	0.000
THAILAND	0.000	0.000	5.000	5.000
TUNISIA	8.000	4.500	0.000	12.500
TURKEY	0.000	0.000	70.000	70.000
SO PACIFIC REGIONAL	2.200	0.000	9.000	11.200
ASIA AND NEAR EAST REGIONAL	12.500	0.000	0.000	12.500
BUREAU TOTAL	908.500	204.500	1,526.500	2,639.500

CATEGORIZATION OF ECONOMIC SUPPORT FUNDS - FY 1989 PROPOSED
($ in Millions)

	Project-Type Assistance	Commodity Import Program/Special Procurement Activ.	Cash/Balance of Payments	Total FY 1989 CP
BUREAU FOR LATIN AMERICA AND CARIBBEAN				
BELIZE	2.000	0.000	0.000	2.000
BOLIVIA	2.000	0.000	23.000	25.000
COSTA RICA	3.200	0.000	66.800	70.000
DOMINICAN REPUBLIC	1.000	0.000	24.000	25.000
ECUADOR	0.500	0.000	8.500	9.000
EL SALVADOR	39.000	0.000	146.000	185.000
GUATEMALA	10.000	0.000	70.000	80.000
HAITI	0.000	0.000	0.000	0.000
HONDURAS	9.000	0.000	78.000	87.000
JAMAICA	0.700	0.000	24.300	25.000
PERU	2.000	0.000	0.000	2.000
URUGUAY	0.000	0.000	0.000	0.000
CARIBBEAN REGIONAL	11.800	0.000	3.200	15.000
CENTRAL AMERICAN REGIONAL	10.000	0.000	0.000	10.000
ROCAP	0.000	0.000	0.000	0.000
LAC REGIONAL	12.500	0.000	0.000	12.500
BUREAU TOTAL	103.700	0.000	443.800	547.500
TOTAL REQUEST	1,039.155	214.500	2,014.845	3,268.500

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
35,000	40,000	30,000

AMERICAN SCHOOLS AND HOSPITALS ABROAD

A desire to adapt American education and medicine to the needs of people abroad has prompted numbers of Americans to establish and support schools and hospitals overseas. These institutions offer diversity where, often, little or none exists. They promote private initiative, independent inquiry and innovative approaches to problem solving.

ASHA grants help private, non-profit, American-sponsored schools and hospitals overseas to build and renovate facilities, to purchase equipment and, in a few cases, to meet the costs of operating educational and medical programs.

ASHA-supported institutions educate a worldwide cadre which can communicate, share values and work with Americans in business, government, the sciences and other mutually beneficial endeavors. These institutions train future leaders in a wide variety of disciplines, including agriculture, economics, business and public administration, medicine, nursing, public health, education, engineering and the arts and sciences. They also offer programs to improve the skills of those already in the workforce, undertake research in the natural and social sciences and conduct symposia on economic and social development issues.

FIVE YEAR OVERVIEW -- FISCAL YEARS 1983-1987

In the past five years, 91 institutions have received ASHA assistance. These institutions

- educate more than 200,000 students from more than 100 countries annually,
- provide medical services to more than four million people each year, and
- rely principally on tuition, fees and private contributions to meet their operating expenses.

The distribution of grants by country, institution and fiscal year is shown in Attachment A. During this five year period, 43 institutions in Africa, Asia, Latin America, the Caribbean and the Near East were assisted for the first time. These institutions are identified with an asterisk in Attachment A.

The number of dollars requested from ASHA increased from $62 million in FY 1983 to $94 million in FY 1987, while ASHA budgets increased from $20 million to $35 million. (For FY 1988, requests total $105 million.) ASHA has been able to assist about 65% of the applicants by reducing the scope of projects and negotiating higher levels of institutional cost-sharing.

PROJECTS COMPLETED IN 1987

A number of major projects have been successfully completed in the past year.

In Central America, three institutions of higher education are expanding and strengthening their programs in economics and business administration or in the natural, social and agricultural sciences. Following two years of construction, on July 4, 1987, the Francisco Marroquin University in Guatemala moved from crowded temporary quarters to a new campus which provides its growing faculty and student body with modern classrooms and other facilities to accommodate its rapid expansion. The University is well known for its school of business administration, which promotes market economics. The Panamerican Agricultural School in Honduras, with students from twelve Latin American countries, is using new science and food processing laboratories, library facilities and student housing to improve curricula, expand research activities and increase enrollment. At the University of the Valley of Guatemala, additional classrooms and laboratories are permitting an expansion of development-related research and course work in both the natural and social sciences. These three institutions enroll 6,500 students, about double the number of five years ago.

In the Philippines, two university libraries were dedicated in December 1987. They will provide new learning resources to students and faculty as well as to community and provincial organizations. The libraries are at Angeles University in Angeles City, which is adjacent to Clark Air Force Base on Luzon, and Ateneo de Zamboanga University in southwestern Mindanao, an institution celebrating 75 years of service in an area of cultural and ethnic diversity. These two institutions are annually training nearly 10,000 students and also conducting community extension programs.

In Botswana, a multi-purpose facility was dedicated at the Maru a Pula School, a secondary school which has successfully pioneered multi-racial education in southern Africa. At Cuttington University College in Liberia, a project which combined the renovation of old buildings with new construction is providing additional classrooms and offices and improved utilities.

In the fall of 1987, Vice President Bush dedicated new rehabilitation facilities at the American Children's Hospital in Krakow, Poland. Project HOPE has been the institution's sponsor since 1974, and presently is overseeing the construction of the Clement J. Zablocki Ambulatory Care Center, which is scheduled for completion in 1990. The hospital's reputation as one of Europe's premier pediatric facilities is, in large part, a result of the active exchange program between the American and Polish medical communities which has strengthened the hospital's capabilities in specialties of pediatric medicine.

In the summer of 1987, William A. Brown, U.S. Ambassador to Thailand, participated in the dedication of a new building at the Bangkok Adventist Hospital which provides support facilities and expanded services in pediatric medicine, obstetrics and physical therapy. The inauguration of the new facility was a part of the hospital's 50th anniversary celebration.

Newly constructed facilities for medical education, diagnosis and treatment have been put into service at the Ludhiana Medical College and Hospital in India, the American British Cowdray Hospital in Mexico and the Admiral Bristol Hospital in Turkey.

PROGRAM MANAGEMENT

The Office of American Schools and Hospitals Abroad

-- screens prospective new applicants for eligibility and their proposals for financial soundness;

-- uses a comprehensive application form which asks the applicant to demonstrate 1) the role of the U.S.-sponsoring organization, 2) the merits of the overseas institution, and 3) the need, impact and cost-effectiveness of the proposal;

-- evaluates each application, using A.I.D. reviewers and outside experts to identify those which best comply with the purposes of Section 214 of the Foreign Assistance Act, ASHA program criteria and A.I.D. development objectives;

-- places priority on projects with long-term development potential;

-- seeks wide and balanced geographic distribution of grants and funds consistent with the merits and needs of individual institutions;

-- requires cost-sharing to the greatest possible extent;

-- expects institutions in advanced developing countries to achieve higher levels of fund-raising, and

-- encourages all institutions, particularly those few dependent on ASHA for operating subsidies, to increase income from private contributions and, where feasible, from tuition, fees and auxiliary services.

-- makes selected site visits to inspect and evaluate institutional activities.

Without an increase in its six-person staff, during the past six years the ASHA office has handled a substantial increase in inquiries from potential applicants, a 50% increase in applications, a 72% increase in the number of grants awarded, and a 41% increase in the program's portfolio of active grants. The number of applications has increased from 51 for FY 1983 to 77 for FY 1988. Twenty-five (25) grants were made in FY 1982 and 43 in FY 1987. The number of institutions in ASHA's portfolio of active grants increased from 58 during FY 1983 to 82 during FY 1987. Staff experience and continuity, as well as work simplification and more extensive use of automated equipment, have contributed to the office's increase in productivity.

PIPELINE STATUS

ASHA-assisted institutions generally execute projects expeditiously. Over the past five years, 195 grants were made for the benefit of 91 institutions. Nearly 77% of the $148.5 million granted had been disbursed as of September 30, 1987.

ASHA PIPELINE

Disbursement of FY 1983-87 Grant Funds
as of September 30, 1987

FY	TOTAL GRANTED ($000)	NO. OF GRANTS AWARDED	NO. OF ACTIVE GRANTS	GRANT BALANCE ($000)	% DISBURSED
1983	20,000	31	0	0	100.0
1984	30,000	40	4	559	98.1
1985	30,000	40	14	2,846	90.5
1986	33,495	41	23	8,411	74.9
1987	35,000	43	37	22,637	35.3
TOTAL	148,500	195	78	34,453	76.7

FISCAL YEAR 1987 PROGRAM

Sixty-five applicants requested $94 million. Forty-three were awarded grants totalling $35 million. Of these 43 grantees, 12 were first-time recipients and 21 had not received grants in FY 1986 . Thirty-nine applicants had proposals of $1 million or more. However, only 11 of the 43 grants were for $1 million or more. Institutions receiving assistance and the amounts granted may be found in Attachment A.

FISCAL YEAR 1988 PROGRAM

Seventy-seven applicants requesting $105 million met the August 31 deadline. Both the number of applicants and the dollars requested are at an all time high. The FY 1988 applicants are listed in Attachment B. Grants will be awarded on a competitive basis following assessment of the merits of the applicants and their proposals by experts from within and outside the Agency.

FISCAL YEAR 1989 PROGRAM

A.I.D. requests $30 million for the ASHA program. To meet the escalating number and dollar value of applications, ASHA will encourage greater cost-sharing by applicants. Priority will be given to those institutions which best serve as centers for study and demonstration of U.S. ideas and practices, have good self-help records and offer the greatest potential for developing human resources.

Attachments:

A. Grants by Country and Institution, FYs 1983-1987
B. Fiscal Year 1988 Applicants

Attachment A

AMERICAN SCHOOLS AND HOSPITALS ABROAD
GRANTS BY COUNTRY AND INSTITUTION, FYs 1983-1987
(In Thousands of Dollars)

COUNTRY AND INSTITUTION	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	TOTAL
Botswana	600	550	425	800	-	2,375
Kanye Hospital, Kanye	600	-	-	800	-	1,400
Maru a Pula School, Gaborone	-	550	425	-	-	975
Brazil	-	150	-	192	250	592
Esperanca, Santarem	-	150	-	192	250	592
Cameroon	-	-	325	-	325	650
*Central Hospital D'Enongal, Enongal	-	-	325	-	325	650
China	-	-	-	-	3,000	3,000
*American Medical Center, Shanghai	-	-	-	-	1,000	1,000
*Ctr. for Am. Studies & Life Sciences, Shanghai	-	-	-	-	2,000	2,000
Ecuador	-	-	-	-	500	500
*Academy Cotopaxi, Quito	-	-	-	-	500	500
Egypt	900	1,000	2,250	1,750	650	6,550
American University in Cairo	900	1,000	1,850	1,750	650	6,150
*Holy Family College, Cairo	-	-	400	-	-	400
Federated States of Micronesia	-	-	-	600	-	600
*Xavier High School, Truk Island	-	-	-	600	-	600
Greece	695	1,380	1,075	700	800	4,650
American College of Greece, Athens	-	380	-	500	-	880
American Farm School, Thessaloniki	295	350	475	-	-	1,120
Anatolia College, Thessaloniki	200	375	600	200	-	1,375
Athens College, Athens	200	275	-	-	350	825
*Blegen and Gennadius Libraries, Athens	-	-	-	-	450	450
Guatemala	875	1,825	850	2,500	2,200	8,250
Francisco Marroquin University, Guatemala City	-	1,000	-	1,900	1,400	4,300
Hospital de la Familia, Nuevo Progreso	-	125	-	-	200	325
University of the Valley, Guatemala City	875	700	850	600	600	3,625

*Indicates first time recipients during this five year period

COUNTRY & INSTITUTION	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	TOTAL
Haiti	200	-	675	1,385	1,300	3,560
*American University of Les Cayes, Les Cayes	-	-	-	700	900	1,600
*Bohoc Technical Institute, Bohoc	200	-	375	330	200	1,105
Hospital St. Croix, Leogane	-	-	300	355	200	855
Honduras	1,655	1,700	2,500	1,643	1,000	8,498
*Escuela Internacional Sampedrana, San Pedro Sula	200	-	800	200	-	1,200
Panamerican Agricultural School, Zamorano	1,455	1,700	1,700	1,443	1,000	7,298
India	500	900	1,410	950	700	4,460
*Kodaikanal School, Tamil Nadu	-	-	300	-	-	300
Ludhiana Christian Med. College & Hosp.	500	500	500	500	-	2,000
Vellore Christian Medical College & Hosp.	-	400	500	450	700	2,050
*Woodstock International School, Musoorie	-	-	110	-	-	110
Israel	3,100	4,100	4,650	5,450	5,150	22,450
*American College of Belz, Jerusalem	-	-	500	-	-	500
Beth Rivka Comprehensive School, Kfar Chabad	300	450	-	-	-	750
Beth Yaacov Avat, Ashdod	-	-	-	-	100	100
Boys Town Jerusalem	250	-	300	-	700	1,250
*Children's Town, Jerusalem	-	-	-	500	-	500
*Emunah Women of Am. Commun. College, Jerusalem	450	-	200	-	-	650
Feinberg Graduate School of the Weizmann Institute of Science, Rehovot	750	1,200	500	750	1,000	4,200
Gan Yavne Youth Village, Gan Yavne	-	-	150	-	-	150
Hadassah Medical Center, Jerusalem	850	1,500	1,500	1,500	1,650	7,000
*Harry S. Truman Research Institute for the Advancement of Peace, Jerusalem	-	-	-	150	-	150
Jerusalem College of Technology	-	250	-	-	-	250
*Kfar Silver, Ashkelon	-	200	-	-	-	200
Laniado Hospital, Netanya	-	-	500	-	-	500
*Machaniam High School, Kiryat Gat	-	-	-	200	200	400
*Mother and Baby Hospital, Jerusalem	-	-	-	1,250	-	1,250
*Music Foundation, Jerusalem	-	-	-	200	-	200
Ohr Somayach School, Jerusalem	-	-	1,000	-	1,000	2,000
*Sha'Alvim Teacher's College,	-	-	-	400	-	400
Shaare Zedek Hospital, Jerusalem	500	500	-	500	500	2,000

COUNTRY AND INSTITUTION	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	TOTAL
Italy	200	325	350	325	325	1,525
Center for Advanced Intern'l Studies, Bologna	200	325	350	325	325	1,525
Jamaica	-	625	-	225	-	850
*St. George's College, Kingston	-	625	-	225	-	850
Jordan	-	400	250	-	-	650
American Center for Oriental Research, Amman	-	400	250	-	-	650
Kenya	-	-	-	-	500	500
*Tenwek Hospital, Bomet	-	-	-	-	500	500
Korea	300	800	1,300	400	-	2,800
*Chung Ang University, Seoul	-	-	-	400	-	400
*Kwangju Christian Hospital, Kwangju	-	250	-	-	-	250
Presbyterian Medical Center, Jeonju	200	-	400	-	-	600
Sogang University, Seoul	-	550	-	-	-	550
Soong Sil (Jun) University, Seoul	-	-	900	-	-	900
*St. Joseph's Girls High School, Cholla Nam Do	100	-	-	-	-	100
Lebanon	4,250	5,000	5,350	6,200	6,000	26,800
American University of Beirut	4,000	5,000	5,000	6,000	6,000	26,000
Beirut University College	-	-	350	200	-	550
International College of Beirut	250	-	-	-	-	250
Liberia	900	650	600	700	720	3,570
Cuttington University College, Suacoco	900	650	600	700	720	3,570
Malawi	-	-	700	550	-	1,250
Malamulo Hospital, Makwasa	-	-	700	550	-	1,250
Mexico	-	1,500	-	1,000	700	3,200
*American British Cowdray Hospital, Mexico City	-	1,000	-	1,000	-	2,000
University of the Americas, Mexico City	-	500	-	-	700	1,200
Pakistan	-	-	-	500	-	500
*Nancy Fulwood Hospital, Sahiwal	-	-	-	500	-	500

COUNTRY AND INSTITUTION	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	TOTAL
Philippines	1,300	1,200	1,100	650	2,050	6,300
*Angeles University, Angeles City	-	-	-	650	-	650
Ateneo de Davao University, Davao City	-	-	250	-	-	250
*Ateneo de Manila University, Quezon City	-	1,200	-	-	-	1,200
*Ateneo de Zamboanga, Zamboanga City	-	-	850	-	-	850
De La Salle University, Manila	800	-	-	-	-	800
*La Salle College, Bacolod	-	-	-	-	250	250
*Notre Dame of Marbel College, Korondal	-	-	-	-	950	950
*Notre Dame University, Cotobato City	-	-	-	-	850	850
Silliman University, Dumaguete City	500	-	-	-	-	500
Poland	150	750	250	325	400	1,875
American Children's Hospital, Krakow	150	750	250	325	400	1,875
Rwanda	575	-	-	-	-	575
Mugonero Hospital, Kibuye	575	-	-	-	-	575
Sri Lanka	-	-	-	-	130	130
*Eastern Technical School Inst., Batticaloa	-	-	-	-	130	130
Sudan	-	425	-	-	-	425
*Loyola Secondary School, Wau, Bahr el Ghazel	-	425	-	-	-	425
Thailand	500	1,225	700	850	1,050	4,325
Bangkok Adventist Hospital	-	725	700	-	300	1,725
*Lampang College of Commerce & Technology	-	-	-	850	750	1,600
Payap College, Chiang Mai	500	500	-	-	-	1,000
Turkey	550	680	650	1,025	1,350	4,255
Admiral Bristol Hospital, Istanbul	550	400	650	725	450	2,775
*American Collegiate Institute, Izmir	-	-	-	300	-	300
*Am. School of Languages and Art, Istanbul	-	-	-	-	400	400
Robert College, Istanbul	-	280	-	-	500	780
West Bank	-	1,000	-	-	-	1,000
*Bethlehem University, Bethlehem	-	1,000	-	-	-	1,000
Zaire	550	715	550	850	800	3,465
Good Shepherd Hospital, Kananga	550	715	550	850	800	3,465

COUNTRY AND INSTITUTION	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	TOTAL
Zambia	-	600	690	-	200	1,490
*Macha Hospital, Choma	-	-	-	-	200	200
Mwami Adventist Hospital, Chipata	-	600	690	-	-	1,290
Zimbabwe	-	-	-	-	1,000	1,000
*Simon Mazorodze Inst. for Biomed. Ed. & Res.	-	-	-	-	1,000	1,000
Worldwide	2,200	2,500	3,350	3,925	3,850	15,825
Project HOPE Schools of Health Sciences	1,500	1,500	1,500	2,000	1,550	8,050
Project ORBIS	700	1,000	1,850	1,925	2,300	7,775
Program Evaluation	-	-	-	-	50	50
TOTALS:	20,000	30,000	30,000	33,495	35,000	148,495

OFFICE OF AMERICAN SCHOOLS AND HOSPITALS ABROAD
FY 1988 APPLICANTS

REGION/COUNTRY	INSTITUTION	REQUESTED AMOUNT ($)
AFRICA		
Botswana	MARU A PULA SCHOOL	136,500
Kenya	*OUTWARD BOUND MOUNTAIN SCHOOL-LOITOKITOK	500,000
	*CHEBISAAS SCHOOL	338,000
	*UNIVERSITY OF EAST AFRICA	1,400,000
Lesotho	*MALUTI HOSPITAL	500,000
Liberia	CUTTINGTON UNIVERSITY COLLEGE	1,180,000
Zaire	GOOD SHEPHERD MEDICAL CENTER	1,410,000
Zimbabwe	SIMON MAZORODZE INSTITUTE	3,300,000
	SUBTOTAL	8,764,500
ASIA		
Fiji	*MEDICAL CENTER FOR THE SOUTH PACIFIC	1,100,000
India	*MIRAJ MEDICAL CENTER (WANLESS HOSP.)	1,294,000
	LUDHIANA CHRISTIAN MEDICAL COLLEGE & HOSP.	500,000
	*LOYOLA COLLEGE OF EDUCATION	695,840
	VELLORE CHRISTIAN MEDICAL COLLEGE & HOSP.	780,000
	*DHAMTARI CHRISTIAN HOSPITAL	780,900
Indonesia	*UNIVERSITY HKBP, NOMMENSEN	1,000,000
Korea	SOGANG UNIVERSITY	802,027
	PRESBYTERIAN MEDICAL CENTER	450,000
Micronesia	XAVIER HIGH SCHOOL, TRUK	593,250
Peoples Republic of China	AMERICAN STUDIES CENTER/T.MORGAN LIFE SCIENCE CENTER	3,500,000
	AMERICAN MEDICAL CENTER	3,000,000
	*CHINESE-AMERICAN STUDIES CENTER	1,000,000
	*SINO-AMERICAN LIFE SUPPORT & TRAUMA CENTER	1,300,000
Pakistan	*KARACHI ADVENTIST HOSPITAL	2,365,000
	*CHRISTIAN MEMORIAL HOSPITAL	650,000
	NANCY FULWOOD HOSPITAL	730,000
Philippines	*ST. LUKE'S MEDICAL CENTER	1,500,000
	*KING'S COLLEGE OF ISULAN	432,672
	DE LA SALLE UNIVERSITY	1,305,730
	*ATENEO DE NAGA	812,337
	SILLIMAN UNIVERSITY	1,300,000
	XAVIER UNIVERSITY	255,000
	TRINITY COLLEGE	1,000,000
	ATENEO DE ZAMBOANGA	195,000
Thailand	LAMPANG COLLEGE OF COMMERCE & TECHNOLOGY	1,962,500
	PAYAP UNIVERSITY	915,240
	SUBTOTAL	30,219,496

*No Prior Assistance

REGION/COUNTRY	INSTITUTION	REQUESTED AMOUNT ($)
EUROPE		
Greece	ANATOLIA COLLEGE	598,000
	AMERICAN FARM SCHOOL	650,000
Italy	BOLOGNA CENTER FOR INTERNATIONAL STUDIES	375,000
Poland	AMERICAN CHILDRENS HOSPITAL	880,000
	SUBTOTAL	2,503,000
LATIN AMERICA/CARIBBEAN		
Argentina	*CLINICA BELGRANO	875,000
Brazil	*PONTIFICAL CATHOLIC UNIVERSITY	1,600,000
	ESPERANCA	950,000
Ecuador	COTOPAXI ACADEMY	1,300,000
	*HOSPITAL VOZANDES	960,352
Guatemala	UNIVERSITY OF THE VALLEY	1,250,000
	FRANCISCO MARROQUIN UNIVERSITY	2,562,500
Haiti	AMERICAN UNIVERSITY OF LES CAYES	1,651,000
	HOSPITAL ST. CROIX	325,000
Honduras	*AMERICAN SCHOOL OF TEGUCIGALPA	1,222,500
	PANAMERICAN AGRICULTURAL SCHOOL (EAP)	3,630,000
	ESCUELA INTERNATIONAL SAMPEDRANA	1,338,396
Jamaica	*ANDREWS MEMORIAL HOSPITAL	475,000
	*ALPHA ACADEMY	500,000
Mexico	*AMERICAN SCHOOL OF MEXICO CITY	1,044,366
	UNIVERSITY OF THE AMERICAS	1,532,100
	AMERICAN-BRITISH COWDRAY HOSPITAL	1,900,000
	SUBTOTAL	23,116,214
NEAR EAST		
Egypt	COLLEGE OF THE HOLY FAMILY	275,000
	AMERICAN UNIVERSITY IN CAIRO	2,625,000
	*SCHUTZ AMERICAN SCHOOL	950,000
Israel	MOTHER AND BABY HOSPITAL	2,500,000
	GAN YAVNE YOUTH VILLAGE	300,000
	*HATSOR EDUCATIONAL CENTER	1,000,000
	SHA' ALVIM TEACHERS COLLEGE	3,000,000
	HADASSAH MEDICAL CENTER	4,130,000
	FEINBERG GRADUATE SCHOOL	1,350,000
	MACHANIAM HIGH SCHOOL	200,000
	OHR SOMAYACH SCHOOL	3,350,000
	SHAARE ZEDEK MEDICAL CENTER	1,995,000
	LANIADO HOSPITAL	500,000
	JERUSALEM COLLEGE OF TECHNOLOGY	2,850,000
Lebanon	BEIRUT UNIVERSITY COLLEGE	357,500
	AMERICAN UNIVERSITY OF BEIRUT	7,500,000
Turkey	*TARSUS AMERICAN SCHOOL	508,599
	ADMIRAL BRISTOL HOSPITAL	1,470,000
	AMERICAN GIRLS SERVICE CENTER	436,628
	SUBTOTAL	35,297,727

REGION/COUNTRY	INSTITUTION	REQUESTED AMOUNT ($)
WORLDWIDE		
	PROJECT ORBIS	2,500,000
	PROJECT HOPE	2,800,000
	TOTAL	105,200,937

77 Applicants - 26 No Prior Assistance

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
86.4 a/	29.8 b/	25.0

INTERNATIONAL DISASTER ASSISTANCE

Overview

The Office of U.S. Foreign Disaster Assistance (OFDA) is responsible for responding to disasters overseas, providing relief assistance to foreign nations, and providing non-relief programmatic assistance in contingency planning, training, preparedness, warning and mitigation.

Disaster assistance manifests the humanitarian concern of the American people. Our record of generosity and caring for disaster victims continues unabated.

The goal of this program is to save lives and reduce the suffering of victims in foreign countries stricken or imminently threatened by disaster. Reducing property loss and subsequent economic and social impacts associated with disasters are also crucial to Third World development goals.

Disasters have their origins in natural and manmade events including earthquakes, floods, storms, volcanic eruptions, tsunamis, landslides, droughts, civil strife, accidents, fires, population displacement, and epidemics.

While disasters may strike anyone, anywhere, and at any time, developing countries are particularly vulnerable. In addition to destroying lives, livelihoods, and property, disasters frequently damage the vital infrastructure needed for social and economic development.

As we seek to help relieve suffering caused by disasters, we are also able to demonstrate American goodwill, generosity, and concern for disaster victims around the world.

a/ Includes $20.0 million in obligations under regular appropriations; $8.6 million in prior year carryovers; $5.3 million for African Refugees; $500,000 for Cambodian Refugees; $50.0 million for El Salvador earthquake relief, rehabilitation, and reconstruction; and $2 million borrowed from other A.I.D. Development Assistance Accounts - $1.0 million for the Bangladesh Floods Disaster and $1.0 million for the Sri Lanka Displaced Persons Disaster.

b/ Includes $25 million under regular appropriations and $4.8 million in prior-year carryovers. Excludes $6.6 million from an FY 1987 supplemental appropriation for Southern Africa Development Coordination Committee (SADCC) states.

During the twenty-three years since its inception in 1964, OFDA has responded to 929 disasters in 132 countries in which an estimated 2.7 million people have died and over 865 million have been affected. Immediate and effective relief remains A.I.D.'s constant and primary goal in disaster assistance. Toward that goal, the A.I.D. Administrator, who serves as the President's Special Coordinator for International Disaster Assistance, maintains constant readiness within OFDA to speed relief to disaster victims wherever they may be. The effectiveness and efficiency of the U.S. Government's foreign disaster response has grown significantly over the years. Using the most appropriate resources of other U.S. Government and state agencies, the private sector and voluntary agencies, A.I.D. delivers the right commodities and services to the suffering victims as soon as possible. As victims' needs are defined, OFDA manages the relief response and supports requirements as they arise.

In fiscal year 1987, OFDA responded to an unprecedented number of disasters. In addition to the 54 disasters which were declared in FY 1987, OFDA provided relief assistance in 13 countries in response to prior year disaster determinations. OFDA administered a program totaling $30.6 million during FY 1987, of which $8.5 million went for locust control operations in Africa and the Near East. The great demand placed on time and resources by the insect infestation emergency programs did not distract OFDA from responding to life-threatening situations elsewhere in the world.

The critical needs to which OFDA responded in FY 1987 included the floods in Panama, Haiti, Chile, Bangladesh, Nepal and South Africa; devastating fires in the People's Republic of China, Argentina, Malaysia and Equatorial Guinea; earthquake disasters in El Salvador, Papua New Guinea and Ecuador; severe storm disasters in Fiji, Cook Islands, Vanuatu, Argentina, Tuvalu, Tokelau, the Maldives, Korea, the Philippines, Guinea Bissau and Bermuda; epidemics in Laos, Nigeria and Benin; civil strife and displaced persons in Sri Lanka, Haiti, Mozambique and South Africa; insect infestations in the Gambia, Chad, Mali, Sudan, Burkina Faso, Mauritania, Ethiopia, Niger, Cameroon, Yemen and Guinea Bissau; rat infestations in Chad and Sudan; drought in Ethiopia, Somalia and Botswana; and landslides in Venezuela and Indonesia.

Perhaps because of increased awareness of the threat posed by natural disasters, or perhaps because of emerging solutions to those threats, FY 1987 was a year in which major progress was made in all geographic regions seeking better protection of populations at risk to natural hazards. Forty-three countries were given emergency training opportunities in curricula ranging from fire prevention and suppression to disaster management and mitigation. The disaster management center program at the Asian Institute of Technology in Thailand was significantly expanded.

Program Strategy

Chapter 9 of Part I of the Foreign Assistance Act of 1961, as amended, authorizes assistance for relief and rehabilitation for natural and manmade disasters, as well as assistance relating to disaster preparedness,

prediction, warning and contingency planning for disasters. Four strategies address the goal of saving lives after foreign disasters as well as reducing the likelihood of loss of life in the event of disasters:

A. U.S. Government Emergency Relief Coordination: Through the use of all appropriate U.S. Government and other resources, alleviate suffering and reduce the number of deaths in the aftermath of disaster by providing efficient and rapid responses to requests for emergency relief, and enhance recovery through rehabilitation programs;

B. Host Country Institution Building: Promote self-reliance among responsible officials within target disaster-prone nations by training them in contingency planning and disaster management so as to initiate effective and efficient emergency response;

C. Technology Transfer for Hazard Assessment and Early Warning: Preserve life and prevent suffering through disaster avoidance by providing sufficient warning of those natural events which cause disasters; and

D. Promotion of Disaster Mitigation: Reduce the loss of life by introducing risk analysis and investment decisions for improved building technology to mitigate the impacts of probable disasters.

Emergency relief has been the primary goal of A.I.D.'s disaster assistance program since 1964. Contingency planning and preparedness have been instrumental in assisting disaster-prone nations achieve greater self-reliance since 1969. Disaster prediction and early warning have been addressed at the national, regional and worldwide levels since 1979. In the past few years A.I.D. has identified and continues to demonstrate the effectiveness of disaster mitigation and early warning.

The significant demands for assistance in 1987 and new opportunities for hazard analyses, contingency planning, preparedness, warning and mitigation have led OFDA to set program priorities in terms of available resources and likely threat of disaster. This process has resulted in a pragmatic strategy which takes regional and country priorities into account, as well as the social, political and economic aspects of disaster response, and depends increasingly on co-funding commitments by A.I.D. geographic bureaus and other donors.

OFDA's Office of the Director sets policy, determines strategy, ensures compliance with the Congressional mandate and A.I.D. and U.S. Government policy and regulations, supervises and evaluates program elements, and manages the administrative functions of the office. Three regional divisions -- Africa and Europe, Asia and the South Pacific, and Latin America and the Caribbean -- plan relief and rehabilitation strategies, develop contingency planning, early warning and mitigation activities, and are responsible for ongoing relationships with regional bureaus in the State Department, A.I.D., and the field missions. The Operations Support Division oversees the personnel, fiscal, procurement and logistics functions of the office; handles relief operations during disaster responses; provides for liaison with other U.S. governmental agencies; and

facilitates the augmentation of resources from these agencies and the private sector. The FY 1988 regional division strategies, program priorities and direction are presented in subsequent sections.

FY 1987 Program Accomplishments

OFDA administered a total of $30.6 million during FY 1987, including $20.0 million in regular appropriations, $8.6 million in prior year carryovers, and $2.0 million borrowed from other A.I.D. accounts. Of this amount, $25.8 million was obligated for emergency relief and $4.8 million was used for stockpiles ($0.6 million) and non-relief program activities such as preparedness, mitigation, and early warning ($4.2 million). (Of the $86.4 million obligated under the International Disaster Assistance account in FY 1987, $50 million was administered by the A.I.D. mission in El Salvador for earthquake relief, rehabilitation and reconstruction; $5.3 million was for African Refugees; and $500,000 was for Cambodian Refugees.)

Disaster Relief and Rehabilitation

The $25.8 million obligated by OFDA for disaster relief and rehabilitation was in response to 54 disasters declared in FY 1987, 18 prior-year disasters, and four non-declared disasters.

Disaster relief and rehabilitation funds were apportioned by region as follows:

FY 1987

Region	Obligations from Regular Appropriations (IDA and Other A.I.D. Accounts)	Percent
Africa	$16,537,964	64.24
Europe	47,567	.18
Central America	1,324,115	5.14
South America	3,273,815	12.72
Caribbean	148,488	.58
Asia 1/	3,727,933	14.48
Near East	135,598	.53
Pacific	549,257	2.13
	$25,744,737	100.00

1/ Includes $2.0 million borrowed from other A.I.D. accounts: $1.0 million for the Bangladesh floods disaster and $1.0 million for the Sri Lanka displaced persons disaster.

to help those fighting the inferno, for a total of $90,000 in aid. The U.S. ambassador also contributed an OFDA grant of $25,000 to be used toward humanitarian assistance.

- El Salvador Earthquake

Downtown San Salvador and surrounding residential neighborhoods were devastated by two earthquakes that struck El Salvador on October 10, 1986, and by subsequent aftershocks that continued through October 13. Based upon successful efforts by U.S. search and rescue (SAR) teams responding to the September 1985 earthquakes in Mexico, OFDA sent a contingent of SAR specialists to dig survivors out of the rubble. U.S. Government relief efforts concentrated on providing medical supplies and personnel to care for the injured and shelter supplies for the homeless. Emergency items for the latter included plastic sheeting, water tanks, blankets, and tents. In addition, three shelter specialists were sent to assess need for future rehabilitation efforts. The U.S. Government also arranged on a reimbursable basis the transport of relief supplies and personnel from Europe and Costa Rica in an effort to further international cooperation. In all, OFDA provided nearly $1.3 million in emergency relief personnel, services, and material to El Salvador. The U.S. Government also provided food aid valued at $1.078 million.

- Mozambique Civil Strife

The situation in Mozambique continued to deterioriate as a result of the constant civil strife and the return of drought conditions in the southern provinces. As many as 4.5 million people were in need of emergency food rations, according to the Government of the People's Republic of Mozambique. On March 31, the United Nations Secretary General called an emergency donors meeting to appeal for assistance for Mozambique. Over $200 million worth of assistance was pledged by all donors at the conference, including $76 million by the U.S. Government for food and non-food assistance. The U.S. Government contributed 150,044 MT of food in FY 1987, more than any other single donor. OFDA provided $8.2 million in grants to private voluntary agencies and international organizations working in Mozambique. CARE manages a logistical support agency, which distributes most of the donated food in the country. World Vision provides seeds, fertilizer, and tools to farmers. With a donation from OFDA, the United Nations Children's Fund (UNICEF) bought vital medicines to restock health centers and clinics. OFDA also provided funds to the International Committee of the Red Cross (ICRC) to furnish emergency medical supplies and food to affected populations.

Non-relief Activities

Obligations for non-relief activities (preparedness, mitigation, and early warning) and stockpiles totaled $4.8 million in FY 1987. Programs developed on a regional basis are described below.

Of the 54 declared disasters to which OFDA responded, 12 were for insect infestations in Africa and the Near East. The following were also particularly significant:

- Bangladesh Floods

Heavy and continuous monsoon rains during late July and early August 1987 caused severe flooding along the major river basins in Bangladesh. Over 29 million people were affected and 1,786 died as flood waters engulfed a 22,000 square mile area in the north and northwest. Besides the extensive damage to homes and infrastructure, the aman rice crop, which represents over 50% of total food grain production, was seriously affected. The U.S. Government contributed $25,000 initially to the national relief fund. Then in response to a request from the Bangladesh Government (BDG), OFDA coordinated a successful search for a special variety of wheat seed which could meet the requirements for the region and be used as a dry weather crop to replace the lost paddy. A $1,535,000 grant was made available to the BDG to procure 3,500 metric tons of Seri-82 wheat seed to arrive in Bangladesh by November 8, in time to be distributed to farmers before the start of the winter planting season. This amount of seed, under normal weather conditions, should yield a harvest of 75,000 metric tons by April 1988.

- Ecuador Earthquake

On the evening of March 5, northern Ecuador was jolted by earthquakes measuring 6.0 and 6.8 on the Richter Scale, which were followed by more than 500 aftershocks. Huge mudslides caused by the first quake formed natural dams across rivers which subsequently broke, sending torrents of water, mud, and debris through the river channel. Villages were buried, the only road through the region was washed out, and twenty to thirty kilometers of the country's main oil pipeline were destroyed. Hundreds perished, close to 60,000 people were left homeless, and eastern Napo Province was virtually isolated. At the request of the Government of Ecuador, OFDA immediately sent tents, plastic sheeting, and wool blankets to aid displaced persons. To meet the urgent need to reestablish transportation linkages into Napo Province, OFDA purchased and transported eleven bridges to help complete a road reaching the region through a southern route. Total U.S. Government assistance, including the value of donated food stocks, amounted to $6.4 million.

- China Fires

Fires erupted on May 6 in the forest of northeastern China and spread quickly under the existing dry and windy conditions. The lack of water on the hillsides and the rough terrain hampered firefighting efforts. By the time the blazes were extinguished, nearly a month later, close to 200 people had died, a million hectares of land had been scorched, and buildings, vehicles and infrastructure had been destroyed. U.S. Government officials, concerned by the enormity of the fires, sought ways that the U.S. might be of assistance. OFDA dispatched 500 sets of fire-resistant clothing, 200 backpack water pumps, axes, saws, shovels and other equipment

Latin America and Caribbean Region

During FY 1987, OFDA obligated some $2.23 million in non-relief program funds in a number of priority areas in the Latin America and Caribbean region, and leveraged thousands of dollars more from other donors in support of disaster mitigation and preparedness activities. For example, the Partners of the Americas grant program raised contributions in excess of 8:1 for every dollar provided by A.I.D. During the year OFDA stationed a regional advisor in Lima, Peru. This initiative coupled with increasing A.I.D. mission co-funding of disaster-related activities demonstrates the importance and concern missions have for the impact of disasters on the development process. For example, A.I.D. missions co-funded projects in Honduras, Costa Rica, Brazil, El Salvador, Guatemala, Ecuador, and Peru during FY 1987.

OFDA's major grants to the Organization of American States (OAS), the Partners of the Americas, and the Pan-American Health Organization (PAHO) have been redirected towards enhanced coordination with the private sector. Grantees are increasingly more responsive to OFDA priorities and follow-on grants are now firmly based on successful results of the past.

The cooperation and shared support between OFDA and the Department of Defense (DOD) continued throughout FY 1987. Following the Ecuador earthquake in March, with OFDA financial support, DOD procured and shipped 16 bridges, opening a vital commercial and life-preserving link to 125,000 people in the Napo region isolated after the earthquake.

Several major OFDA preparedness projects were completed in FY 1987. These included: 1) the final installation of an automatic earthquake detection and location system in Peru, 2) a central Peruvian earthquake strainmeter network for prediction, 3) the near-shore tsunami warning system test and evaluation in Valparaiso Harbor, Chile, 4) the delivery of radios to the Red Cross in the Bahamas and Belize and 5) the conclusion of a five-year support program to the Pan Caribbean Disaster Preparedness and Prevention Project.

Asia and Pacific Region

A number of important activities were completed in FY 1987 in the Asia and Pacific Region. Most notable was the installation and operation of the South Pacific Severe Storm Detection and Warning System in cooperation with the National Aeronautics and Space Administration (NASA) and the Fiji Meteorological Service. OFDA supported several training opportunities for foreign participants in FY 1987, including contingency planning for oil spill response in the Pacific. In addition, OFDA funded the Earthquake Engineering Research Institute (EERI) to conduct a study entitled "The International Cooperative Program for Earthquake Hazard Mitigation"; provided a technical consultant to assist a World Bank reconstruction assessment team mission to Sri Lanka in the wake of civil strife; and funded a consultant to assess the training methodology at the Asian Institute of Technology's Asian Disaster Preparedness Center in Bangkok.

During FY 1987, the Department of Defense (DOD) interventions in the South Pacific received high visibility and praise from U.S. Ambassadors. The use of the Marines and SEABEES in the Solomon Islands severe storm and flood disaster and deployment of an Air Force construction team in the Cook Islands storm disaster were excellent examples of increasingly close cooperation and mutuality of interests between AID/OFDA and the DOD.

The Asian Disaster Preparedness Center (ADPC) at AIT, which provides host country participant training in disaster management and planning, is the only regional institution of its kind. A measure of its success has been the direct management of crises in host countries by "graduates" of the AIT/ADPC program. Examples are the Philippine participants who marshalled host country resources to manage recent cyclone disasters and the management of the Sri Lankan crisis by the Minister of Rehabilitation, also an AIT/ADPC participant.

OFDA also supported the completion and publication of macroseismic, earthquake intensity, and seismotectonic studies of Southeast Asia, as well as risk maps of each country in the region. This was accomplished by the Southeast Asia Association of Seismology and Earthquake Engineering (SEASEE). These materials provide extraordinary baseline information for engineering design of buildings, preparation of construction codes, mitigation planning, and the raising of public awareness regarding earthquake threat.

Africa and Europe Division

The 1987 locust control program in Africa is a direct result of an 18-month effort that began with the spring rains of 1986. The year 1986 was the first time in 60 years that five different species of migratory grasshoppers and locusts had hatched at the same time. OFDA and other donors rushed assistance to the affected countries in the late summer, particularly for aerial spraying operations, in order to prevent massive crop losses. In 1987, donors laid the groundwork for a more comprehensive and preparatory control effort. OFDA again led the multinational assault on the grasshoppers and locusts by providing $8.5 million in FY 1987 for aerial and ground spraying support, pesticides and technical assistance in 11 affected African countries. A.I.D.'s Africa Bureau obligated an additional $4.0 million in FY 1987 to avert disaster in Africa. As a result of the 18-month successful international effort and low rainfall in 1987, the grasshopper population was kept under control. The collective experiences of donors, host countries and international control organizations in 1986 and 1987 provided the foundation necessary for local crop protection agencies and institutions to sustain their intervention levels and combat further infestations.

In FY 1987, host governments and international donors gained experience in the safe handling and disposal of toxic chemicals used in the locust control campaign. OFDA assisted the international donor community concerning the environmental issues and helped coordinate the selection and procurement of required chemicals based on a thorough knowledge of their toxic properties. OFDA designed and conducted several workshops dealing with pesticide management problems and dangers which trained local participants to recognize potential chemical hazards.

During FY 1987, OFDA addressed field mission concerns about neglected, over-aged, and dangerously deteriorating pesticides left over from past campaigns. The effort focused on raising host-country awareness and determining the range of options available for safe and effective disposal or containment of these chemicals. OFDA brought together a six-person team of U.S. and international experts to deal with the problem. Site visits by the team and discussions with the host government crop protection services and international control organizations were well received, and some of the team's recommendations are already being acted upon. Insistence on making this a collaborative international mission has brought about increased visibility and a greater sense of responsibility on the part of other donors.

Also in FY 1987, OFDA provided funding for a child-family reunification program in Ethiopia's Gonder Province. The purpose of the program is to reunite with surviving family members children who were orphaned during the 1984-85 famine or lost during resettlement. A private voluntary organization coordinates the activity.

FY 1988 Program

The International Disaster Assistance account for FY 1988 totals $29.8 million of which OFDA is administering $28.0 million. This includes $25.0 million in regular appropriations and $3.0 million in prior-year carryovers. In addition, OFDA is administering $6.6 million in supplemental funds appropriated for the Southern Africa Development Coordination Committee (SADCC) states. OFDA's regular appropriations level of $25.0 million has been allocated as follows: $18.0 million for worldwide disaster relief, rehabilitation, and stockpiles; $1 million for Africa post-famine orphans; and $6.0 million for non-relief programmatic activities. The balance ($6.6 million for SADCC and $3.0 million carryover) will be used for emergency relief. The FY 1988 Continuing Resolution earmark of $1 million for Africa orphans will be used to continue assistance to children who have become orphans as a result of drought and famine in sub-Saharan Africa. The non-relief activities are discussed by region below.

Latin America and Caribbean Region ($3.0 million):

In FY 1988, OFDA will continue to implement its strategy of focused financial and technical support to targeted priority countries in the Latin American region -- Peru, Ecuador, Honduras, Jamaica and Guatemala. Additionally, support for the Organization of Eastern Caribbean States (OECS) will continue. The FY 1988 goals are to:

1) establish disaster preparedness activities in each target country as an integral component of the A.I.D. mission and host government economic development strategy;

2) design a system to ensure the continued use and advancement of trained host-country emergency management personnel as the means to achieving greater self-reliance;

3) establish region-wide criteria which define and prioritize emergency relief response actions by disaster type and form of relief;

4) establish a bilateral donor coordination group which meets regularly and routinely exchanges information on policy, programs, and planning in disaster-related assistance to Latin America; and

5) establish not less than four co-funding arrangements with other donors (i.e., A.I.D. missions, international development banks, private sector, private voluntary organizations) for major disaster preparedness or related activities within the target countries above.

FY 1988 will yield significant advances in disaster technical assistance, host country participant training, institution building, and technology transfer. These efforts will continue to accelerate during the FY 1989 program cycle as we prepare host governments to actively participate in the International Decade for Natural Hazards Reduction (IDNHR). OFDA has contract regional disaster preparedness advisors now stationed in Lima, Peru, and San Jose, Costa Rica, to provide guidance and management experience.

Under a new contribution agreement, the Organization of American States (OAS) will build upon its previous work in the collection and analysis of natural hazard event and assessment information to assist countries in the Caribbean Basin strengthen their local and national disaster preparedness organizations. In a related new agreement, the OAS will provide technical assistance to disaster preparedness and sectoral infrastructure agencies in major metropolitan areas of Latin America to enable them to gather, store, analyze and retrieve mapped natural hazard information to assist in the identification of the most vulnerable population centers for disaster response and emergency relief actions.

Another major FY 1988 program involves the Pan American Health Organization (PAHO). Under a new five-year grant, OFDA and PAHO will continue to promote and support the strengthening of technical programs within Ministries of Health for ongoing predisaster planning and coordination of health sector relief activities. The grant will also promote and support the training required for an effective health response and stimulate close cooperation between Ministries of Health and other responders in Latin America.

OFDA will continue its grant with Partners of the Americas with a focus on 12 target countries. The goal is to expand and improve community-based programs of disaster prevention, preparedness, and emergency management. The grant will also identify appropriate U.S. emergency management specialists at all administrative levels to provide training, technical support and institutional linkages with "partner" groups in Latin America and the Caribbean. A major undertaking this year will be a regional Caribbean training workshop on hazardous materials management.

Continued funding will be provided to the United Nations Disaster Relief Office to expand the work begun in Ecuador related to the significant volcanic hazards present in this Andean nation. Telemetered volcano monitoring equipment will be deployed on those eight volcanoes with the greatest threat to population centers; hazard maps and evacuation plans will be produced and field-level simulation and training exercises conducted with Civil Defense authorities.

Work will also continue under a cooperative agreement with the U.S. Geological Survey (USGS) in the development and implementation of a Volcano Disaster Assistance Program. Under this program the USGS has established operational readiness for a Volcano Crisis Assistance Team staffed by qualified experts. Additionally, a dedicated volcano monitoring equipment cache for rapid deployment in the Latin America region is prepared and functional. During this year the cache will be maintained and upgraded; work will progress on the preparation of comprehensive data bases; technical and disaster management liaison will be further enhanced; and ongoing support of regional volcano centers in Colombia, Costa Rica, Guatemala, Ecuador and Peru will be increased.

As a follow-on to an innovative demonstration by the Foundation for Global Broadcasting of "Lifenet," a communications satellite-based damage assessment system, OFDA will this year undertake a major teleconference on volcano risk and evacuation planning. This event will be broadcast live, simultaneously from Costa Rica, Guatemala, Colombia, Ecuador and the U.S. Cascades Volcano Observatory. The participants will include all the senior officials from each country who, in times of crisis, would lead a disaster relief operation following a volcanic eruption.

This fiscal year will see significant progress toward completion of a national, integrated, multi-institutional seismic and volcano monitoring network in Costa Rica. Equipment will be installed and a hazards and risk assessment of the Central Valley completed and maps prepared. Training will also be provided to Costa Rican counterparts and revisions to the national building code developed.

Asia and Pacific Region ($2.0 million)

FY 1988 program activities within the Asia and Pacific region will continue to build on currently successful institutional development and technical assistance activities begun under the 1987 strategy and include important new initiatives as well. The three-year strategy is designed to increase disaster management and preparedness capabilities, contingency planning for likely disasters within population centers, and warning technology applications and mitigation effectiveness. These objectives will be further developed in the target countries including Fiji, Bangladesh, the Philippines and Nepal. Although continuing economic, social and political problems will challenge many of the future project activities, we plan to ugrade the Fiji Meteorological Service high resolution satellite receiving station at Nadi in cooperation with NASA; to support through the Smithsonian Institution the Bangladesh storm warning public awareness activity; and to begin implementation of a comprehensive program of technical and public information dissemination on typhoons, floods, and other natural hazards in the Philippines which will continue over a three-year period.

One of OFDA's most important activities, the Asian Disaster Preparedness Center (ADPC) at the Asian Institute of Technology, is expanding rapidly and becoming recognized as a regional center of excellence in disaster management and technical assistance. OFDA will continue to provide support to qualified individuals within the region to attend courses and seminars held at the ADPC. In FY 1987 OFDA provided a three-year grant in support

of the two-year old ADPC. The current grant is designed to phase down U.S. Government institutional support as the center gains other donor support. The center serves as a collaborating agency with United Nations emergency offices as well as providing regional outreach to OFDA. This is one of the positive developments which have reinforced the advantages of working in concert with other international organizations in coordinated regional programs. Toward this end, OFDA plans increased technical assistance through multilateral and regional resources.

OFDA, in cooperation with the USGS, will conclude the Indonesia Volcano Monitoring and Research Program this year. The activity began in 1985 and has been an excellent example of the application of technology, technical assistance, and institution building at the host country level. This effort will culminate in the preparation of detailed reports and maps assessing the volcano hazard in Indonesia and recommending monitoring strategies and evacuation routing for those at highest risk.

In the spring of 1987 OFDA had completed the installation and preliminary training-related requirements for a $800,000 joint OFDA/NOAA-NASA satellite ground station in Fiji which has become the primary tool supporting the Fiji Meteorological Service in its role as the regional tropical cyclone warning center for the Southwest Pacific. OFDA is currently providing critical upgrading of the South Pacific Severe Storm Detection and Warning System (E/SPSSD/WS) under an agreement with NASA. The continued support of this system will ensure that more than 4.3 million people scattered in an area larger than the United States will receive an uninterrupted and improved early warning of storms, cyclones, and dangerous flooding due to storm surge.

Strengthening Disaster Preparedness and Disaster Management in Indonesia is a three-year OFDA grant activity with the United Nations Development Program, which was fully funded in FY 1986 in the amount of $700,000. A tripartite review conducted at the end of the first year of the project indicated that project objectives were generally on schedule. In 1988, the significant accomplishments will be completion of a key provincial-level interdepartmental staff refresher course and mobile team training for Region I. We also expect completion of the disaster assessment handbook. Final conclusions and recommendations on the assessment will be made available to national-level policy makers and planners. Complete preparations for implementation of an integrated risk monitoring system will be in progress this year.

An exciting spin-off of this training project has been the unexpected evolution of the project's administrative offices into a functioning Indonesia Disaster Management Center (IDMC). In 1988 the IDMC will continue to be the principal mechanism for OFDA-funded technical assistance and training in Indonesia.

Africa and Europe Region ($1.0 million)

To provide a forum for an exchange of lessons learned in locust/grasshopper control for African countries, OFDA hosted a workshop in the Washington, D.C. area in January 1988. The workshop convened experts from A.I.D., industry, government and several universities to examine lessons learned

concerning assessments, pesticides, equipment, training and control activities. The workshop allowed us to document strengths and recommend needed improvements for future activities, with special emphasis on A.I.D. mission planning for locust control campaigns and applications of emerging technologies.

OFDA's policy of advocating earthquake risk-reduction techniques will be continued through FY 1988. Additionally, OFDA will begin to develop a strategy for effectively managing emergency responses in several European and Mediterranean countries. We will begin to identify and develop appropriate linkages with DOD and North Atlantic Treaty Organization resources and elements within the European Economic Community. Our strategy will include determining U.S. Government emergency response strengths, implementation capabilities, reaction time and logistical constraints. This planned activity will enable A.I.D. and the Department of State to better prepare for a possible major European earthquake disaster in the future.

Disaster response actions in Africa will undoubtedly dominate OFDA staff time in FY 1988, with particular attention focused on Ethiopia, Sudan, and Mozambique. Much of the program efforts will concentrate on effective management of operations, transfer of technology to host country and regional institutions, transfer of long-term response activities to A.I.D.'s Bureau for Africa, and documentation of lessons learned for improving the development process as it relates to the impacts of disasters and environmental hazards. OFDA will continue to work closely with the Bureau for Africa to define the Agency's requirements for monitoring food shortages, nutritional deficiencies, and potential famine in Africa under the Bureau's Famine Early Warning System (FEWS).

FY 1989 Program

OFDA is requesting $25.0 million for International Disaster Assistance in FY 1989. The proposed program includes $19.0 million for worldwide disaster relief and $6.0 million for non-relief activities, discussed more fully below by region.

OFDA's emergency relief coordination capability, which supports the primary goal of saving lives and reducing suffering, will become increasingly more sophisticated in FY 1989 due to improved regional and global communications systems, full implementation of incident command and control procedures and management, and close cooperation with and support from Department of Defense regional commands. Declared disasters will continue to be managed by senior staff within each geographic division of OFDA. Emphasis will be placed on using knowledgeable AID/Washington regional bureau personnel and field mission expertise in linking the most appropriate disaster response to strategic planning for development. In FY 1989, OFDA expects to fully utilize satellite-based portable communications between disaster sites, A.I.D. missions, and Washington, including on-site disaster data transmission and instaneous communications.

A number of objectives will be pursued by OFDA's Operations Support Division in FY 1989 in support of the geographic divisions. These include the following: 1) systematically define OFDA's operational response criteria, 2) revise action procedures including documentation of lessons learned, 3) improve emergency planning based on increased warning leadtimes, 4) make more effective use of DOD logistical support, 5) establish procedures for increased use of local currency for local purchase of emergency commodities, and 6) deploy search and rescue assistance teams when necessary.

These objectives will integrate a number of major tasks which support OFDA's long-term strategy to 1) save lives and reduce suffering, 2) demonstrate U.S. humanitarian concern for victims of foreign disaster, and 3) demonstrate the capability of U.S. Government technical assistance and command and control in support of both OFDA field operations and host country disaster management.

To significantly improve its worldwide emergency relief operations in FY 1989, OFDA will implement the following initiatives: 1) stockpile light extrication search and rescue equipment, 2) develop closer ties with the emergency medical and mass casualty experts, 3) establish new co-funding agreements with other agencies of government, 4) enhance contingency planning at the regional and host country levels, and 5) deploy state-of-the-art communications equipment for emergency use as required.

Latin America and the Caribbean ($2.0 million):

FY 1989 will see a continued emphasis on the initiatives begun in 1987 and 1988, with priority placed on encouraging the respective host governments, the A.I.D. missions, and other donors to join with OFDA in supporting and funding a wider range of interrelated disaster management activities. This is especially important given the tighter budgetary constraints and increased requirements for disaster relief assistance. With the increased understanding within the international development community of the interrelationships between hazard analysis, disaster preparedness, and economic development, OFDA will further highlight the significant natural hazards affecting the Latin America and Caribbean region. The final USGS Circum-Pacific Seismic Gap maps will be made available and the risk maps of South America earthquake, volcano and fault analysis will be disseminated to all participating governments, agencies and institutions in the private sector.

Early in FY 1989 we will use this and other hazard analysis material being supported through OFDA funding to mount a concerted effort at increasing hazard awareness, not only within A.I.D. but also within important international development funding agencies such as the World Bank and the International Monetary Fund (IMF). OFDA's efforts will be directed toward the hazards related to future development investments as well as to existing infrastructure and vulnerability of population centers.

The goal of the LAC region's host country disaster management strategy for FY 1989 is to document the capabilities, responsibilities, and lines of authority of appropriate lead agencies in all countries within the region. OFDA will concentrate on designing systems for increasing self-reliance and

operational readiness at the national level which substantially contribute to well-defined host government disaster management objectives in five priority countries. We will also focus on developing regional approaches for intergovernmental cooperation and bilateral support in disaster emergency response and problem-focused emergency training initiatives. By the end of FY 1989, we expect to have demonstrated significant accomplishment towards meeting host country disaster management objectives and be ready to begin the process anew in additional disaster-prone countries.

This effort becomes even more critical in light of the findings of the USGS that over the next decade billions of dollars will be lost due to damages caused by natural disasters worldwide. The USGS has indicated that by applying known earthquake mitigation techniques at an estimated additional 10% in construction costs, damage reduction of 50% to 75% can be achieved.

Combining these stark facts with the human loss we have seen over the last several years in the LAC region and the fact that more lives are in jeopardy each year due to urbanization and increased numbers of people living in marginally safe areas, it is clear that natural hazards awareness and accelerated training in disaster management and mitigation should be factored into development strategies.

In cooperation with participating international organizations, donors, and the UN system, OFDA will prepare for the International Decade for Natural Hazards Reduction (IDNHR), scheduled to begin in 1990. Work towards accomplishing the above objectives and related tasks will be integral to strengthening the IDNHR at the national level of participating third world countries in Latin America. In FY 1989, we anticipate supporting a number of the IDNHR program goals in several priority countries.

In FY 1989, OFDA will assist the World Bank, PAHO, Partners of the Americas, and the reinsurance industry to improve disaster planning based on probability assessments of large earthquake occurrence on the margins of the Circum-Pacific region. Also OFDA will strive to incorporate earthquake hazards mapping results and real-time earthquake location analysis into its LAC regional disaster planning strategies and disaster simulation exercises.

Asia and Pacific Region ($2.0 million)

OFDA will establish an Asia/Pacific Regional Hazards Reduction Network consisting of three integrated sub-regional networks (South Asia, Southeast Asia, and the Pacific) in FY 1989. Within twelve months, the network, composed of host country experts, institutions, agencies and organizations, will have prepared a comprehensive Asia region strategic plan to significantly reduce population vulnerability to natural hazards during the next decade. A series of regional workshops will be convened to review current knowledge of hazards within each sub-region and to develop elements of the draft strategic plan to reduce vulnerability.

In additon to the above, OFDA will place increasing emphasis on established regional centers of excellence (University of Hawaii; Asian Institute of Technology; disaster preparedness institutions in India, Indonesia, Philippines) in building national and local community preparedness,

mitigation and response programs. Highest priority will be placed on improving early warning systems to forecast geological/ hydrological and meteorological disasters and on strengthening the capacity of endangered populations to respond to these disaster threats. To accomplish these ends, OFDA will concentrate on awareness-building within the development planning as well as the disaster assistance community. As in FY 1988, specific country targets will be designated for implementation of host country disaster preparedness projects. Flooding, landslides, volcanic eruptions and severe storms will receive priority treatment in terms of the hazards for which early warning, preparedness and mitigation will be directed. Additionally, new concentration will be placed on industrial accidents, including chemical explosions, pollution and toxic waste management in the Asia and Pacific region.

OFDA's disaster monitoring technology transfer program for the region in FY 1989 will focus on strengthening institutional linkages among host country and other early warning system operators, international organizations and host country disaster management authorities. The objective of this strategy is to provide quick, accurate, and usable information to A.I.D., American Embassies, and host country disaster managers for rapid decision-making whenever possible. Toward this end, OFDA will maintain a regional volcano crisis assistance capability on call through an agreement with the USGS and will begin to demonstrate the use of geographic information systems methodology for disaster evacuation planning.

In the Asia and Pacific region in FY 1989, where feasible, target host countries will be given the opportunity for greater participation in the use of storm probability forecasting techniques to improve their disaster warning leadtimes and emergency evacuation procedures. Closer working relationships between early warning agencies and Civil Defense authorities and other decision-makers will be developed with OFDA and A.I.D. mission assistance.

In FY 1989 priority will be placed on encouraging self-reliance and sound financial and budgetary planning for operations, equipment maintenance, and emergency relief response. We will concentrate as well on building disaster preparedness and mitigation strategies into development goals and objectives at the host country level by ensuring that vulnerability to hazards is considered in the A.I.D. project planning cycle of the Asia Bureau's programming process.

OFDA will accelerate contingency planning with DOD technical and managerial assistance and will develop disaster simulation activities based on identifiable quantified threats. We will seek to delineate in-country emergency response resources and will develop specific plans and milestones to measure progress towards host government disaster management institution-building, including training of key policy level and operational individuals.

In FY 1989, OFDA plans to develop host country disaster management constituencies through the efforts of several regional emergency management advisor(s). This position will integrate current and planned warning systems, evacuation planning, medical first-response capability (i.e., Red Cross liaison) and private voluntary organization (PVO) activities and coordination. The individual selected will establish measurable objectives

in each priority country, evaluate progress on an annual basis, and develop action plans for each country which link A.I.D. mission disaster management with the donor community, PVOs, A.I.D. regional Bureaus and OFDA in times of disaster.

Africa and Europe Region ($2.0 million):

In FY 1989 OFDA will strive to integrate OFDA and A.I.D. mission planning through linkages with Country Development Strategy Statement objectives, the use of local currency, A.I.D./Washington regional bureau planning, and other donor programs. OFDA will promote co-funding with A.I.D. missions and/or other agencies or international organizations in project development activities. We will identify environmentally sensitive projects initiated by other organizations and work, as appropriate, to ensure that adequate disaster mitigation strategies are incorporated in project design. Wherever feasible, we will attempt to map out strategies and seek interagency cooperation to link other development programs to OFDA and A.I.D. mission disaster-related initiatives.

In the area of drought and famine surveillance, OFDA will continue in FY 1989 to serve in an advisory capacity to A.I.D.'s Office of Food for Peace (FFP) and Africa Bureau in support of famine early warning systems implementation and decision-making. OFDA anticipates the coordinated implementation of a Famine Early Warning System (FEWS) for Africa for FY 1989 under Bureau for Africa funding and management. FEWS is expected to be an essential tool in providing and analyzing information needed to help decision makers at all levels achieve food security for the people of Africa.

OFDA will identify a select group of host country individuals previously trained under OFDA auspices to convene regional disaster management symposia where strategic plans are drawn up to deal with potential disaster threats on a regional basis. These symposia will further document progress in self-reliance at the regional level in Africa. Technology transfer, as well as training activities, will be centered more on problem-focused initiatives whereby A.I.D. missions in Africa, host country authorities, A.I.D.'s Bureau for Africa and OFDA officials agree upon the specific goals and objectives of a particular training activity as it relates to a well-defined, disaster-related problem.

In recognition of the extraordinary locust plague of the preceeding two and one-half years, OFDA will pay particular attention to dealing with the special problems of locust and grasshopper outbreaks in the context of Mission Disaster Relief Plans. Towards this end, A.I.D. missions will be urged to update their plans to reflect host country action plans and resource inventories, as well as obvious gaps and weaknesses of the system. Where necessary, OFDA will provide technical assistance. The disaster planning process will also identify training needs. Familiarity with the concerns of individual locust-outbreak countries gained through the activities of 1986-88 will have identified those countries who would welcome, and would benefit by, testing of various pest control methods. Cost of tests will continue to be shared by OFDA and A.I.D.'s Science and Technology Bureau. There is urgent need to explore alternative control techniques aimed at eventually replacing chemicals as the principal locust

control method in Africa. Together with other A.I.D. Bureaus, OFDA will continue to promote workshops on pest and pesticide management with particular emphasis on safe storage, handling and disposal of pesticides in the African setting. In addition, the fragility of Sahelian country economies will continue to render them vulnerable to exaggerated consequences of disasters. A major constraint to providing emergency assistance involves mobilization of in-country response infrastructure. OFDA's objective will be to continue to support early warning systems to identify potential disasters as soon as possible.

U.S. Foreign Disaster Assistance FY 87+
OFDA Administered Funds
October 1, 1986 - September 30, 1987

COUNTRY	DATE	DISASTER	DEAD	AFFECTED	AMOUNT($)	TYPE OF ASSISTANCE
Africa Regional*[1]	00/00/86	Insect Infestation	-	-	35,762	TDYs of experts to review/plan control campaigns
Africa Regional[1]	00/00/87	Insect Infestation	-	-	154,478	Assessment team; pesticide safety training experts
Argentina	01/30/87	Fire	-	152,000	85,860	USFS assistance; Ambassador's Authority used for local purchase of firefighting equipment
Argentina	02/23/87	Storm	1	1,000	5,000	Ambassador's Authority used for local relief program
Bangladesh	08/18/87	Flood	1,786	29,700,000	1,560,000[2]	Ambassador's Authority donated to BDG relief fund; grant to BDG for wheat seed procurement
Benin	03/20/87	Epidemic	24	56	13,050	Ambassador's Authority used for purchase of vaccines
Bermuda	09/25/87	Hurricane	-	0	9,000	Coast Guard airlift of 150 rolls of plastic sheeting
Botswana	04/09/87	Drought	-	671,000	25,000	Ambassador's Authority used for local relief program
Burkina Faso	02/21/87	Insect Infestation	-	-	421,732	Disaster Relief Coordinator; helicopter support; pesticides; entomologist
Burkina Faso*	11/27/84	Drought	-	-	102,512	Additional funds for dam/spillway repairs
Burkina Faso*	06/26/86	Insect Infestation	-	-	29,277	Repair and replace 12 water tanks to Leghorn stockpile
Cameroon*	08/25/86	Lethal Gas Eruption	-	-	56,352	Topographic maps; final report; TDYs to investigate report of second Lake Nyos eruption; USGS support
Cameroon	03/24/87	Insect Infestation	-	-	10,000	Communications specialist
Chad	02/12/87	Insect Infestation	-	-	1,254,211	Technical assistance; procurement and transport of pesticide; contract for aircraft
Chad	06/30/87	Rat Infestation	-	-	23,515	Local support for control program; rodenticide
Chad*	07/25/86	Insect Infestation	-	-	1,955	Meeting of experts to discuss locust control program
Chile	07/17/87	Flood	55	116,364	503,450	Ambassador's Authority; blankets; grants for emergency shelter
Chile*	03/05/85	Earthquake	-	-	12,319	Replace 5,999 water jugs to Panama and New Windsor stockpiles
China, P. Rep.	05/19/87	Fire	191	56,092	90,000	Ambassador's Authority; fire-resistant clothing and equipment
Cook Islands	01/03/87	Cyclone	0	2,000	26,761	Ambassador's Authority used for local purchase of building materials and relief supplies; transport of tarps
Dominican Rep.[1]	00/00/87	Hurricane	-	-	15,000	Pre-disaster; DOD airlift of assessment team
Ecuador	03/08/87	Earthquake	300	75,000	2,635,586	DOD airlift of tents, blankets, and plastic; USGS specialist; bridges and related costs; replacement of blankets

U.S. Foreign Disaster Assistance FY 87+
OFDA Administered Funds
October 1, 1986 - September 30, 1987

COUNTRY	DATE	DISASTER	DEAD	AFFECTED	AMOUNT($)	TYPE OF ASSISTANCE
El Salvador	10/10/86	Earthquake	976	150,000	1,299,115	DOD airlifts of blankets, plastic, tents and water tanks from Panama stockpile and replacement costs; housing repair program; technical assistance
Equatorial Guinea	03/06/87	Fire	0	313	10,000	Ambassador's Authority donated to local voluntary agencies
Ethiopia	06/16/87	Drought	367	330,000	50,000	Grant to LWF for emergency medical program in the Ogaden
Ethiopia	07/28/87	Infect Infestation	-	-	380,516	Pesticide; protective gear; grant to FAO for logistical support
Ethiopia	09/14/87	Drought	-	6,000,000	1,807,000	Grants to support U.N. logistics and coordination role
Ethiopia*	10/14/84	Drought	-	-	506,749	Grant to AJDC for agricultural rehabilitation program; grant to AICF for orphan reunification program
Ethiopia*[1]	00/00/85	Drought	-	-	66,208	Truck evaluation and repair program for relief operations
Fiji	01/02/87	Cyclone	1	3,000	25,000	Ambassador's Authority donated to GOF for purchase of health and sanitation equipment
Gambia	10/14/86	Insect Infestation	-	-	568,091	Large-plane spraying operation; pesticides, fuel, and air freight
Gambia	02/13/87	Insect Infestation	-	-	554,898	Technical assistance to develop plan for survey and operations; pesticides; support for plane; radio equip.; seed spreaders
Greece*	09/16/86	Earthquake	-	-	22,567	INTERTECT housing assessment
Guinea-Bissau	05/28/87	Insect Infestation	-	-	7,033	Technical assistance
Guinea-Bissau	08/27/87	Storm	1	3,700	25,000	Ambassador's Authority donated to GOGB for repair of schools
Haiti	10/30/86	Flood	69	45,000	34,488	Ambassador's Authority used for local purchase of potable water equipment; water tanks; medical supplies
Haiti	07/04/87	Civil Strife	30	100	15,000	Ambassador's Authority used for local purchase of medicines
Indonesia	05/12/87	Landslide	131	51	29,615	Ambassador's Authority contributed to GOI relief fund; technical assistance
Korea, Rep. of	07/20/87	Typhoon	253	56,000	25,000	Ambassador's Authority donated to Korean Red Cross
Laos	07/31/87	Epidemic	-	-	4,000	Grant to UNICEF
Malaysia	02/04/87	Fire	0	1,000	4,000	Ambassador's Authority contributed to GOM Fire Relief Fund
Maldives	04/14/87	Flood	0	300	25,000	Ambassador's Authority donated to GORM Relief Fund
Mali	02/12/87	Insect Infestation	-	-	442,433	Mission staff support and logistics; procurement and transport of pesticide; helicopter support

U.S. Foreign Disaster Assistance FY 87+
OFDA Administered Funds
October 1, 1986 - September 30, 1987

COUNTRY	DATE	DISASTER	DEAD	AFFECTED	AMOUNT($)	TYPE OF ASSISTANCE
Mali*	08/05/86	Insect Infestation	-	-	454,840	Local support costs; pesticide; TDYs of experts to discuss control program
Mauritania	03/24/87	Insect Infestation	-	-	127,500	Ambassador's Authority; face masks; radio equipment, support vehicles
Mauritania*	09/27/86	Insect Infestation	-	-	170,000	Local support for spraying operation
Mauritania*	12/05/84	Drought	-	-	239,947	Internal transport of USG food commodities
Mozambique	01/08/87	Civil Strife	-	4,600,000	4,140,769	Grants to UNICEF, CARE, Air Serve and WVRO for emergency programs
Nepal	08/21/87	Flood	6	-	25,000	Ambassador's Authority given to GON relief effort
Niger	03/13/87	Insect Infestation	-	-	303,419	Ambassador's Authority used for insect survey and grant to GON; helicopter support and fuel; radio equipment
Nigeria	05/12/87	Epidemic	1,000	1,200	64,850	Laboratory equipment and transport; technical assistance
Panama	10/16/86	Flood	2	3,500	25,000	Ambassador's Authority used for local purchase of food, mattresses, and other relief supplies
Papua New Guinea	02/11/87	Earthquake	1	4,000	92,500	Ambassador's Authority donated to PNG National Disaster Committee; DOD airlift of tents and plastic
Philippines	08/17/87	Typhoon	85	971,500	241,461	Ambassador's Authority donated to GOP for relief program; housing rehabilitation program
Poland	05/13/87	Accident	183	-	25,000	Ambassador's Authority used for DOD airlift of AFIP team
St. Vincent*	09/26/86	Flood	-	-	75,000	Local purchase of materials for housing repair program
Senegal	02/19/87	Insect Infestation	-	-	1,917,087	Technical assistance; small-plane spraying operation; pesticides; helicopter support; local control program
Senegal*	08/14/86	Insect Infestation	-	-	773,056	Costs of continued large-plane spraying operation; technical assistance; TDYs of experts to discuss control program
Senegal*	09/12/83	Drought	-	-	96,000	Addition to food transport grant to GOS
Solomon Islands*	05/20/86	Cyclone	-	-	19,496	Transport of 8 water tanks (3,000-gal. capacity) from Guam stockpile
Somalia*	03/31/85	Epidemic	-	-	2,453	Replace 2,010 water jugs from Leghorn stockpile
Somalia	04/30/87	Drought	600	500,000	285,803	Ambassador's Authority; food management and health experts; grant to UNICEF for emergency medical program

U.S. Foreign Disaster Assistance FY 87+
OFDA Administered Funds
October 1, 1986 - September 30, 1987

COUNTRY	DATE	DISASTER	DEAD	AFFECTED	AMOUNT($)	TYPE OF ASSISTANCE
South Africa	01/30/87	Food Shortage	-	1,200,000	125,000	Grant to Operation Hunger for continued support of feeding programs
South Africa	09/29/87	Flood	251	50,000	25,000	Ambassador's Authority donated to S. Africa Red Cross
Sri Lanka	04/24/87	Civil Strife	109	200	25,000	Ambassador's Authority used for local relief program
Sri Lanka	08/27/87	Displaced Persons	7,000[3]	500,000	1,698,857[2]	Ambassador's Authority and grant to GSL for resettlement program and medical supplies
Sudan	02/15/87	Insect Infestation	-	-	600,000	Grant to EEC for purchase of propoxur
Sudan	06/30/87	Rat Infestation	-	-	233,819	Rodenticide, bags and dye for bait
Sudan*	08/26/86	Civil Strife	-	-	432,649	Grant to WVRO for emergency feeding program in the south; grant to CRS for inland transport of food
Tokelau	04/11/87	Storm	-	1,700	10,000	Ambassador's Authority donated to the Tokelau Relief Fund
Tuvalu	03/12/87	Cyclone	-	-	25,000	Ambassador's Authority donated to GOT for purchase of building supplies
Vanuatu	02/08/87	Cyclone	48	48,000	350,500	Ambassador's Authority used for local purchase of relief supplies; DOD airlift of tents and plastic
Venezuela	09/08/87	Landslide	96	15,000	31,600	Ambassador's Authority donated to Venezuelan Red Cross; assessment TDY
Yemen	04/16/87	Insect Infestation	-	-	135,598	Disaster assessment; Ambassador's Authority used to procure generators; pesticides
Total			13,566	45,258,076	$25,744,737	

74 Disasters
54 New Declared Disasters
(44 Countries)
18 Carried over from previous year(s)
4 Undeclared (Africa Regional Insect Infestation FY 86 and FY 87, Ethiopia Drought, and Dominican Republic)
17 Disaster types

\+ Preliminary figures subject to revision
* Carried over from previous year(s)
1 Undeclared
2 Includes funds from an A.I.D. Development Assistance Account
3 Approximate number killed over 4-year period

Note: The numbers of dead and affected for disasters carried over from previous year(s) have been previously counted and are not included in this report; otherwise, a dash (-) indicates that information is currently unavailable.

PROGRAM SUMMARY (In millions of dollars)		
FY 87 Actual	FY 88 Estimated	FY 89 Request
382.676 a/	406.000 b/	414.000 c/

OPERATING EXPENSES

A.I.D's Operating Expense appropriation provides funds for administrative support of the Development Assistance, Economic Support Fund, and most of the P.L. 480 food programs of the Federal Government. This account covers salaries and other support costs of direct hire personnel in Washington and at overseas missions (except for those employees funded from the Housing Investment Guaranty (HIG) program and the separate Inspector General (IG) appropriation).

FY 1989 Program

For FY 1989 A.I.D. is requesting $414,000,000 in new budget authority for its Operating Expense appropriation. This represents an increase of $8.0 million in appropriated funds. However, total funding including local currency trust fund availabilities will increase by only $2.4 million in FY 1989 over the FY 1988 level, an increase of only one-half of one percent.

In developing this request one of the Agency's primary concerns was to stay within the tight funding guidelines for Function 150 agreed to as part of the Budget Summit. Our request therefore reflects a minimal increase over the FY 1988 funding level.

It should be noted, however, that the nature of A.I.D.'s business is such that major unanticipated changes in funding requirements during the operating year are the norm instead of the exception. These changes can result from sudden program terminations, large start up costs of new programs, major shifts in policy or focus, mission evacuations, and the impact of natural disasters on country operations.

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a/ Includes $38,488,000 in local support costs funded from program appropriations. Excludes $57,525,000 in local currency trust funds, $6,274,000 in reimbursements, $3,868,000 required to be returned to Treasury, and $238,000 in lapsed funds.

b/ Excludes $57,344,000 in local currency trust funds and $5,500,000 in reimbursements.

c/ Excludes $51,774,000 in local currency trust funds and $5,500,000 in reimbursements.

Three such events occurred during the first four months of FY 1988 - the closing of the mission in Panama, the evacuation of dependents from Haiti, and the decision to reopen the mission in Ethiopia to handle the new drought problems in that country.

In addition, changes in the value of the dollar overseas, particularly in those countries not having local currency trust funds, or having only small trust fund accounts, can have an impact on our ability to cover the administrative costs of operating overseas. During the past year there has been an increase in costs, especially in parts of Africa, as a result of the declining value of the dollar.

The Agency has thus far been able to cover these increases through savings accruing through lower than budgeted workforce levels. Such savings are less likely to accrue to the Agency in FY 1988 or FY 1989.

Funding

The FY 1989 Operating Expense budget is proposed to be funded as shown below:

Funding Sources for A.I.D. Operating Expenses a/
(Dollars in thousands)

	FY 1987 Actual	FY 1988 Estimate	FY 1989 Estimate
O. E. Budget Authority	$ 348,294	$ 406,000	$ 414,000
Local Support Costs:			
Functional Development Asst.	21,689		
Economic Support Fund	14,838		
Sahel Development Program	1,961		
Total appropriated funds	$ 386,782	$ 406,000 b/	$ 414,000
Local Currency Trust Funds	57,525	57,344	51,774
Reimbursements	6,274	5,500	5,500
Mandatory Turnback to Treasury	(3,868)		
Lapsed Funds	(238)		
Total Requirement	$ 446,475	$ 468,844	$ 471,274

a/ Excludes fee income from the Housing Guaranty Program used to cover administrative costs of this program and costs funded from the separate appropriation for Operating Expenses of the IG.

b/ Ninety percent of the increase from FY 1987 to FY 1988 is required due to the higher workforce levels, increased retirement costs under the new retirement system and salary costs from the 1987 and 1988 Federal pay raises.

TRUST FUNDS

During the past several years the Agency has made a concerted effort to fund more of its overseas costs through local currency trust funds due to the near straight-lined dollar funding level for our overseas operations.

As a result, the trust fund level has risen from a level of $35.8 million in FY 1985 to an estimated level of $57.3 million in FY 1988. These trust funds, for the most part, are obtained through local currency generations from Commodity Import Programs under the Economic Support Fund (ESF), pursuant to agreements with the host country. The funds thus generated are used to cover, in whole or in part, jointly approved administrative costs payable in local currencies at our overseas missions.

As a result of reductions in ESF in FY 1989, the level of local currency trust funds is expected to drop by $6.4 million to a level of $51.8 million. The Agency will carefully review all overseas missions to determine how best to restructure activities to attempt to absorb this loss of trust funds.

Personnel

The Agency's total direct hire requirements, excluding personnel funded from the separate appropriation for Operating Expenses of the Inspector General, are projected at 4,532 full-time equivalent (FTE) workyears in FY 1988 and FY 1989.

The breakout of the FTE level between Washington and our overseas missions is shown below:

A.I.D. DIRECT HIRE PERSONNEL WORKYEARS REQUIREMENTS

	FY 1987 Actual	FY 1988 Estimate	FY 1989 Estimate
U.S. Nationals			
Overseas	1,248	1,286	1,286
United States	1,950	1,976	1,976
Subtotal	3,198	3,262	3,262
Foreign Nationals	1,185	1,270	1,270
TOTAL FTE	4,383	4,532	4,532

During FY 1987 the Agency carried out a large recruiting effort to fill some of the many critical vacancies through the Agency and to provide, over the longer term, replacements for personnel who will be retiring during the coming year. (Twenty four percent of our current on-board foreign service employees will be eligible for retirement by December 31, 1989.) Due to

the long lead-time required to advertise positions, conduct interviews, obtain security clearances, etc. personnel hired as a result of this recruiting effort did not arrive until late in FY 1987 and early FY 1988. Thus, the FY 1987 U.S. FTE usage remained well below the planned level. Based on current planned hiring, however, we will build up staff levels in FY 1988 to enable us to fully utilize the FTE levels budgeted for U.S. direct hire employees in FY 1989.

The Agency plans to continue its recruiting efforts during the coming year, concentrating on specific job categories for which a continuing need exists, both in the Civil Service and Foreign Service areas.

Management Initiatives:

-- A.I.D. has initiated Controller Assessments as a means of determining the status of financial management at each of its overseas posts. During the past year 9 assessments have been conducted, with 12 more scheduled for the remainder of FY 1988 and 16 scheduled for FY 1989. This schedule permits each overseas controller operations to be reviewed in detail every three years.

-- The Agency has initiated a major effort to replace its Contract On-Line Reporting System (COORS), which is the central database tracking and reporting system for all direct contracts and grants awarded by A.I.D. worldwide, with a new Contract Information Management System (CIMS). The change was due to the fact that COORS, originally implemented in 1978, has undergone numerous updates to accomodate new procurement laws and regulations and as a result has become very cumbersome and inefficient to use. In addition to replacing COORS in the collection of data on direct contracts and grants, CIMS will be designed to collect similar information on host country contracts. The new CIMS system is expected to be fully operationed early in FY 1989.

-- The Agency also has acquired software designed to improve the maintainability of computer-based systems and speed the development of such systems. The overall goal is to reduce systems maintenance by twenty-five percent over the next three to four years.

-- In accordance with Agency efforts to consolidate office space holdings in Washington and to reduce overall space requirements, A.I.D. negotiated an agreement with the General Services Administration and the Department of State which provides for the consolidation of its employees into fewer locations focused on the Foggy Bottom and Rosslyn, VA areas. We have also acquired additional space at 515 22nd Street, N.W. to relocate employees from our office of Financial Management and Office of Personnel Management into this single location near the Main State Department

building. These efforts at consolidation are expected to result in savings due to more efficient space utilization and the reduction in staff work hours lost in transit time between buildings.

FUNDING INCREASE FOR FY 1989

The major increased dollar funding requirements for FY 1989 are summarized below:

Salaries and Benefits - $5.2 million increase

Most of the increase ($3.9 million) in salaries and benefits (object classes 11, 12, and 13) is for U.S. direct hire employees and reflects:

1. Annualized cost of the January 1988 Federal pay raise (12 month funding in FY 1989 versus 9 month funding in FY 1988).

2. Full-year funding for employees who switched to the new Federal Employees Retirement Systems (FERS) in December 1987 and increased retirement costs for new hires who will be brought in to replace current employees who retire or separate from the Agency. The cost of the new system, as a percent of base pay, is 21.4 percent for Civil Service and 31.2 percent for Foreign Service compared to 7 percent of base pay for both Civil and Foreign Service under the old system.

Of the balance of $1.3 million, $0.9 million is for increased salaries and benefits of foreign national direct hire employees and personal service contract employees overseas and $0.4 million for salary and benefit increases for personnel working for the Agency under Intergovernmental Personnel Act agreements or on detail from other Federal agencies.

Other Services - $3.5 million increase

There are three major areas of increases in this category: Automated Data Processing (ADP), Foreign Affairs Administrative Support (FAAS), and various mandatory payments.

1. ADP - In FY 1989 the funding required for ADP contracts (systems maintenance, systems analysis, and computer operations) will increase by $2.9 million. This is due to the fact that in FY 1988 these contracts were funded for 9 months whereas FY 1989 includes 12 months of funding.

2. FAAS - We anticipate that the annual funding required to reimburse the Department of State for administrative support provided through FAAS will increase by $0.6 million in FY 1989 under the current FAAS system. This is an increase of 4.7 percent over the estimated FY 1988 cost.

3. Other payments - The increase in various mandatory payments totals $1.2 million and includes payments to the Department of Labor for employee compensation claims, Department of Defense for APO mail, U.S. Dispatch Agent for shipments to overseas posts, costs related to the storage of household effects of employees located overseas, and medical and property claims.

The above increases are anticipated to be partially offset by reductions in other contractual requirements, both in Washington and at overseas missions.

Equipment - $2.2 million increase

We will use $1.9 million of this increase to replace worn out vehicles, and office and residential equipment at our overseas missions. Poor roads and the need to add heavy security enhancements to vehicles result in an increased frequency of breakdowns. This, combined with limited repair facilities, shortens the useful life of our vehicles at overseas missions. The useful life of office and residential equipment is also shorter than would be the case in the U.S. due to frequent power outages, brown outs, and limited repair facilities. The increase will enable the Agency to replace those items which are no longer safe to operate.

The remaining $0.3 million of this increase will be used in Washington to replace equipment as necessary and to provide a small increase in the ADP and word processing equipment available for use by Washington employees.

Rents, Communications and Utilities - $1.2 million increase

About $0.4 million of this increase is associated with rent, utilities, and communications costs in Washington, with the remainder reflecting increases in office and residential rents and utilities and communications costs at our overseas missions.

Transportation of Things - $0.7 million increase

This increase is entirely related to overseas operations and will be used to cover increased costs associated with shipping vehicles, furniture and equipment, employee effects, etc. to our overseas missions.

Travel and Transportation - $0.6 million increase

We will be providing our overseas missions slightly more than $0.6 million to enable them to cover a portion of the increased costs associated with post assignment, home leaves, R&R travel, educational travel, and operational travel. While the increase will not cover the total increase in costs anticipated, we believe that through careful management of operational travel our missions will be able to carry out their oversight responsibilities.

The travel funds made available to Washington offices and bureaus will be reduced slightly to provide additional necessary funding for overseas missions.

All Other - $0.2 million increase

These funds will be used to offset the continuing increase in costs for printing, reproduction, supplies, and materials.

The $13.6 million in additional costs identified above will be offset by $5.6 million of reductions from our 1988 level:

Lands and Structures - $4.1 million decrease

In FY 1988 the Agency intends to obligate $4.1 million for the purchase/construction of offices and residences, up sharply from prior years. Due to the essential increases outlined above, funds will not be available for this purpose in FY 1989.

Overseas Schools - $1.5 million decrease

Although the Agency fully supports the efforts of the Department of State Office of Overseas Schools in improving the educational facilities available for employee dependents overseas, the funding for this activity will have to be reduced $1.5 million from the FY 1988 level in order to carry out other essential operations.

The dollar operating expense requirement will be divided between Washington and overseas missions as shown below:

A.I.D. Dollar Operating Expenses by Object Class and Major Location
($ in thousands)

Object Class	FY 1987 Actual	FY 1988 Estimate	FY 1989 Estimate
11 Personnel Compensation			
A.I.D. Washington	84,190	89,504	89,484
Overseas	111,960	119,049	120,964
TOTAL	196,150	208,553	210,448
12 Personnel Benefits			
A.I.D. Washington	10,038	12,723	14,562
Overseas	17,805	19,943	21,447
TOTAL	27,843	32,666	36,009
13 Benefits - Former Personnel			
A.I.D. Washington	56	62	56
Overseas	237	245	252
TOTAL	293	307	308

A.I.D. Dollar Operating Expenses by Object Class and Major Location
($ in thousands)

Object Class	FY 1987 Actual	FY 1988 Estimate	FY 1989 Estimate
21 Travel and Transportation			
A.I.D. Washington	3,886	3,861	3,800
Overseas	14,770	14,769	15,469
TOTAL	18,656	18,630	19,269
22 Transportation of Things			
A.I.D. Washington	846	834	817
Overseas	9,886	9,886	10,586
TOTAL	10,732	10,720	11,403
23 Rents, Communications, and Utilities			
A.I.D. Washington	15,508	18,220	18,641
Overseas	24,774	25,518	26,283
TOTAL	40,282	43,738	44,924
24 Printing and Reproduction			
A.I.D. Washington	1,406	1,281	1,362
Overseas	255	255	255
TOTAL	1,661	1,536	1,617
25 Other Services			
A.I.D. Washington	30,192	27,775	30,821
Overseas	37,611	39,483	39,887
TOTAL	67,803	67,258	70,708
26 Supplies and Materials			
A.I.D. Washington	836	726	811
Overseas	7,142	7,142	7,142
TOTAL	7,978	7,868	7,953
31 Equipment			
A.I.D. Washington	1,971	1,634	1,930
Overseas	12,783	11,783	13,736
TOTAL	14,754	13,417	15,666
32 Lands and Structures			
A.I.D. Washington	-	-	-
Overseas	144	4,121	-
TOTAL	144	4,121	0

A.I.D. Dollar Operating Expenses by Object Class
and Major Location
($ in thousands)

Object Class	FY 1987 Actual	FY 1988 Estimate	FY 1989 Estimate
41 Grants, Subsidies, and Contributions			
A.I.D. Washington	-	-	-
Overseas	2,505	2,506	1,006
TOTAL	2,505	2,506	1,006
42 Insurance Claims and Indemnities			
A.I.D. Washington	-	-	-
Overseas	149	180	189
TOTAL	149	180	189
SUMMARY			
A.I.D. Washington	148,929	156,620	162,284
Overseas	240,021	254,880	257,216
TOTAL	$ 388,950	$ 411,500	$ 419,500
Less:			
Reimbursements	6,274	5,500	5,500
TOTAL OE APPROPRIATED FUNDS	$ 382,676	$ 406,000	$ 414,000

PROGRAM SUMMARY (In millions of dollars)		
FY 87 Actual	FY 88 Estimated	FY 89 Request
45.492	35.132	40.532

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND a/

In FY 1974, amendments to the Foreign Assistance Act of 1961, as amended, permitted A.I.D. career foreign service employees to become participants in the Foreign Service Retirement and Disability Fund.

The extension of coverage to A.I.D. employees created an unfunded liability in the system. An actuarial determination by the Department of the Treasury shows that in FY 1989, $40,532,000 will be required to amortize this liability and the unfunded liability created by pay raises and benefit changes since FY 1974. For FY 1989, A.I.D. is requesting an appropriation of this amount.

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a/ Authorized by Chapter 8 of the Foreign Service act of 1980.

PROGRAM SUMMARY (In millions of dollars)		
FY Actual	FY Estimated	FY Request
21.682 1_/	23.970	23.119

INSPECTOR GENERAL OPERATING EXPENSES

The Agency's FY 1989 budget request includes $23,119,000 for the operations of the Office of the Inspector General. This amount represents a decrease from the FY 1988 estimated level of $23,970.000.

A workforce level, as determined by the Inspector General, will be maintained within the limitations of the estimated funding level for FY 1988. The FY 1989 requested funding will support a workforce level of not less than 200 full time equivalent (FTE) positions. Included in object class 25 for FY 1988 and FY 1989 is an estimated $1,100,000 to reimburse the Agency's operating expense account for costs related to supporting the IG's operations worldwide and $1,600,000 for security enhancement purposes overseas.

1_/ This amount includes $745,000 funded from program accounts. Program funds are not available in FY 1988.

OPERATING EXPENSES BY OBJECT CLASS
AND MAJOR LOCATIONS

OBJECT CLASS	FY 1987 ACTUAL	FY 1988 ESTIMATE	FY 1989 REQUEST
11 PERSONNEL COMPENSATION			
IG/W	5.371	5.601	5.689
OVERSEAS	4.227	4.526	4.591
TOTAL	9.598	10.127	10.280
12 PERSONNEL BENEFITS			
IG/W	0.807	1.096	1.115
OVERSEAS	0.728	1.004	1.035
TOTAL	1.535	2.100	2.150
21 TRAVEL AND TRANSPORTATION			
IG/W	0.550	0.600	0.600
OVERSEAS	1.604	2.085	2.100
TOTAL	2.154	2.685	2.700
22 TRANSPORTATION OF THINGS			
IG/W	0.095	0.100	0.100
OVERSEAS	0.352	0.462	0.575
TOTAL	0.447	0.562	0.675
23 RENT, COMMUNICATIONS,AND UTILITIES			
IG/W	1.250	1.476	1.480
OVERSEAS	0.716	0.813	0.815
TOTAL	1.966	2.289	2.295
24 PRINTING			
IG/W	0.015	0.050	0.053
OVERSEAS	0.012	0.030	0.032
TOTAL	0.027	0.080	0.085

25 OTHER SERVICES			
IG/W	4.221	4.321	3.834
OVERSEAS	0.946	0.979	0.700
TOTAL	5.167	5.300	4.534
26 SUPPLIES AND MATERIALS			
IG/W	0.068	0.078	0.081
OVERSEAS	0.056	0.066	0.069
TOTAL	0.124	0.144	0.150
31 EQUIPMENT			
IG/W	0.414	0.423	0.175
OVERSEAS	0.250	0.260	0.075
TOTAL	0.664	0.683	0.250
SUMMARY			
IG/W	12.791	13.745	13.127
OVERSEAS	8.891	10.225	9.992
TOTAL	21.682	23.970	23.119

	FY 1987	FY 1988	FY 1989
U.S. DIRECT HIRE:			
WASHINGTON	98	98	102
OVERSEAS	69	69	72
TOTAL U.S. DIRECT HIRE	167	167	174
F.N. DIRECT HIRE	26	26	26
TOTAL FTE (NOT LESS THAN)	193	193	200

FOOD FOR PEACE

General Framework

The U.S. Government's food aid program is our most direct, immediate effort to combat hunger and meet food shortages abroad. The program serves a variety of objectives -- humanitarian, economic development, foreign policy and U.S. market development. It is best known for meeting the emergency and short-term needs of the hungry.

-- Example: Famine relief in Ethiopia is currently a major preoccupation of the United States and other donor governments and agencies. The United States already has approved almost 250,000 metric tons of emergency food in FY 1988 with the likelihood that further commitments will be required this year. The program to date is valued at approximately $85 million for commodities and related transport funding. A continued relief program of such magnitude or even smaller scale recovery activities would obviously have a significant impact on overall FY 1989 programming.

The importance and effectiveness of humanitarian food aid are acknowledged. In recent years, however, there has been a growing recognition that food aid can also play a longer-term development role in addressing those problems which prevent developing countries from meeting their own food needs. The recurring drought in Africa is highlighting the need for developmental efforts to overcome the underlying causes of famine. During FY 1989 A.I.D. will continue to help develop mutually reinforcing approaches to strengthen the effectiveness and development impact of food aid.

Food Aid Operations and Activities

There are two U.S. statutory sources of food aid: Public Law 480 of the Agricultural Trade and Development Act of 1954 and Section 416(b) of the Agricultural Act of 1949. P.L. 480 provides for two basic types of food aid, concessional (Title I) and grant (Title II). Title I makes food available to friendly countries on concessional credit for sale in local commercial markets. Title II makes food available on a grant basis which is then, for the most part, distributed free of charge. Title II is provided through private and voluntary organizations (PVOs), the U.N. Food and Agriculture Organization (FAO) and its implementing agency, World Food Program (WFP), international relief organizations, and through various government-to-government programs designed to benefit needy people directly.

Section 416 is the second source of grant food aid. This program allows the use of U.S. Government surplus commodities for Title II type programs. It is programmed separately from P.L. 480 but can be used in virtually all types of grant food aid programs.

Food aid of all types is provided only when adequate storage facilities are

available and when distribution of food will not result in a substantial disincentive to the recipient country's own production or interfere with its food marketing system. A.I.D. is strengthening its analyses in this important area.

Concessional Food Aid - Title I/III

Title I of P.L. 480 authorizes concessional credits on a year-by-year basis for sales of U.S. farm products to developing countries. These credits are repayable in dollars, at concessional interest rates over a period of 20-40 years with a grace period on principal repayment of up to ten years. In general, recipient governments must cover all costs asso- ciated with transporting the food from the United States to their own countries. They must agree to undertake self-help measures aimed, where appropriate, at expanding food production and improving food storage and distribution facilities. Concessional sales of U.S. farm products are not intended to replace commercial exports from the United States or other friendly countries.

- Example: The Government of Tunisia (GOT) has undertaken a major structural adjustment program designed to allow the economy to expand and prosper. While structural adjustment is progressing satisfactorily as demonstrated by the strong improvement in the GOT's current account balance and GDP, and reductions in the GOT's budget deficit, there have been serious social costs associated with the structural adjustment effort. Most notably, unemployment has risen due substantially to a sharp decline in Tunisia's construction industry. This depression largely reflects cuts in Tunisia's investment budget and a tightening of housing loan conditions. The GOT, aided by a P.L. 480 Title I program, is creating a safety net for the unemployed. Local currency proceeds generated from the sale of Title I commodities will finance 35,000 public works jobs. Program objectives are to provide productive temporary employment to Tunisian workers and to utilize that labor on high priority public works activities, which include water and soil conservation, reforestation, rural water supply and road improvement. Begun late in FY 1987, the program is being successfully administered.

Local currency proceeds from the sale of food within the recipient country finance self-help measures and other development projects to stimulate equitable economic growth. Special efforts are made to use these self-help measures and local currency generations to meet recipient country priorities and to complement activities funded with U.S. and other donor resources. A.I.D. strongly encourages the use of such local currency financing to stimulate private enterprise development.

Sections 106 and 108 of Title I provide specifically for this use. Section 108 calls for the United States to negotiate Title I sales agreements which allow repayment in local currencies (totalling at least 10 percent of sales agreements on the worldwide aggregate basis). These U.S.-owned local currencies are used to capitalize loan funds which are drawn upon by

intermediate financial institutions (IFIs) which, in turn, make loans to the private sector. Private and voluntary organizations and cooperatives may qualify as IFIs. This program, launched in late FY 1986, was expanded in FY 1987 and FY 1988, and will continue in FY 1989.

In late FY 1986, the first Section 108 local currency lending program, as part of Title I assistance, was negotiated with the Government of Tunisia. Similar agreements were signed in FY 1987 with Sri Lanka, Morocco, Dominican Republic, Costa Rica and Jamaica. Additional programs are being developed in a number of other countries in Africa, Central America, Asia and the Near East that have expressed interest. The Congress, in late 1987, required that each Title I sales contract contains a Section 108 program. Efforts to expand this program are underway, starting with a worldwide conference in Washington designed to share the experiences encountered in developing Section 108 programs.

-- Example: In Jamaica, approximately 25% of the Title I program in FY 1987 and FY 1988 supports a Section 108 private enterprise intiative. Under this program the U.S. Government lends local currencies received as payment from the Jamaican Government for U.S. agricultural commodities to a privatre Jamaican intermediate credit institution, the Trafalgar Development Bank. The Bank, in turn, finances new and expanded development projects, primarily in the agricultural sector.

Section 106 refers to host government-owned proceeds generated by Title I sales which are jointly programmed (U.S. and host government) for private sector activities. (An additional 15% of the worldwide aggregate value of Title I sales contracts is to be set aside for this provision).

A.I.D. policy encourages easing of government controls on agriculture and the removal of impediments to private sector activities in designing Title I-related activities. Thus, we have emphasized marketing Title I commodities through the private sector rather than through government parastatal agencies.

Title III Food for Development programs offer special incentives to low-income countries. Title III programs differ from Title I in that they are designed with economic development as the primary objective. Recipient countries agree to support agricultural and rural development programs through required policy initiatives, institutional reform, and support for specific development projects. Title III agreements include supply commitments of up to five years, subject to annual review and the availability of commodities and funding. Title III loan repayments are forgiven when local currencies generated from the sales of commodities are used for agreed development purposes. Current legislation requires that 10% of the Title I program level be programmed under Title III.

In addition, at least 75% of the volume of Title I food aid must be allocated to countries eligible for assistance from the International Development Association -- currently those with per capita incomes at or below $835 per

year. Eligibility for Food for Development (Title III) programs is limited entirely to this group of countries. Title III programs are currently being undertaken and will continue in Bangladesh and Bolivia. A third Title III program in Haiti has recently been suspended because of internal political unrest. Pending resumption of the Haiti Title III program, we expect to meet the 10% requirement for FY 1988 and FY 1989.

- Example: Since 1978 P.L. 480 Title I/III wheat deliveries to Bolivia have been the Mission's single most important policy leverage instrument. The $20 million annual program has been crucial in levering macroeconomic policy changes, i.e., eliminating food subsidies and price controls, rationalizing bank interest rates, and reorganizing the Ministry of Agriculture. Of greatest importance to the Bolivian Government in its recent financial crisis was its ability to maintain food supplies while relieving pressure on scarce foreign exchange and providing local currency for 267 successful development projects in health, rural credit, private enterprise development and institutional reform. The program is administered by an autonomous Bolivian public sector agency with the U.S.A.I.D. Mission providing guidance, coordination and evaluation.

Food for Progress is a relatively recent program with separate statutory authorization enacted in the Food Security Act of 1985. This initiative's sole objective is the achievement of agricultural policy reform in third world countries. It targets countries that have made commitments to agricultural policy reform during a period of economic hardship. Food for Progress is designed to expand free enterprise elements of the economies of developing countries through changes in commodity pricing, marketing, import availability and increased private sector involvement. Currently, the program draws on resources available under either Title I or Section 416 authorities.

-- Example: In FY 1986, the first two Food for Progress programs -- Guinea ($6 million) and Madagascar ($6 million) -- were launched with commodities provided under Section 416. The Guinea program was used to promote liberalization of marketing policies. Specific economic reforms to which the program was tied included: 1) changes in exchange rates including a significant currency devaluation and tying currency exchange to market rates; 2) replacement of government banks with private banks; 3) abolition of food rationing and state trading companies which had a monopoly over food imports; and 4) liquidation of most parastatals and reductions in the civil service.

  The Madagascar program was designed to complement a World Bank effort to strengthen Madagascar's initiative to remove state controls on rice trading. Specifically, the 30,000 metric tons of rice were used to dampen price swings as government controls were lifted.

-- Example: In FY 1988, the one Food for Progress Agreement approved to date is with the Government of Ecuador (GOE). The former President of Ecuador first initiated a series of agricultural reforms, i.e. the establishment

of a free floating exchange rate, elimination of most commodity price controls, producer price supports and consumer subsidies, and liberalization of import restrictions. These reforms became necessary when the Government was faced with severe financial constraints brought about by the 1986 oil price drop and the March 1987 earthquake. The Food for Progress local currency proceeds generated from the sale of 60,000 metric tons of sorghum under this agreement (an estimated $5.3 million) will be used to encourage the newly elected government to continue these reforms.

Title I Budget

For FY 1989, a Title I program level[1/] of $812 million is proposed. On the basis of prices projected by the Department of Agriculture and the mix of commodities tentatively programmed, this amount will finance shipments of an estimated 4.8 million tons of food aid. For FY 1988, commodity allocations against the $852.0 million program level are expected to total nearly 5.0 million tons; in FY 1987, final sales registered were 5.7 million tons at a program level of $910.7 million.

Grant Food Aid - Title II

Title II of P.L. 480 authorizes food donations principally for humanitarian purposes such as emergency/disaster relief and programs to help needy people, particularly malnourished children and adults on works projects designed to alleviate the cause of the need for food assistance and to promote economic and community development. These grants cover both commodity costs and the associated ocean freight and overland transport costs.

-- Example: The Save the Children (SCF) emergency program in Lebanon, supported under Title II in FY 1988, is especially noteworthy because it reaches all parts of the country and every ethnic and religious group. It provides over $21 million in rice, oil, milk, beans, and lentils to 135,000 families affected by civil strife and poor nutritional status. Careful monitoring and administration provided by SCF have earned this program a solid reputation for delivering food to the truly needy under extraordinary conditions. Were security and the Lebanese economy not to improve by FY 1989, this program could warrant continuing support of U.S. humanitarian food aid.

Title II programs are designed to supplement and reinforce other developmental and nutritional activities. These programs have traditionally included regular supplemental and emergency feeding programs sponsored by private and voluntary organizations (PVOs), host governments and the World Food Program (WFP). Three major program categories are food for work, maternal and child health, and school feeding. Each has different objectives but all are targeted to the most vulnerable groups in the countries where they are undertaken.

1/ Program level is commodity allocation without factoring in the initial payments made by participating governments and reflow of receipts from prior agreements.

-- Example: The Urban Food for Work project in Guatemala is a new innovative project that marks CARE's first attempt to respond to structural adjustment problems in Central America. The project was an outgrowth of discussions between A.I.D. and the local government whose concern is to alleviate the short-term impact of austerity measures on vulnerable low-income groups. The main program objectives are to provide employment to over 8,600 chronically unemployed and underemployed workers, of which an average of 40% are women, and to develop necessary infrastructure in the workers' own communities, such as constructing drainage systems, walkways, garbage dumps, retaining walls and community water tanks. Title II rice, corn and beans provide laborers and their families with a monthly food supplement valued locally at $30, or nearly 40% of average family income.

A.I.D. has sponsored comprehensive evaluations of regular and emergency programs and has learned about the elements necessary for increased impact and effectiveness. In coming years, these evaluation findings will be applied to strengthen program targeting, design and monitoring. In addition, new innovative uses of Title II commodities are sought to increase program impact.

A.I.D. will encourage and help PVOs to monetize Title II and Section 416 commodities as a source of local currency when required for transport, storage, complementary inputs and development activities. Programs requesting monetization (Bolivia, Ecuador, El Salvador, Indonesia, and Jamaica) may be considered in FY 1989. A.I.D. will also support Section 206 government-to-government programs, which allow sales of Title II commodities on the local market with proceeds used for development projects and self-help measures in the poorest countries, primarily in Africa.

-- Example: Mali's Section 206 program began, in FY 1986, as part of a larger multi-donor-Government of Mali (GRM) program to leverage policy reforms in the grain production and marketing sector. The initial project has generally been counted as a success in achieving meaningful policy reforms through this coordinated donor mechanism. The first steps in market liberalization, improving cereals production incentives and reducing the cost of the official marketing systems have been implemented. On the policy reform side, during the past year, the donors and Malian Government have been reviewing the progress of the program, rethinking the desirability of certain objectives in light of experience. A second phase of the program was recently negotiated among the donors and GRM. The design and drafting of a Phase II Section 206 program is currently underway with a projected start date in FY 1988, pending review by Washington and the Development Coordinating Committee's approval. New self help measures reflect the directions of the Phase II multi-donor-GRM agreement and will be considered as first-year performance criteria for the Phase II Section 206 program being proposed.

Title II Budget

For FY 1989, a Title II program level of $595.0 million is proposed, including $225.4 million for ocean transportation and overland delivery to landlocked countries. In comparison, the FY 1988 Title II program level is $630 million and the FY 1987 was $552.3 million, with $174.3 million and $180.9 million respectively, for ocean transportation and overland delivery.

On the basis of projected prices, the requested level should be adequate to finance delivery of the legislatively mandated minimum of 1.9 million metric tons of food. The legislated subminimum for development activities of voluntary agencies and international organizations for FY 1989 is 1.425 million metric tons. New Title II developmental initiatives are being encouraged to ensure compliance with the subminimum. In addition, the sale of Title II commodities ("monetization") was legislatively mandated to help meet the local currency costs associated with food aid projects, e.g., internal transport and storage costs and the ancillary inputs necessary to enhance project food aid objectives. By law, processed commodities must comprise at least 75% of the tonnage in non-emergency developmental activities. The projected commodity mix for FY 1989 should comply with this mandate. In FY 1988, it is planned that the Title II program will provide nearly 2 million metric tons of food.

World Food Program

In 1989, nearly 475,900 metric tons of food valued at $90.4 million is programmed for both regular and emergency feeding programs of the UN/FAO-sponsored World Food Program (WFP). The United States, together with eleven other major donors, pledges food, services (such as ocean transportation costs) and cash to WFP biennially for projects similar to those sponsored by U.S. voluntary agencies. In FY 1988, approximately 460,500 metric tons of food, valued at over $90.6 million, is projected for shipment through WFP for support of regular and emergency activity; in FY 1987, over 547,000 metric tons, valued at nearly $95 million, were shipped. Both P.L. 480 and Section 416 commodities are made available to the WFP through an annual U.S. pledge.

Section 416

Section 416, the second source of grant food aid, uses surplus commodities held by the Commodity Credit Corporation (CCC) to support Title II-type programs. Section 416 commodities can be used in a wider range of countries than Title II, including middle-income developing countries, and can be used in virtually all types of food aid programs -- Food for Progress, PVO-sponsored supplemental feeding programs, as well as emergency and government-to-government programs.

In FY 1987, programs in 35 countries were signed for over 850,000 metric tons

of commodities. Though multi-year programs are allowed, the tonnage programmed under Section 416 depends largely on CCC available inventories. As can be seen in recent months, these inventories are extremely fluid resulting in some commodities becoming unavailable in any part of the year. Therefore, program levels for FYs 1988 and 1989 will depend upon the CCC inventory and commodity availability.

-- Example: In a recent Peruvian national survey, over 750,000 families were identified as having at least one malnourished child, with a total number of over 1 million children under 6 suffering from chronic malnutrition. In addition, an amazing 50% of all Peruvian deaths are children under 5 years of age, with nutritional deficiency identified as the leading cause of almost 60% of these deaths. Since the beginning of the program in 1983, over 6.4 million beneficiaries have been targeted by a Section 416 Government-to-Government program. This project has served as the centerpiece for the government's national effort to assist its people in addressing the problems of malnutrition in children and mothers.

Early in the program almost all the commodities donated under this program were used in a national school feeding program with the balance targeted for maternal and child health programs.

PL 480 Title I/III
FY 1989 Country and Commodity Allocations

Country	TOTAL 1987			TOTAL 1988			TOTAL 1989			WHEAT		WHEAT FLOUR			RICE		FEEDGRAIN		VEGOILS		SOYBEANS		TOTAL		TALLOW		COTTON a/		UNDESIGNATED	
$835 or less Per Capita GNP	MTGE (000)	$ Mil	Of Which Title III	MTGE (000)	$ Mil	Of Which Title III	MTGE (000)	$ Mil	Of Which Title III	MT (000)	$ Mil	MT (000)	MTGE (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil
Bangladesh	434	67.0	(67.0)	371	60.0	(60.0)	363	60.0	(60.0)	314	38.0				31	10.0			15	7.0			360	55.0			2.9	5.0		
Bolivia	180	20.0	(20.0)	185	20.0	(20.0)	140	17.0	(17.0)	140	17.0												140	17.0						
Dominican Rep	114	30.0		59	20.0		164	25.0		83	10.0						60	5.0	21	10.0			164	25.0						
Egypt	1,556	184.5		1,345	180.0		1,282	170.0		934	113.0	254	348	57.0									1,282	170.0						
El Salvador	148	30.1		210	35.0		180	35.0		91	11.0						36	3.0	24	11.0			151	25.0	28.6	10.0				
Ghana	14	8.0		37	6.0		13	6.0							12	4.0							12	4.0			1.1	2.0		
Guinea	42	8.0					9	3.0							9	3.0							9	3.0						
Guyana	46	5.7		37	4.0		33	4.0		33	4.0												33	4.0						
Haiti	60	10.0	(10.0)	130	18.0	(18.0)																								
Honduras	100	12.0		80	12.0		98	12.0		83	10.0						12	1.0					95	11.0	2.8	1.0				
Indonesia	295	38.0		88	10.0		83	10.0		83	10.0												83	10.0						
Kenya	73	8.0		45	5.0		41	5.0		41	5.0												41	5.0						
Liberia	52	10.0		65	10.0		15	5.0							15	5.0							15	5.0						
Madagascar	30	8.0		11	5.0		23	5.0		17	2.0								6	3.0			23	5.0						
Maldive Islands	4	0.5																												
Morocco	338	50.0		235	40.0		331	40.0		331	40.0												331	40.0						
Pakistan	137	50.0		238	80.0		215	80.0											150	70.0			150	70.0					65	10.0
* Philippines				100	30.0																									
Senegal	52	10.0		14	5.0		15	5.0							15	5.0							15	5.0						
Sierra Leone	52	8.0		21	4.0		23	4.0		17	2.0				6	2.0							23	4.0						
Somalia				7	4.9		3	2.0											2	1.0			2	1.0			0.6	1.0		
Sri Lanka	222	24.0		147	16.0		132	16.0		132	16.0												132	16.0						
Sudan	479	55.0		347	40.0		302	40.0		223	27.0	58	79	13.0									302	40.0						
Yemen	109	15.0		42	5.0		15	5.0							15	5.0							15	5.0						
Zaire	81	16.0		85	13.0		109	16.0		107	13.0												107	13.0			1.7	3.0		
Zambia	1	0.4		55	10.0		45	10.0		29	3.5								9	4.0			38	7.5	7.1	2.5				
SUBTOTAL	4,619	668.2	(97.0)	3,954	632.9	(98.0)	3,634	575.0	(77.0)	2,658	321.5	312	427	70.0	103	34.0	108	9.0	227	106.0	0	0.0	3,523	540.5	38.5	13.5	6.3	11.0	65	10.0

* Title I level for the Philippines in FY 1988 reflects an allocation from Title I reserve.

PL 480 Title I/III
FY 1989 Country and Commodity Allocations

Country	TOTAL 1987			TOTAL 1988			TOTAL 1989			WHEAT		WHEAT FLOUR			RICE		FEEDGRAIN		VEGOILS		SOYBEANS		TOTAL		TALLOW		COTTON a/		UNDESIGNATED	
$836 or more Per Capita GNP	MTGE (000)	$ Mil	Of Which Title III	MTGE (000)	$ Mil	Of Which Title III	MTGE (000)	$ Mil	Of Which Title III	MT (000)	$ Mil	MT (000)	MTGE (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil	MTGE (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil	MT (000)	$ Mil
Costa Rica	127	15.2		153	15.0		124	15.0		124	15.0												124	15.0						
Guatemala	138	18.9		117	18.0		102	18.0		83	10.0								13	6.0			96	16.0	5.7	2.0				
Jamaica	322	35.8		215	30.0		222	30.0		124	15.0				15	5.0	60	5.0			23	5.0	222	30.0						
Peru	221	20.0		75	10.0		132	16.0		132	16.0												132	16.0						
Tunisia	224	25.0		20	5.0		83	10.0		83	10.0												83	10.0						
SUBTOTAL	1,032	114.9	0.0	580	78.0	0.0	663	89.0	0.0	546	66.0	0	0	0.0	15	5.0	60	5.0	13	6.0	23	5.0	657	87.0	5.7	2.0	0	0.0	0	0.0
TOTAL ALLOCATED	5,651	783.1	(97.0)	4,534	710.9	(98.0)	4,297	664.0	(77.0)	3,204	387.5	312	427	70.0	118	39.0	168	14.0	240	112.0	23	5.0	4,180	627.5	44.2	15.5	6.3	11.0	65	10.0
(% Title III)			12.4%			13.8%			11.6%																					
RESERVE				497	77.0		556	85.7																						
TOTAL COMMODITY	5,651	783.1	(97.0)	5,031	787.9	(98.0)	4,853	749.7	(77.0)																					
INITIAL PAYMENT		(16.7)			(15.8)			(15.0)																						
FREIGHT DIFFERENTIAL		135.4			79.8			77.3																						
OCEAN FREIGHT		8.9			0.1			0.0																						
PROGRAM LEVEL	5,651	910.7		5,031	852.0		4,853	812.0																						

a/ The Cotton is shown as Metric Tons, the conversion factor used is: 4.592917 Bales = 1 Metric Tons.

FY 1989
P.L. 480 CONGRESSIONAL PRESENTATION
TITLE II
($000)

	FY 87 Actual Program Levels				FY 88 Estimated Program Levels				FY 89 Proposed Program Levels			
Region/Country	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG
Subtotal - Regions	420,350	210,636	92,908	116,806	377,510	240,228	90,564	46,718	315,044	210,359	90,427	14,258
Regular	334,941	189,827	89,752	55,362	298,522	194,122	87,148	17,252	315,044	210,359	90,427	14,258
Emergency	85,409	20,809	3,156	61,444	78,988	46,106	3,416	29,466	0	---	---	---
Asia/Near East	210,435	133,349	43,742	33,344	181,820	134,629	42,191	5,000	178,090	132,144	45,946	---
Regular	195,254	123,197	43,742	28,315	168,133	127,693	40,440	---	178,090	132,144	45,946	---
Emergency	15,181	10,152	---	5,029	13,687	6,936	1,751	5,000	0	---	---	---
Latin America	66,196	35,228	20,387	10,581	61,456	37,616	13,553	10,287	61,392	40,684	15,265	5,443
Regular	52,309	34,609	17,231	469	59,791	37,616	11,888	10,287	61,392	40,684	15,265	5,443
Emergency	13,887	619	3,156	10,112	1,665	---	1,665	---	0	---	---	---
Africa	141,663	40,003	28,779	72,881	134,234	67,983	34,820	31,431	75,562	37,531	29,216	8,815
Regular	87,378	32,021	28,779	26,578	70,598	28,813	34,820	6,965	75,562	37,531	29,216	8,815
Emergency	54,285	7,982	---	46,303	63,636	39,170	---	24,466	0	---	---	---
Europe	2,056	2,056	---	---	0	---	---	---	0	---	---	---
Regular	0	---	---	---	0	---	---	---	0	---	---	---
Emergency	2,056	2,056	---	---	0	---	---	---	0	---	---	---
Reserve					109,772				75,548			
Stock Adjustment	(48,992)	(48,992)			(31,575)	(31,575)			(21,036)	(21,036)		
Transport Costs	180,942				174,293				225,444			
PROGRAM TOTAL	552,300				630,000				595,000			

N.B. All country/regional levels reflect commodity costs only.

FY 1989
P.L. 480 CONGRESSIONAL PRESENTATION
TITLE II
($000)

Region/Country	FY 87 Actual Program Levels				FY 88 Estimated Program Levels				FY 89 Proposed Program Levels			
	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG
ASIA/NEAR EAST -TOTAL	210,435	133,349	43,742	33,344	181,820	134,629	42,191	5,000	178,090	132,144	45,946	0
Afghanistan	2,581	---	---	2,581	5,000	---	---	5,000	0	---	---	---
Bangladesh	20,617	13,466	7,151	---	21,987	15,000	6,987	---	24,226	15,476	8,750	---
Bhutan	438	---	438	---	1,110	---	1,110	---	497	---	497	---
Egypt	3,871	3,761	---	110	2,502	2,502	---	---	1,622	1,622	---	---
Gaza	530	530	---	---	561	561	---	---	0	---	---	---
India	92,384	80,153	12,231	---	89,828	80,534	9,294	---	92,737	81,567	11,170	---
Indonesia	4,555	4,470	85	---	6,584	5,606	978	---	5,729	5,627	102	---
Kampuchea	489	---	489	---	570	---	570	---	0	---	---	---
Laos	0	---	---	---	1,751	---	1,751	---	0	---	---	---
Lebanon	9,727	9,727	---	---	6,385	5,973	412	---	0	---	---	---
Morocco	12,478	8,604	3,874	---	13,347	12,284	1,063	---	16,968	15,000	1,968	---
Nepal	771	---	633	138	1,985	---	1,985	---	1,036	---	1,036	---
Pakistan	17,510	---	17,510	---	15,152	---	15,152	---	21,922	---	21,922	---
Philippines	38,961	10,603	43	28,315	11,274	10,530	744	---	12,843	12,658	185	---
Sri Lanka	3,199	999	---	2,200	2,700	575	2,125	---	194	194	---	---
West Bank	1,036	1,036	---	---	1,064	1,064	---	---	0	---	---	---
Yemen	1,288	---	1,288	---	20	---	20	---	316	---	316	---
LATIN AMERICA - TOTAL	66,196	35,228	20,387	10,581	61,456	37,616	13,553	10,287	61,392	40,684	15,265	5,443
Bolivia	12,638	9,966	2,203	469	14,118	9,993	1,088	3,037	14,625	10,214	1,929	2,482
Brazil	2,066	---	2,066	---	110	---	110	---	1,297	---	1,297	---
Colombia	0	---	---	---	64	---	64	---	0	---	---	---
Costa Rica	103	---	103	---	206	---	206	---	133	---	133	---
Dominican Rep.	1,565	1,565	---	---	3,059	2,953	106	---	3,268	3,268	---	---
Ecuador	3,941	456	274	3,211	1,411	508	705	198	1,838	510	1,328	---
El Salvador	6,403	1,404	4,187	812	13,639	1,857	4,730	7,052	7,515	1,810	2,744	2,961
Guatemala	8,492	3,885	4,607	---	7,470	4,774	2,696	---	6,845	5,075	1,770	---
Guyana	22	---	22	---	7	---	7	---	48	---	48	---
Haiti	12,992	5,951	952	6,089	6,791	6,583	208	---	7,718	6,781	937	---
Honduras	5,418	3,102	2,316	---	5,417	2,964	2,453	---	4,178	3,122	1,056	---
Jamaica	740	513	227	---	198	---	198	---	621	---	621	---
Mexico	2,186	---	2,186	---	482	---	482	---	1,878	---	1,878	---
Panama	12	---	12	---	36	---	36	---	0	---	---	---
Paraguay	0	---	---	---	158	---	158	---	0	---	---	---
Peru	9,617	8,386	1,231	---	8,290	7,984	306	---	11,422	9,904	1,518	---
St. Lucia	1	---	1	---	0	---	---	---	6	---	6	---
EUROPE - TOTAL	2,056	2,056	---	---	0	---	---	---	0	---	---	---
Poland	2,056	2,056	---	---	0	---	---	---	0	---	---	---

FY 1989
P.L. 480 CONGRESSIONAL PRESENTATION
TITLE II
($000)

Region/Country	FY 87 Actual Program Levels				FY 88 Estimated Program Levels				FY 89 Proposed Program Levels			
	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG
AFRICA - TOTAL	141,663	40,003	28,779	72,881	134,234*	67,983	34,820	31,431	75,562	37,531	29,216	8,815
Angola	3,397	---	---	3,397	0	---	---	---	0	---	---	---
Benin	1,203	960	243	---	1,610	1,170	440	---	1,462	1,196	266	---
Botswana	7,824	---	2,449	5,375	9,457	---	3,812	5,645	1,963	---	1,963	---
Burkina Faso	5,163	4,889	274	---	5,950	4,965	985	---	4,576	4,272	304	---
Burundi	108	---	108	---	169	---	169	---	122	---	122	---
Cameroon	215	---	215	---	381	---	381	---	603	---	603	---
Cape Verde	2,900	---	734	2,166	1,817	---	422	1,395	2,587	---	997	1,590
C.A.R.	444	---	444	---	1,077	---	1,077	---	582	---	582	---
Chad	1,762	956	806	---	1,844	471	1,373	---	3,251	---	650	2,601
Comoro Is.	934	---	934	---	849	---	849	---	676	---	676	---
Congo	123	---	123	---	64	---	64	---	220	---	220	---
Eq. Guinea	0	---	---	---	329	---	329	---	0	---	---	---
Ethiopia	5,261	5,261	---	---	29,281	29,281	---	---	5,838	5,838	---	---
Ethiopian Refugee	800	800	---	---	2,713	2,713	---	---	0	---	---	---
Gambia	2,575	769	184	1,622	4,142	948	358	2,836	1,113	928	185	---
Ghana	8,624	5,556	3,068	---	8,028	5,133	2,895	---	8,257	4,898	3,359	---
Guinea	170	---	170	---	111	---	111	---	517	---	517	---
Guinea Bissau	1,260	---	534	726	574	---	574	---	1,314	---	774	540
Ivory Coast	144	---	144	---	69	---	69	---	244	---	244	---
Kenya	1,335	1,292	43	---	71	---	71	---	1,467	1,283	184	---
Lesotho	6,808	2,978	3,830	---	5,100	2,892	2,208	---	4,979	2,656	2,323	---
Liberia	68	---	68	---	182	---	182	---	95	---	95	---
Madagascar	1,600	1,463	137	---	2,116	2,116	---	---	2,418	2,028	390	---
Malawi	372	---	372	---	4,059	---	643	3,416	494	---	494	---
Mali	1,580	225	1,355	---	3,086	351	2,735	---	4,879	340	2,740	1,799
Mauritania	3,110	919	54	2,137	3,791	526	1,244	2,021	2,676	269	122	2,285
Mauritius	425	---	425	---	618	---	618	---	313	---	313	---
Mozambique	28,743	4,085	114	24,544	20,539	7,638	43	12,858	4,669	4,487	182	---
Niger	783	---	783	---	972	---	972	---	883	---	883	---
Rwanda	3,058	2,844	214	---	1,273	1,252	21	---	1,488	1,268	220	---
Sao Tome	203	---	203	---	243	---	243	---	75	---	75	---
Senegal	3,521	2,677	844	---	4,608	3,675	933	---	3,409	2,495	914	---
Seychelles	109	109	---	---	109	109	---	---	63	63	---	---
Sierra Leone	938	878	60	---	1,372	1,372	---	---	774	774	---	---
Somalia	17,840	---	7,433	10,407	7,656	---	7,656	---	6,449	---	6,449	---
Sudan	636	266	370	---	3,274	150	220	2,904	1,882	1,476	406	---
Swaziland	781	---	781	---	646	---	646	---	661	---	661	---
Tanzania	5,697	908	16	4,773	1,086	665	421	---	1,017	616	401	---
Togo	2,171	1,786	385	---	3,072	2,331	741	---	2,844	2,424	420	---
Uganda	7,332	222	743	6,367	1,589	---	1,233	356	401	---	401	---
Zaire	6,391	160	---	6,231	225	225	---	---	220	220	---	---
Zambia	5,255	---	119	5,136	82	---	82	---	81	---	81	---

* Title II level for Africa in FY 1988 reflects allocations from the reserve for emergencies as of February 1, 1988.

FY 1989
P.L. 480 CONGRESSIONAL PRESENTATION
TITLE II
Metric Tons

	FY 87 Actual Program Levels				FY 88 Estimated Program Levels				FY 89 Proposed Program Levels			
	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG
Region/Country												
Subtotal - Regions	2,248,601	1,028,472	547,822	672,307	1,753,029	1,034,428	460,545	258,056	1,460,569	894,968	475,900	89,701
Regular	1,861,408	952,542	525,928	382,938	1,380,825	838,708	447,585	94,532	1,460,569	894,968	475,900	89,701
Emergency	387,193	75,930	21,894	289,369	372,204	195,720	12,960	163,524	0	---	---	---
Asia/Near East	1,208,747	630,237	298,460	280,050	873,074	582,690	250,384	40,000	857,106	572,761	284,345	---
Regular	1,129,758	596,498	298,460	234,800	811,287	565,903	245,384	---	857,106	572,761	284,345	---
Emergency	78,989	33,739	---	45,250	61,787	16,787	5,000	40,000	0	---	---	---
Latin America	371,863	192,622	109,351	69,890	257,126	156,695	56,999	43,432	261,945	169,772	69,998	22,175
Regular	279,707	190,329	87,457	1,921	249,166	156,695	49,039	43,432	261,945	169,772	69,998	22,175
Emergency	92,156	2,293	21,894	67,969	7,960	---	7,960	---	0	---	---	---
Africa	663,049	200,671	140,011	322,367	622,829	295,043	153,162	174,624	341,518	152,435	121,557	67,526
Regular	451,943	165,715	140,011	146,217	320,372	116,110	153,162	51,100	341,518	152,435	121,557	67,526
Emergency	211,106	34,956	---	176,150	302,457	178,933	---	123,524	0	---	---	---
Europe	4,942	4,942	---	---	0	---	---	---	0	---	---	---
Regular	0	---	---	---	0	---	---	---	0	---	---	---
Emergency	4,942	4,942	---	---	0	---	---	---	0	---	---	---
Reserve					295,837				414,248			
Stock Adjustment	(268,285)	(268,285)			(128,623)	(128,623)			(89,497)	(89,497)		
PROGRAM TOTAL	1,980,316 (MT)				1,920,244 (MT)				1,785,320 (MT) 1,908,647 (MTGE)			

N.B. All country/regional levels reflect commodity costs only.

FY 1989
P.L. 480 CONGRESSIONAL PRESENTATION
TITLE II
Metric Tons

Region/Country	FY 87 Actual Program Levels				FY 88 Estimated Program Levels				FY 89 Proposed Program Levels			
	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG
ASIA/NEAR EAST-TOTAL	1,208,747	630,237	298,460	280,050	873,074	582,690	250,384	40,000	857,106	572,761	284,345	0
Afghanistan	23,000	---	---	23,000	40,000	---	---	40,000	0	---	---	---
Bangladesh	185,000	120,000	65,000	---	173,523	120,000	53,523	---	185,500	120,000	65,500	---
Bhutan	1,610	---	1,610	---	3,572	---	3,572	---	1,550	---	1,550	---
Egypt	14,694	13,694	---	1,000	7,569	7,569	---	---	5,144	5,144	---	---
Gaza	2,627	2,627	---	---	2,008	2,008	---	---	0	---	---	---
India	355,344	307,854	47,490	---	320,903	284,674	36,229	---	311,751	273,851	37,900	---
Indonesia	32,002	30,877	1,125	---	30,354	26,636	3,718	---	27,761	26,636	1,125	---
Kampuchea	800	---	800	---	800	---	800	---	0	---	---	---
Laos	0	---	---	---	5,000	---	5,000	---	0	---	---	---
Lebanon	31,363	31,363	---	---	17,289	15,434	1,855	---	0	---	---	---
Morocco	68,511	49,437	19,074	---	66,896	61,641	5,255	---	88,321	80,321	8,000	---
Nepal	3,450	---	2,200	1,250	8,199	---	8,199	---	3,570	---	3,570	---
Pakistan	154,900	---	154,900	---	111,701	---	111,701	---	165,500	---	165,500	---
Philippines	297,415	62,389	226	234,800	58,998	55,646	3,352	---	65,654	65,054	600	---
Sri Lanka	27,034	7,034	---	20,000	22,220	5,220	17,000	---	1,755	1,755	---	---
West Bank	4,962	4,962	---	---	3,862	3,862	---	---	0	---	---	---
Yemen	6,035	---	6,035	---	180	---	180	---	600	---	600	---
LATIN AMERICA - TOTAL	371,863	192,622	109,351	69,890	257,126	156,695	56,999	43,432	261,945	169,772	69,998	22,175
Bolivia	63,811	51,142	10,748	1,921	56,134	40,765	4,324	11,045	56,160	40,764	7,350	8,046
Brazil	12,890	---	12,890	---	1,000	---	1,000	---	8,665	---	8,665	---
Colombia	0	---	---	---	248	---	248	---	0	---	---	---
Costa Rica	395	---	395	---	535	---	535	---	500	---	500	---
Dominican Rep.	9,187	9,187	---	---	14,638	14,322	316	---	15,395	15,395	---	---
Ecuador	12,339	1,639	1,600	9,100	5,621	1,571	2,250	1,800	6,671	1,571	5,100	---
El Salvador	36,449	7,598	24,246	4,605	54,555	7,193	16,775	30,587	32,271	7,193	10,949	14,129
Guatemala	44,256	21,497	22,759	---	34,439	21,902	12,537	---	30,179	22,479	7,700	---
Guyana	100	---	100	---	60	---	60	---	225	---	225	---
Haiti	90,568	31,596	4,708	54,264	28,052	27,052	1,000	---	31,003	27,053	3,950	---
Honduras	28,492	14,306	14,186	---	23,275	11,095	12,180	---	17,085	11,985	5,100	---
Jamaica	6,050	4,650	1,400	---	940	---	940	---	3,690	---	3,690	---
Mexico	10,785	---	10,785	---	2,715	---	2,715	---	10,249	---	10,249	---
Panama	83	---	83	---	50	---	50	---	0	---	---	---
Paraguay	0	---	---	---	575	---	575	---	0	---	---	---
Peru	56,453	51,007	5,446	---	34,289	32,795	1,494	---	49,832	43,332	6,500	---
St. Lucia	5	---	5	---	0	---	---	---	20	---	20	---
EUROPE - TOTAL	4,942	4,942	---	---	0	---	---	---	0	---	---	---
Poland	4,942	4,942	---	---	0	---	---	---	0	---	---	---

FY 1989
P.L. 480 CONGRESSIONAL PRESENTATION
TITLE II
Metric Tons

Region/Country	FY 87 Actual Program Levels				FY 88 Estimated Program Levels				FY 89 Proposed Program Levels			
	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG	Total	Volags	WFP	GTG
AFRICA - TOTAL	663,049	200,671	140,011	322,367	622,829	295,043	153,162	174,624	341,518	152,435	121,557	67,526
Angola	12,410	---	---	12,410	0	---	---	---	0	---	---	---
Benin	6,538	5,268	1,270	---	5,967	3,589	2,378	---	4,939	3,589	1,350	---
Botswana	32,150	---	10,710	21,440	44,226	---	18,226	26,000	10,275	---	10,275	---
Burkina Faso	27,458	26,427	1,031	---	28,968	24,857	4,111	---	20,560	19,860	700	---
Burundi	535	---	535	---	781	---	781	---	460	---	460	---
Cameroon	350	---	350	---	680	---	680	---	1,100	---	1,100	---
Cape Verde	19,264	---	4,219	15,045	17,700	---	2,700	15,000	22,063	---	4,600	17,463
C.A.R.	2,080	---	2,080	---	4,700	---	4,700	---	2,700	---	2,700	---
Chad	10,344	6,407	3,937	---	9,243	2,746	6,497	---	23,117	---	2,950	20,167
Comoro Is.	5,000	---	5,000	---	4,030	---	4,030	---	3,200	---	3,200	---
Congo	525	---	525	---	90	---	90	---	550	---	550	---
Eq. Guinea	0	---	---	---	1,150	---	1,150	---	0	---	---	---
Ethiopia	31,951	31,951	---	---	144,238	144,238	---	---	22,050	22,050	---	---
Ethiopian Refugee	5,900	5,900	---	---	15,000	15,000	---	---	0	---	---	---
Gambia	14,281	3,706	1,105	9,470	12,603	2,877	1,626	8,100	3,527	2,877	650	---
Ghana	37,708	23,260	14,448	---	25,317	17,356	7,961	---	23,929	14,858	9,071	---
Guinea	1,050	---	1,050	---	590	---	590	---	1,700	---	1,700	---
Guinea Bissau	6,712	---	3,022	3,690	1,540	---	1,540	---	4,162	---	2,500	1,662
Ivory Coast	839	---	839	---	150	---	150	---	750	---	750	---
Kenya	5,443	5,373	70	---	100	---	100	---	7,120	6,870	250	---
Lesotho	31,790	14,327	17,463	---	24,647	12,522	12,125	---	22,171	11,172	10,999	---
Liberia	330	---	330	---	800	---	800	---	450	---	450	---
Madagascar	7,686	6,886	800	---	6,376	6,376	---	---	7,576	6,376	1,200	---
Malawi	1,400	---	1,400	---	29,890	---	2,565	27,325	2,000	---	2,000	---
Mali	7,540	1,541	5,999	---	10,288	2,388	7,900	---	17,279	2,443	9,300	5,536
Mauritania	24,346	4,159	175	20,012	26,828	2,161	4,667	20,000	24,022	1,074	250	22,698
Mauritius	2,050	---	2,050	---	2,600	---	2,600	---	1,250	---	1,250	---
Mozambique	127,000	15,500	1,500	110,000	77,948	23,395	60	54,493	25,400	23,400	2,000	---
Niger	4,404	---	4,404	---	4,965	---	4,965	---	4,250	---	4,250	---
Rwanda	14,421	14,073	348	---	5,375	5,345	30	---	5,645	5,345	300	---
Sao Tome	1,299	---	1,299	---	1,341	---	1,341	---	400	---	400	---
Senegal	22,347	16,269	6,078	---	22,401	15,636	6,765	---	19,516	13,116	6,400	---
Seychelles	572	572	---	---	347	347	---	---	195	195	---	---
Sierra Leone	3,795	3,445	350	---	3,822	3,822	---	---	2,940	2,940	---	---
Somalia	67,249	---	35,649	31,600	33,582	---	33,582	---	27,799	---	27,799	---
Sudan	3,494	1,169	2,325	---	25,342	592	1,544	23,206	6,537	4,887	1,650	---
Swaziland	2,508	---	2,508	---	1,847	---	1,847	---	1,999	---	1,999	---
Tanzania	27,730	2,704	26	25,000	6,309	2,698	3,611	---	5,922	2,322	3,600	---
Togo	12,062	9,517	2,545	---	11,212	6,912	4,300	---	9,515	6,911	2,604	---
Uganda	23,323	500	4,123	18,700	7,350	---	6,850	500	2,000	---	2,000	---
Zaire	46,717	1,717	---	45,000	2,186	2,186	---	---	2,150	2,150	---	---
Zambia	10,448	---	448	10,000	300	---	300	---	300	---	300	---

PRIVATE ENTERPRISE INITIATIVE

OVERVIEW

Since 1981, A.I.D.'s Private Enterprise Initiative has sought to shift agency development strategies from a predominantly public sector, or government-to-government, focus to one that emphasizes market forces and active private indigenous productive sectors. The initiative is based on experience and documentation which clearly shows that increased reliance on individual initiative, entrepreneurship, competition and market forces to guide economic progress is essential for sustained, equitable growth. Practically speaking, market-based economic activity over the long term also tends to free developing country economies from reliance on external resource transfers from donors and on infusions from overstrained host country budgets, allowing host governments to focus resources on essential public activities.

The initiative coincides with a shift in thinking in many developing countries and donor organizations toward increased use of markets to achieve a broad range of economic and social development goals. This includes meeting basic human needs through local private enterprise, which serves as both a generator of increased purchasing power for the poor and as a cost-effective delivery vehicle for needed services. At the same time, the marketplace approach over time will help bring developing nations closer to economic parity with developed nations so they can compete effectively for resources and engage in mutually beneficial trade and investment activities, which constitute another powerful force for broad-based development.

The initiative has four major components: policy reform, to encourage market forces; private enterprise development, to strengthen the indigenous private sector; utilization of the private sector as a delivery mechanism; and privatization. Privatization is discussed in the following section of this volume.

- Policy reform. Through continuous policy dialogue, A.I.D. encourages developing countries to follow free market principles to achieve sustained economic growth and broad-based social development, and to move away from government intervention in the economy.

-- Private enterprise development. A.I.D. has made a concerted effort over the past six years to encourage the growth of micro-, small- and medium-scale indigenous private enterprises, to strengthen the private institutions and financial markets which serve them, and to initiate or reinforce the linkages between U.S. and developing country private enterprises. This indigenous entrepreneurial sector is a dynamic source of jobs, training and income generation for the poor and near-poor and its impact reverberates throughout the economy.

-- Utilization of the private sector as an aid delivery mechanism. A.I.D. has relied increasingly on the developing country and U.S. private sectors (including private enterprises, cooperatives, and PVOs) as delivery mechanisms or channels of distribution for its assistance (such as the delivery of family planning services, improvement of health care, and the provision of education and training services).

-- Privatization. Privatization is the transfer of a function, activity or organization from the public to the private sector. A.I.D. views privatization as a vehicle to facilitate the adoption of free markets in which private enterprises compete with each other, and result in increased employment, higher incomes, and improved standards of living. Privatization may take the form of complete or partial divestiture including the contracting out of service delivery.

A.I.D. has made substantial progress in implementing its commitment to the belief that a vigorous private sector is the key to meeting basic human needs and other development requirements by redirecting many of its resources, programs, and personnel toward market-oriented, private enterprise activities. The market-based approach to the provision of development assistance is fully consistent with the Foreign Assistance Act of 1961, as amended (FAA). Sections 102 and 601 of the FAA, in particular, recognize the importance of a dynamic private enterprise system in achieving economic progress and development. The FAA declares it to be the policy of the United States to foster private initiative and competition, to utilize expertise from U.S. private enterprise and, to the maximum extent practicable, to carry out programs of assistance through private channels.

RATIONALE AND GOALS OF THE PRIVATE ENTERPRISE INITIATIVE

The major appeal of the private enterprise approach is its potential for true self-sustaining long-term economic growth.

Experience in the majority of newly industrialized countries has shown that private enterprises, operating in open and competitive environments, are more likely to produce a higher level of economic efficiency, innovation and incentive, and, therefore, greater and more broadly based economic and social benefits.

Low production levels in developing countries are often a result of the inefficient use of available resources. In addition, in some countries there is often an insufficiency of total available resources as well. Whether the problem is inefficiency or insufficiency, it is often due in large part to inappropriate and, at times, self-defeating government involvement in the economy.

Comparisons between market-oriented, private sector approaches and centrally controlled, public sector approaches to development support the efficiency of the private sector as a promoter of economic growth. This is most apparent in comparing the performances of Africa and East Asia. The two regions were at comparable economic stages in the 1950s. Between then and now, most Asian countries had adopted policies that encourage domestic investment as well as reliance on private enterprise. This has led to growth rates that are among the highest in the world. On the other hand, the use of central controls and state-owned and -controlled enterprises in many African economies, following independence in the 1960s, has contributed to the deterioration of those economies.

Redefining the Economic Role of Developing Country Governments

A first step in improving the efficiency with which an economy allocates and uses its resources requires that central governments decide what are the necessary roles for them to perform. The list may include:

- Creating an institutional base for private economic activity, (including explicit recognition of the individual's right to own and control property; a fair, workable set of laws governing contracts, exchange and investment; a just and timely means of adjudicating those laws, and production and marketing standards);

- Adopting economic policies which stimulate growth and control inflation;

- Ensuring that infrastructure exists to promote economic growth; and

- Providing public goods which are needed for the continued, sustained growth of the economy.

Organization of the Initiative

The Private Enterprise Initiative is Agency-wide, involving all bureaus and overseas missions and their resources. A.I.D.'s overseas Missions are responsible for developing and implementing most of the Agency's private enterprise activities. The Bureau for Private Enterprise (PRE) provides leadership and guidance to the Agency by developing innovative programming approaches for demonstration and replication by missions, and by providing technical expertise and training in such areas as privatization, private enterprise strategy development, financial markets development, and urban shelter planning and development. The Bureau for Program and Policy Coordination (PPC) provides the policy framework for Agency-wide private sector activity. Policy papers have been issued on Private Enterprise Development, Cooperative Development, Private and Voluntary Organizations, Trade Development and Approaches to the Policy Dialogue, and policy determinations published which concern privatization of state-owned enterprises. The Bureau for Science and Technology supports a wide range of research and demonstration projects in the areas of small enterprise development.

PROGRESS TO DATE AND FOCUS FOR 1989

There are several key elements to A.I.D.'s programs under the Private Enterprise Initiative. Each is addressed below followed by a sampling of selected specific activities by way of illustration.

1. Policy Reform

Policy dialogue and related technical assistance to influence change in host government policies are essential elements of A.I.D.'s Private Enterprise Initiative. Illustratively, technical assistance is provided to both host governments and to private sector and nonprofit groups in order to increase the private sector's access to foreign exchange, remove investment and export barriers, reduce self-defeating government controls over production and marketing, and identify and deal with other impediments to market-based growth. For example, in agricultural development, there has been a significant effort in the past six years to encourage policies that assure market-responsive prices as a means of providing greater incentives for increased agricultural production, especially by small farmers. Through policy dialogue A.I.D. has thus positioned itself to help developing countries help themselves to achieve the real increase in living standards that come with increasing prosperity brought about by vigorous market growth.

Selected Activities

A.I.D. Missions in the Latin America and Caribbean region have played a significant role in the following policy initiatives, which provide incentives for increased investment leading to expansion in non-traditional exports and employment generation.

- A.I.D. policy dialogue has been instrumental in achieving appropriate exchange rate policies in Costa Rica and Guatemala where exchange rate misalignment was a major problem.

- Legislation favoring establishment of export processing zones, industrial parks and other measures to increase non-traditional exports have been implemented in Costa Rica, Honduras, Guatemala and El Salvador as a result of policy dialogue.

- In Haiti, policy reforms to reduce and eliminate import monopolies and quotas have increased competition. In addition, a new reduced tariff code was established in March 1987.

- A.I.D. policy dialogue has been instrumental in the elimination or reduction of export taxes in the Dominican Republic and Guatemala.

- Price controls have been significantly reduced or eliminated in Haiti, Bolivia, and Ecuador.

In Jordan A.I.D. is co-financing a broad range of private sector services. These include feasibility studies, policy studies, conferences, privatization actions, assistance to business groups, export services and market studies, and seed capital for joint ventures with U.S. firms.

In Bangladesh, A.I.D. is working with the government to adopt more market-oriented banking policies, rationalize interest rates, mobilize savings, increase loan recoveries, and improve the efficiency of financial institutions and the Central Bank. A.I.D. is also working to improve the data base on non-farm enterprises in Bangladesh so the government can develop sound policies to stimulate jobs in small enterprises. In the agricultural sector, as a result of A.I.D. policy dialogue, retail fertilizer prices were decontrolled, leading to the creation of a network of competitive private retail dealers. Continued policy dialogue is focused on private sector sales to factories and ports and on private sector imports of fertilizer.

In the Gambia, a PL 480 program calls for reforms to encourage private entrepreneurial activity in the food and agriculture sector while taking steps to divest and privatize the Gambia Produce Marketing Board (GPMB). The government has abolished the GPMB monopoly held over commercial rice and fertilizer imports and ended its subsidy of fixed prices. Private merchants are now importing rice for sale and fertilizer is being sold to private traders at market prices. GPMB assets and operations are scheduled to be sold to private entrepreneurs, with the divestiture and privatization of core operations being the last step in the process.

In Mali, A.I.D. is contributing PL 480 resources to a multi-donor promotional effort to liberalize the cereals market, reduce public resources required by the official cereals marketing system, and improve incentives for producers to increase food grain supplies. The private sector has increased its participation not only in the production and marketing of grain, but also in developing, with the support of project credit programs, private sector facilities for seasonal and multi-year grain storage.

2. Training for Private Sector Development:

A key element in meeting development objectives through the use of market forces is business training. A.I.D. has targeted A.I.D. personnel as well as host country entrepreneurs with programs emphasizing business, economic and management skills.

Selected Activities:

A.I.D.'s Office of International Training (S&T/IT) sponsors a training initiative, Entrepreneurs International, that brings entrepreneurs from developing countries to the U.S. for on-the-job training with U.S. businesses. About 65 placements have been made and many others are in progress. The potential to develop business relationships between U.S. and developing country firms is enhanced by the program.

In Costa Rica, A.I.D. is financing a program which trains individuals from the private sector, the financial system and the universities. To date, 3500 private sector participants have been trained in areas such as general management, production management, and export promotion and marketing. Training for the financial system has reached nearly 1500 participants in the Central Bank and private banks, while 500 participants have been trained from the universities.

In Mali, a joint Peace Corps/A.I.D. project teaches basic business management skills to employees of small-scale enterprise. To date, some 300 students have benefited from the courses, which teach new methods and techniques and affect attitudes about business and its role in the economy.

In Jordan, A.I.D. co-finances consulting services to Jordanian manufacturers, a graduate degree program for industrial engineers, services to entrepreneurs through the Chamber of Industry, and industrial internships in the U.S. for Jordanian businessmen.

The Bureau for Private Enterprise, through a grant to the Rome-based International Development Law Institute (IDLI), sponsors the training of developing country lawyers. The aim is to strengthen their skills in addressing the concerns of both foreign investors and local businesses. In FY 87, training workshops were held in the Cameroon and Indonesia. In Pakistan, the A.I.D. Mission funded a similar workshop on the subject of "Technology Transfer Agreements". In FY 88, proposed IDLI seminars include: international transport; contracts and insurance; Bilateral Investment Treaties; joint ventures; state-owned enterprises; tools for restructuring; and legal aspects of financial engineering.

3. Technology Transfer

A major impediment to developmental progress is the absence of modern, appropriate technology and technological capabilities in developing countries. A.I.D. has worked for years to overcome this hurdle and in recent years has used mechanisms involving private business, both U.S. and host country.

Selected Activities

A.I.D. has provided funding and technical support for a variety of activities in the field of commercialization of technology which include extensive transfer of U.S. technology for production and marketing in developing countries and transfer of technological skills. Commercialization of technology can provide the basis for successful commercial enterprise while addressing specific development problems.

In India, an A.I.D. program for the Advancement of Commercial Technology provides seed capital for private sector R&D, promotional organization to broker R&D joint ventures between U.S. and Indian firms, and U.S. and India business advisory groups to guide the program and provide leadership on policy issues. In addition, a Bureau for Private Enterprise loan to the Serum Institute of India helps the firm diversify into measles and viral vaccines and expand its manufacturing capacity in bacterial vaccines and human blood products.

A Bureau for Private Enterprise commercialization of technology program focuses on (a) the development of R&D limited partnerships for product development, manufacture and marketing in developing countries; (b) test marketing in developing countries of new or adapted products; and (c) business plan development to raise capital for developing country businesses to market or manufacture appropriate products in high priority sectors such as agriculture. In FY 1987 the program formed an R&D limited partnership to develop and market a genetically engineered vaccine for hog cholera, which is endemic in the developing world. PRE is also supporting the development costs of a venture capital fund specializing in the life sciences, targeting four Asian countries. The goal of the program is to provide the stimulus required to transfer life science technologies from the developed to the developing world. Wastewater biotechnologies for milk production and aquaculture and bioprocessing for organic fertilizers are examples of fields to be explored.

In Nepal, an A.I.D. project has supported field testing of various appropriate technologies. Private entrepreneurs are involved in the manufacturing and marketing of biogas units, grain storage bins, water turbines, irrigation pumps and other technologies. Privately owned stores are being established to retail and maintain locally manufactured technology.

In Yemen, an A.I.D. project will improve the capability of private sector firms to process nutritious foods for at-risk groups such as weaning-age children and pregnant and lactating women. U.S. firms will provide assistance to Yemeni firms to enhance the nutritional benefit of local products.

The Joint Venture Feasibility Fund was created by the International Executive Service Corps (IESC) and A.I.D. in response to the need for expansion of joint venture investments in the Caribbean. The Fund links host country and potential U.S. joint venture partners to conduct feasibility studies. Under the program, a Nebraska-based producer invested in a grain farming/broiler operation in Monsterrat. In Honduras, a feasibility study led to a partnership between a Miami-based company and a local cooperative to establish a cucumber pickling plant and a cucumber extract plant for use in cosmetics.

In the Dominican Republic, an A.I.D.-financed Industrial Technology Clearinghouse is planned. The project will conduct "technology audits" to identify production roadblocks and recommend cost-effective and appropriate technology for small and medium-sized businesses.

4. Access to Credit

In most developing countries, credit has not been generally available to small businesses because of perceived risk, the lack of traditional collateral, and other policy and institutional constraints. A.I.D. has made substantial progress in addressing this impediment to economic growth, especially under the impetus of its policy of fostering market-based growth through the private sector.

The Agency has relied upon private financial institutions, Cooperatives and Private and Voluntary Organizations (PVOs) as sources of credit to small and micro-entrepreneurs. PVOs and Cooperatives provide both direct loans and loan guarantees, and introduce small businesspeople to banks and other commercial lenders.

Selected Activities

A.I.D.'s Private Sector Revolving Fund, managed by the Bureau for Private Enterprise, plays a special role in the Agency's activities in credit and financial markets. The Revolving Fund supported increased agricultural promotion, rural development and employment generation in expanding its portfolio in FY 1987 and 1988.

- Two loans reflected the Fund's continuing emphasis on using new financing techniques to achieve development objectives: Securitized Trade Finance in Turkey and Business Venture Promotion Company, a venture capital firm, in Thailand. In both of these loans, new techniques for raising funds were put in place to make more credit available to small and medium-sized private enterprises.

- Two direct loans were made; to a tuna fishing project in Mauritius and to a U.S. research and development partnership. Both reflect the inestment program's objective of promoting U.S. interests. The tuna project as well as the R&D partnership involve U.S. partners and will provide markets for U.S. technology.

In Bangladesh, an A.I.D. project created the Micro Industries Development Assistance Society (MIDAS), a non-governmental agency which promotes small-scale rural industry and provides market-rate loans to private enterprises. The agency also makes equity investments and provides managerial assistance to entrepreneurs.

In Indonesia, an A.I.D. project is developing credit programs to mobilize local savings which are decentralized and non-subsidized. Loans range from $50 to $500, principally for short-term working capital requirements of small traders.

In Cameroon, an A.I.D. project is providing Cooperative Credit Union League technical assistance to offer member credit unions training in financial management, savings promotion, and credit administration. Credit programs include non-farm credit as well as small farmer production credit. The self-supporting League has over 60,000 members and has made loans valued at over $15 million.

In Bolivia, local currency funds have been used to establish an efficient mechanism to finance small farms and other enterprises through intermediary credit institutions. Loans are made to these institutions on terms of up to five years to finance productive activities such as agriculture, handicrafts and small industry.

In Jamaica, the Trafalgar Development Bank, a private sector development finance institution, provides medium and long-term credit to ventures primarily to new small and medium-sized enterprises.

5. Cooperative Development Organizations (CDOs) and Private and Voluntary Organizations (PVOs):

A.I.D. support for the international programs of U.S. cooperatives helps carry out the mandate of the Foreign Assistance Act to increase "the participation of the rural and urban poor people in their countries' development," since co-ops are often able to reach and work with this sector more effectively than governments and larger businesses.

Promotion of technological change at the local level is a major contribution of private and voluntary organizations. PVOs have also been effective in working with small-scale private enterprises. It is estimated that PVOs have helped establish thousands of new businesses and expand many more, generating jobs, training programs, and higher incomes.

Selected Activities

ACCION International/AITEC, through an FVA/PVC grant, is expanding micro-enterprise programs in A.I.D.-assisted countries. Each year ACCION facilitates short-term credit and basic business training for more than 16,000 micro-enterprises.

Technoserve, through a grant from A.I.D.'s Office of Private and Voluntary Cooperation (FVA/PVC) provides management training to several hundred rural enterprises and cooperatives in Latin America and Africa.

National Cooperative Business Association (NCBA), through the A.I.D.-funded International Trade Development Program, established a trade facility which has promoted a significant volume of trade between U.S. and LDC cooperatives and can now generate sufficient revenues to sustain its operations.

The Credit Union National Association (member, World Council of Credit Unions) is carrying out a project in Togo assisting the Togolese Credit Unions to provide savings, credit and related services to urban and rural members of middle and lower incomes.

The World Education Fund is working in Kenya to provide credit and business advisory services to agribusiness and small manufacturing enterprises. Small-scale enterprises receive credit and technical assistance through local PVOs who raise additional loan funding. To date, approximately 70% of direct beneficiaries are women.

In Haiti, the Crafts Export Center is a handicraft project managed through a grant with CARE. Through technical assistance and expertise in marketing, CARE has helped Haitians to adapt and market traditional Haitian crafts to U.S. tastes, standards, designs and colors. By January 1987, the project had generated more than 600 part-time jobs, 80% of which are rural based. Over 50% of the beneficiaries are women.

The International Executive Service Corps (IESC), with core-grant support from the Bureau for Private Enterprise, has recruited thousands of retired American executives to share their managerial and technical know-how with small business counterparts in the developing world. IESC also provides links between American and LDC businesses, often leading to commercial relationships. In FY 87, IESC completed some 600 technical projects.

6. Export Promotion and Investment

Vigorous trade and investment activity serves as an exceptionally strong engine for self-sustaining development in Third World countries. Hard currency earnings generated by developing country exports pay direct dividends in terms of employment, debt service and building of foreign exchange reserves. Investment, both indigenous and foreign, leads to new products, the springing up of new industries and, especially in the case of direct foreign investment, transfers

needed technology and managerial know-how to local entrepreneurs. At the same time, the economic growth generated by trade and investment builds demand and the potential for stronger markets in the LDCs for U.S. goods, services and technology, thus yielding mutual benefits - or a two-way street.

Selected Activities

In Costa Rica, the Coalition for Development Initiatives has been successful in generating widespread interest and investment through direct targeting of U.S. companies that demonstrate a high potential for doing business in Costa Rica. The organization makes approximately 800 presentations each year through four promotion offices in the U.S. Since June 1985, 33 new companies have been established with the creation of 7,500 jobs. Net investment in these companies totals $34 million with $25 million in foreign exchange earnings.

In Morocco, an A.I.D. project is expanding private sector export earnings through the establishment of an export credit insurance organization with private sector participation in ownership and management. The project includes creation of an export prefinancing credit facility to meet the working capital needs of small and medium-sized exporters, and technical assistance in export production and marketing through the Moroccan Center for Export Promotion and the International Executive Service Corps (IESC).

A.I.D.'s Regional Office for Central America and Panama (ROCAP) is working with the Latin American Agribusiness Development Corporation (LAAD) to promote, finance and expand agribusiness export in Central America. One year into a three-year project, the impact on expanding non-traditional exports and increasing employment and income levels is already noticeable. Fifteen subprojects have been approved, totaling over $4 million in loans to diverse businesses, including ornamental plants, dry season melons, and brooms and mops for export. It is expected that over 4,500 new, permanent jobs will be created and $13 million in increased annual foreign exchange earnings generated for the region as a direct result of the first year of project implementation.

Private Sector Revolving Fund loans in Indonesia, Morocco and the Philippines provide credit and private sector export trading company services to export-oriented small-scale enterprises needing trade financing for export promotion.

The A.I.D. Market and Technology Access Project (MTAP) partially finances the services of U.S. intermediary firms to arrange long-term collaborative ventures between small to medium-size U.S. companies with private firms in developing countries.

In Honduras, FIDE, an A.I.D.-supported export development agency, has demonstrated success through the following activities:

- cultivation of salt-water shrimp through an operation which employs 120 persons and has already exceeded its initial financial and production projection;

- financial, planning and marketing support to a wood products exporter, resulting in favorable debt negotiations and refinancing and contracts with U.S. furniture manufacturers;

- assistance to develop an ornamental plant operation which will produce for export.

Focus in FY 1989

The Agency will intensify its private enterprise thrust in the year ahead. The market forces approach will be reinforced and encouraged as recognition of the benefits of market-based growth continues to gain ground among other donors and LDCs, thus entering the development "mainstream". A.I.D.'s commitment is to economic growth that is both rapid and self-sustaining so that developing nations might begin to close the gap with rich nations. The A.I.D. drive to help host countries understand market forces, use market forces, and make markets grow so that both recipient and donor benefit is an essential tool in meeting this commitment.

In major ways, A.I.D. has been successful in breaking out of the government-to-government mode of delivering assistance. Specific programs are still needed to reduce structural impediments, including state control over production and markets and an institutional bias in favor of public sector programs.

In policy dialogue, A.I.D. will emphasize open trading systems, recognizing the need to stimulate trade and investment both as generators of economic growth in the LDCs and as building blocks for stronger commercial partnerships benefiting the United States as well. A.I.D. Missions in the Latin America and Caribbean region have assisted in the creation and ongoing operation of private investment and export promotion centers.

The Asia and Near East (ANE) Bureau is including a Trade and Investment initiative for it's country programs which includes economic policy reform, increased capital and trained human resource bases and a climate conducive to to technology transfers. By FY 1989, ANE Missions will be implementing significant programs in trade and investment. These evolving relationships have special application to rapidly developing or advanced developing countries having less need for resource transfers from the U.S.

A review of A.I.D.'s Market and Technology Access Project (MTAP) at the end of FY 88 will provide aid with additional guidance in pursuing the use of commercial intermediaries to promote U.S.-LDC private business linkages which lead to technology transfers and improved market access. A.I.D. also will work with U.S. and LDC business and trade associations, which can be an effective force in pursuing pro-market policy changes. Again, the encouragement of increased, two-way trade and investment opportunities carries benefits for aid-recipient and donor alike.

Policy change will be pursued increasingly in Africa, where government intervention in the productive centers has been especially pervasive and has discouraged the mobilization of private investment in new and expanding enterprises. By FY 1989, all large A.I.D. Missions in Africa will have comprehensive private sector programs in place incorporating the results of investment climate and financial markets assessments, business venture project profiles, feasibility studies and other relevant data.

The Agency will aggressively carry out the local currency lending program under Sections 106 and 108 of PL 480, which has great potential for stimulating micro, small and medium-sized business growth in LDCs, thus spurring market-based growth. A.I.D. Missions will continue to develop innovative credit and banking programs to increase the domestic supply of credit, improve the efficiency of financial institutions and markets, broaden capital ownership and reduce risk. New ideas and projects which harness market forces must be demonstrated and the results disseminated to have an impact on LDC economies. In-depth evaluations of Revolving Fund projects and identification of "lessons learned" will be accelerated and distributed throughout the Agency so they can be replicated in the field, where applicable.

A.I.D. will aggressively seek to implement legislation on micro-enterprises which was passed last year. Programs in credit, technical asistance and policy reform will be used to assist micro and small-enterprises.

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
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HOUSING AND URBAN PROGRAMS

A.I.D.'s Office of Housing and Urban Programs has primary responsibility for addressing shelter and urban development issues in developing countries. The Office administers the Housing Guaranty (HG) Program which was established in the early 1960s to respond to the worldwide shortage of adequate shelter. In collaboration with a number of A.I.D. Missions, the Office through its regional offices (RHUDOs) also manages virtually all of the Agency's DA or ESF financed capital and technical assistance programs for housing and urban development projects.

The total program is administered by a staff consisting of direct hire housing and urban development advisors, attorneys, financial management specialists and administrative support personnel. The Office has regional offices in Kenya, the Ivory Coast, Tunisia, Thailand, Honduras, Jamaica, and Ecuador. These regional offices provide assistance to all interested A.I.D. Missions in addressing the problems associated with rapid urbanization and the concomitant increase in the number of the poor living in the cities of LDCs.

The Urban Challenge

Under the dual pressures of rapid population growth and historically unprecedented rates of urbanization, developing countries are undergoing profound changes in their social and economic structures. By early in the next century, their urban populations will exceed those in their rural areas, and more than half of the nation's poor will be living in cities. One of the most dramatic outcomes will be the continued growth of "mega-cities." A half dozen or more LDC cities will exceed 15 million people by the year 2000. Less dramatic, but equally important, is the extraordinary growth being experienced by smaller towns and cities in the developing world.

Although urbanization in developing nations creates problems, cities are the locus of off-farm employment opportunities and the centers in which much of the growth and restructuring of the economy must occur. In most LDC countries, cities already generate half of the Gross Domestic Product, a proportion that is predicted to rise over the next decade. The opportunities and problems of urbanization are an immediate concern of the highest priority. The efficiency with which urban areas are managed will be one of the key factors affecting economic development in the 1990's.

1/ A.I.D. estimates implementing treasury Borrowing Authority as follows: FY 1988 - $22 million
FY 1989 - $22 million

Program Directions

The Office of Housing and Urban Programs operates with the conviction that acceptable, if minimal, shelter for all can be produced with available resources if the right policies are pursued. The key is to rely on individual initiative, market forces, and the private sector to produce the housing while the role of the government is to establish the policy framework and to provide infrastructure and services to facilitate this. Governments can thus support the natural processes that flow from individual initiative, especially in what has come to be known as the "informal" sector, which despite many obvious problems has accounted for the vast majority of housing for low-income families in developing countries. Policies in critical subsectors such as land, infrastructure and credit are likely to be most effective if responsibility for urbanization and shelter programs lies as closely as possible to the people.

Policy principles such as attention to the needs of lower income people, decentralization of decision making, reliance on the private sector, affordability, and cost recovery, are illustrative of the elements of A.I.D.'s policy agenda with LDC officials.

Housing Guaranty Program

The Housing Guaranty (HG) Program is A.I.D.'s primary capital resource for implementing shelter programs and related urban support activities. HG capital projects influence policy change and institutional reform so that basic shelter and related urban infrastructure needs in LDCs can be addressed economically and on a self-sustaining basis. Capital outputs include minimum affordable shelter, basic water and sanitation infrastructure, home improvement loans, and community facilities.

A.I.D. has authorized a total of $2.16 billion dollars to finance specific housing projects since the inception of the Program in the early 1960s. To date, some 200 projects have been carried out or are in progress, in more than 40 countries. Under the HG Program the U.S. private sector provides long term financing for low-income shelter and neighborhood upgrading programs in developing countries. The U.S. Government underwrites these transactions by providing a guaranty to protect the U.S. lender against possible loss. Maximum interest rates that may be charged by lenders are established by A.I.D. and reflect the current cost of money to the U.S. Treasury. A.I.D. charges a fee for its guaranty to cover operating expenses and to contribute to claims payments.

In FY 1989, it is expected that a total of $100 million will be authorized to finance new HG projects in about eight countries. In FY 1987, $145.5 million was authorized, with $125 million planned for FY 1988. In FY 1988, PRE/H began implementing a sector programming approach which over time would shift the allocation of resources from capital investment outputs to policy impacts and changes in the delivery systems affecting the production of low-cost shelter and related urban services. The lower authorization levels for fiscal years 1988 and 1989 reflect a strategy to program and incorporate prior year authorizations which have not yet been contracted as a way to add resources and leverage to country sector programming efforts. In further support of HG program financing and its policy agenda, the Office provides technical assistance and training to LDC public and private institutions that implement low-income shelter programs.

Urban Development

In addition to its role as a leading bilateral lender in the shelter sector through the HG program, the Office is committing approximately 20% of its financial resources and staff to address the central issues of urbanization. This includes programs of applied research, through which the Office is working with host country officials to develop realistic approaches needed by LDCs to plan and manage effective urban policies and capital investment strategies in urban areas, with particular emphasis placed on identifying strategies for designing and implementing low income, urban programs. This activity is focused on four key areas: employment, municipal management, land tenure, and urban services.

For example, in FY 1987 Municipal Management Assessments were completed in Bangkok and Panama. The methodology used will be refined in 1988 to permit independent application by developing country personnel. Through its regional offices, the Office is carrying out a number of capital investment programs in secondary cities working through and strengthening the management capabilities of local municipalities. Much of the financing under current HG loans pays for water installation, wastewater facilities and other infrastructure within low-income neighborhoods. As urban growth impels A.I.D. to address the efficiency of urban public service provision, expertise in the construction, maintenance, financing and management of infrastructure systems will be increasingly in demand. A.I.D.'s role is viewed primarily as one of providing the technical assistance required to design and operate the systems rather than in the financing of large public works projects.

The Office is also working with LDCs to identify the key issues which often make land an obstacle to the successful implementation

of shelter projects; land acquisition, titling and registration, and effective property tax administration. In 1987 the Office sponsored a workshop on land development. The resulting paper, Strategies for Intervention in the Urban Land Sector, provides the best current thinking for field staff and for program development.

The fundamental goal of the Office's training efforts is to design and carry out activities which focus on high priority policy and programmatic issues, and which support ongoing or planned capital and technical assistance efforts in shelter and urban development. Training is conducted in the regional offices and in the United States. It also provides an opportunity for collaborative work with other development agencies, including the World Bank and the United Nations Center for Human Settlements. For example, the Office of Housing and Urban Programs led the U.S. Delegation at the Tenth Commemorative Session of the United Nations Centre for Human Settlements (HABITAT). In support of the International Year of Shelter for the Homeless, the Office prompted an exchange of information on private sector initiatives in housing and urban development.

Claims Projections and Treasury Borrowings

The HG program pays claims of U.S. lenders when LDC borrowers fail to make their debt service payments. In recent years, claims resulting from LDC public debt rescheduling have comprised the majority of total claims. In such cases, the HG program services the debt during the agreed upon debt deferral period. Thereafter, the deferred debt is scheduled to be repaid to the HG program plus interest.

We anticipate that total claims will amount to an average of approximately $20 million in fiscal years 1988 and 1989. Of this amount, approximately 85% is to cover claims for countries rescheduling debt. Pursuant to Congressional authority, the Agency has implemented Treasury borrowings to cover claims. The Office projects borrowing $22 million in each of fiscal years 1988 and 1989. A.I.D. will rely on its Treasury borrowing authority as a cash management tool that will reduce the need to seek appropriations.

Proposed Housing Guaranty Program
($ millions)

	FY 1988	FY 1989
Africa		
Africa Development Bank	15	10
Kenya	20	-
Asia/Near East		
India	25	20
Indonesia	25	20
Jordan	25	20
Pakistan	-	20
Sri Lanka	-	10
Latin America		
CABEI	5	-
Ecuador	10	-
Total	$125	$100

COMMODITY IMPORT PROGRAMS AND SPECIAL PROCUREMENT ACTIVITIES

Commodity Import Programs

Commodity Import Programs (CIPs) are a form of nonproject assistance financed under the Economic Support Fund (ESF) through which A.I.D. makes dollars available to the assisted country on a loan or grant basis to pay for essential commodity imports from the United States. In this manner, CIPs also provide balance-of-payments support and in some cases are part of larger, multi-donor structural adjustment efforts.

CIP agreements can provide for A.I.D.-financing of a wide variety of basic commodities, including agricultural, construction, and transportation equipment; fertilizers; chemicals; raw materials; semi-finished products; and foodstuffs. The range of eligible commodities may be narrowed for some CIPs in order to give priority to procurement of inputs required for achievement of shared development objectives in the recipient country. A.I.D. is constrained by law from financing military or police equipment or luxury goods under these programs. Items of questionable safety or efficacy are also disallowed.

When a CIP agreement is entered into, the recipient government allocates A.I.D. assistance among public and private sector importers. Public sector procurement is normally conducted under internationally-accepted bidding procedures, while purchases by the private sector are through regular commercial channels. While general categories of items are restricted from CIPs, A.I.D. does not determine the specific items to be purchased, nor does it select the suppliers. Transactions are handled directly between suppliers and foreign importers, but must meet the requirements of A.I.D. Regulation 1 (22 CFR Section 201) to be eligible for payment with A.I.D. funds.

In addition to establishing competitive procurement procedures, A.I.D. Regulation 1 requires that suppliers submit documentation evidencing that the funds are actually used for the intended purpose and that the transactions conform to other statutory and regulatory requirements concerning commodity source, use of U.S. flag ocean vessels, commodity price, and identification of the commodity as A.I.D.-financed.

FY 1987 Program Examples

In FY 1987 the total CIP program worldwide amounted to $176.5 million. The CIP in Egypt was $100 million, all allocated for the public sector, making it the largest program in FY 1987.[1]

Corn, offset printing presses, laboratory equipment for universities, and construction machinery were the largest categories of commodities being procured.

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1 In addition, $100 million was obligated to Egypt for commodity imports by the private sector under the Private Enterprise Credit Project (see Special Procurement Activities below).

Jordan's FY 1987 CIP obligated $60 million to complete a three-year total CIP of $160 million for FYs 1985-87. These funds were part of the $250 million Supplemental approved by Congress in FY 1985. Public sector procurements were concentrated on infrastructure improvements such as provision of sophisticated drilling equipment for petroleum exploration; a new lighting system and radar for upgrading airport facilities; cargo handling gear, tug boats, cranes for expanding the Aqaba port's capacity; equipment for improving regional phone systems; x-ray and other lab equipment for hospitals; and new equipment for the dental and pharmacy laboratories at several universities. In addition, a broad variety of American-made vehicles -- trucks, vans, buses, and emergency vehicles -- were purchased.

FY 1987 CIPs in Africa totalled $8.3 million. Of this amount, Liberia received $5 million to finance the purchase of such commodities as wheat, machinery and spare parts, and petroleum products. The Seychelles received $2.3 million for purchase of fuel oil and diesel fuel. An allocation of $1 million was provided to Mauritius for the acquisition of vegetable oils.

FY 1987-89 Obligations

The following table shows FY 1987 actual, FY 1988 estimated and FY 1989 proposed CIP obligations for each country program:

	($ In Millions)		
Country	FY 1987 Actual	FY 1988 Estimated	FY 1989 Proposed
Egypt	100.0	100.0	100.0
Jordan 2	60.0	-	-
Liberia	5.0	11.18	7.0
Mauritius	1.0	1.0	-
Seychelles	2.3	3.0	3.0
Sudan	-	18.0	-
Tunisia	8.2	3.0	4.5
TOTAL	176.50	138.36	114.50

Special Procurement Activities

In addition to Commodity Import Programs, A.I.D. finances a number of similar activities involving procurements under the same rules and regulations as CIPs. These special procurement activities may be funded

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2 $60 million in FY 1987 provided under the FY 1985 Supplemental Appropriation.

on a loan or grant basis. They also have a balance-of-payments impact. For FY 1987, these special procurement activities totalled $173.31 million.

Special procurement activities are of limited duration and their objectives and goals are expressed in more precise quantitative terms than those for CIPs are. They are usually directed at a specific development problem and/or sector such as agriculture, health, energy, or education. Typically, they are based on a single commodity or package of related commodities required to help achieve specific objective(s). A technical assistance component may be part of the package. These activities are frequently tied to a sector-specific policy dialogue between the United States and the host country. Funds may be released in tranches or conditioned on the achievement of policy goals such as import liberalization, credit tightening, or monetary or pricing changes related to the sector for which specific commodities are being procured. Because of the narrower focus, there is a more targeted developmental thrust to these activities than to CIPs.

FY 1987-1989 Obligations

The following indicates actual obligations for special procurement activities for FY 1987, estimated obligations for FY 1988 and those proposed for FY 1989.

	($ in Millions)		
Country	FY 1987 Actual	FY 1988 Estimated	FY 1989 Proposed
Egypt (Private Enterprise Credit)	100.0	100.0	100.0
Kenya (Structural Adjustment Grant) 3	14.5	17.0	-
Madagascar (Rehab. and Support) 4	0.975	-	-
Mozambique (Private Sector Rehabilitation Support)	9.835	-	-
Pakistan 5 - (Agricultural Commodities and Equipment)	58.0	-	-
TOTAL	173.31	117.00	100.00

3 Amount includes funds which may be used for non-procurement inputs such as technical assistance.

4 Estimated CIP component of larger development project.

5 Due to drought conditions in Pakistan, wheat may be provided through a CIP or special procurement activity in FY 88.

Examples of Special Procurement Activities

Special procurement activities have been established under large-scale projects in Pakistan. They are directed toward the agriculture and energy sectors, respectively. For the agricultural sector in FY 1987, $58 million was obligated for procurement of agricultural construction equipment, spare parts and bulk fertilizers. Funds have been obligated in prior years for the energy sector for drilling equipment for oil and gas wells, equipment for electrical power distribution, laboratory equipment and applied research equipment for the study of alternative uses of solar and other renewable energy sources.

The project in Kenya involved procurement primarily of fertilizers, in addition to purchase of a wide spectrum of other commodities for the private sector, including agricultural equipment, computers, and raw materials for small manufacturing plants.

Under the private enterprise credit project in Egypt, $100 million was made available to the private sector for construction equipment and machinery, diesel engines and spare parts for vehicles, industrial raw materials and electrical equipment.

INITIATIVE TO END HUNGER IN AFRICA

The Initiative is a long-term U.S. commitment to attack the causes of hunger in Africa through promotion of economic growth, policy reform, and private sector development.

President Reagan approved the recommendations of a White House task force and announced the Initiative in March 1987. A high-level Coordinating Committee was created to oversee its implementation. The Committee is chaired by the Administrator of A.I.D. and co-chaired by the Assistant Secretary of the Treasury for International Affairs, and includes representatives of the Departments of State, Agriculture, Commerce, and Defense, USIA, CIA, OPIC, OMB, NSC, Africa Development Foundation, and Peace Corps.

The Initiative was a response not only to Africa's economic crisis, highlighted by the 1984-85 famine, but also to the promise represented by the African commitment to economic reform announced at the UN Special Session on Africa of 1986. Progress on the Initiative so far has focused on four of the areas recommended for action by the task force: economic assistance, debt, donor coordination, and food aid.

In accordance with one element of the Initiative, the Administration requested approval of a Development Fund for Africa. In FY 1988 Congress established a special Africa account, which will provide more constancy in Africa funding and allow A.I.D. greater flexibility in management of its programs. It is significant that Congress also appropriated increased aid for Africa at a time of overall declining resources. These steps were taken in recognition of the unusually severe development problems in Africa.

Africa's external financial situation was recognized at the outset to be one of the most serious problems facing the continent. A number of ameliorative actions have been taken. First, some donors have forgiven repayment of past development loans. Second, most other bilateral debt has been rescheduled to ease repayment burdens. Third, the multilateral institutions have provided additional concessional resources to assist African countries in meeting their external financing requirements and critical import needs. Such resources have come from increasing the proportion of the World Bank's IDA loans going to Africa and from special IMF facilities created for the poorest countries, the Structural Adjustment Facility (SAF) and Enhanced SAF (ESAF). Under these programs financial assistance is made available on the condition that the countries undertake significant macroeconomic and structural reforms.

In late 1987 the World Bank received commitments from the developed countries for non-project aid, in cooperation with the Bank, to support policy reform in debt-distressed African countries for the period 1988-90. This aid totaled $6.4 billion, exceeding the Bank's expectations. This should allow Africa to increase its import levels for the first time since 1973.

Coordination of Western donor programs was also recognized as vitally important, especially since U.S. assistance to Africa represents only about 8% of total Western assistance. There has been progress in donor coordination in the last year, particularly in efforts to support structural adjustment and policy reform. The World Bank and the UN Development Programme (UNDP) have taken the lead in organizing coordinating mechanisms for particular countries, through the Consultative Groups and Roundtables. These efforts have been actively supported by A.I.D., which can make a valuable contribution to donor coordination by drawing on its in-country staff presence.

Finally, in keeping with another element of the Initiative, the United States has shifted some development food aid programs from a loan to a grant basis and from single to multi-year commitments in countries which are undertaking economic reforms.

Much has been accomplished in the year since the End Hunger Initiative was announced. In most African countries progress has continued on economic reform, and the developing countries are responding with increased resources more effectively applied.

However, Africa's economic situation remains fragile. The continent's economic difficulties took years to reach their current state, and they will not be reversed quickly. This is why the President's Initiative stresses the need for a long-term and coordinated development effort in Africa.

The following actions are being taken by individual agencies in support of the objectives of the End Hunger Initiative.

U.S. Agency for International Development (A.I.D.).

The new Development Fund[1] mentioned above focuses African aid more exclusively on development objectives and makes Development Assistance more flexible by removing past functional account restrictions. A.I.D. is taking advantage of this flexibility to tailor its programs in Africa more closely to individual country needs.

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[1] See Africa volume annex I for a detailed description of the Development Fund and the AEPRP program.

Under the auspices of the End Hunger Initiative A.I.D. is also giving greater weight in its Africa programs to policy reform and long-term growth. This is a continuation of a trend that has been underway for some time. A.I.D. focuses on sectoral policy reform, particularly in agriculture, because in many countries that is the most effective way to raise living standards. Such reform benefits small-holder farmers, who make up the majority of the African population.

A.I.D. also works on sectoral policy issues through its African Economic Policy Reform Program (AEPRP).[1] AEPRP's, which are being considered for five African countries in FY 1988, provide funds to reduce government controls and strengthen the private sector. AEPRP's have been developed in close coordination with key donors, particularly the World Bank, and should have an impact well beyond the programs themselves.

An effort is being made to increase the role of American private voluntary organizations (PVOs). Because of the success of the PVO model used in small country programs such as the Comoros and Equatorial Guinea, the Africa Bureau plans to expand that model.

A.I.D. is also planning to increase the role played by American and African PVO's in implementation of projects. Their understanding of the needs of local communities can assist A.I.D. in designing and implementing projects that are effective and sustainable at the local level.

To encourage private enterprise in Africa, A.I.D. has required that African missions, particularly those in larger countries, develop and implement private sector growth strategies. Those strategies emphasize use of private sector organizations in carrying A.I.D. projects in the fields of health, education, agriculture, family planning, and credit for medium, small, and micro enterprises.

Treasury Department

The United States has been a major contributor to the multilateral development banks which benefit Sub-Saharan Africa. In 1985 the United States proposed the establishment of new lending arrangements by the World Bank and IMF to support macroeconomic and structural adjustment in the poorest countries, many of which are in Sub-Saharan Africa. Agreement was reached on the new approach the following year, and it has evolved into a major initiative through which the international community is supporting economic reform and development in the region. A key innovation is the use of Policy Framework Papers, which set forth a country's economic problem areas, policy measures for dealing with them, and prospective financing.

IMF financing has come from its $3.7 billion Structural Adjustment Facility (SAF). In December 1987, the Fund announced the establishment of an Enhanced Structural Adjustment Facility (ESAF), which will provide an additional $8.4 billion to support reform in countries which are heavily indebted and reliant on the export of commodities for foreign exchange.

The World Bank's contribution comes primarily from the resources of its International Development Association (IDA). Recently, agreement was reached among donor countries on a $12.4 billion replenishment of funds for IDA, about half of which will go to Sub-Saharan Africa. As mentioned earlier, the Bank announced in December 1987 that the donor countries and international aid organizations had pledged $6.4 billion of adjustment financing for low-income heavily-indebted countries in the region to be used in close cooperation with the Bank.

The United States also backed a greater role in Africa for the International Finance Corporation (IFC), which promotes productive private investments that will contribute to the economic growth of developing countries. In 1987 approximately 15% of the Corporation's investments were made in Africa. These investments totaled over $130 million and supported projects with a total cost of nearly $700 million, primarily in the agriculture, food production and textile sectors.

The IFC, with the cosponsorship of the United Nations Development Program and the participation of A.I.D., supports two projects that promote private sector development in Africa. The first, the Africa Project Development Facility (APDF), was launched last year. It advises small private African entrepreneurs in the preparation of viable projects and covers a portion of the technical and marketing costs involved in developing these projects. APDF also identifies promising African entrepreneurs and helps them to diversify and expand their businesses. The Facility usually supports projects with investments in the range of $0.5 to $5 million, but considers smaller projects in appropriate cases.

The second project is the Africa Management Services Company (AMSCo). AMSCo is a ten-year, $20 million project supported by over 25 international donors, which provides the services of expatriate managers and the training of local managers to faltering small and medium African enterprises.

In 1987 the United States continued its support to the African Development Bank (AFDB) with a $13 billion (5-year) General Capital Increase, and the African Development Fund (AFDF) with a $2.7 billion (3-year) replenishment. These resources will enable the AFDP and AFDF to provide more development assistance to its regional member countries.

Last year, the United States also rescheduled official debts owed by 11 Sub-Saharan African countries through the Paris Club. These debt reschedulings supported these countries' economic adjustment efforts to enhance their long-term credit-worthiness. The Paris Club creditors also agreed to provide extended repayment terms (15-20 years repayment with up to ten years grace) for low-income countries confronting protracted balance of payments problems. Five Sub-Saharan African countries received such exceptional rescheduling terms in the course of FY 1987.

Department of Agriculture (USDA)

Food aid in Africa has to meet two needs: emergency famine relief and longer-term development. While the Initiative emphasizes longer-term development to address the root causes of hunger, the United States has always contributed generously to famine relief, and continues to do so. For example, the United States has responded swiftly to the severe drought in Ethiopia, with $85 million for food and transport already donated in FY 1988.

The humanitarian tradition of the United States will always mean that famine relief needs are responded to first and foremost. The amount of food that can be programmed for longer-term development purposes may often reflect this fact. In the context of using food aid resources to meet both of these needs, the Food Aid Subcommittee of the Development Coordination Committee (DCC) has worked to achieve the goals of the Initiative to move toward grant, multi-year programs linked to policy reform and debt relief. The Subcommittee also seeks to assure that possible negative consequences of food aid are avoided.

The three types of programs best suited to this effort are Title III Food for Development, Title II Section 206 monetization, and Food for Progress. [2] Under these programs, the food itself, measures that the recipients agree to in return for the food, and/or local currencies derived from the sale of food in the recipient countries are all used to enhance development objectives.

Title III Food for Development allows for forgiveness of repayments of past food debts for governments using the local currency generated for development. The Subcommittee is in the process of revising Title III programming guidance. New Title III programs are being considered for several African countries, including Zaire, Ghana, and Kenya.

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2 For a detailed discussion of PL480 and related programs see separate narrative within this main volume.

Title II, Section 206 is reserved for the poorest countries in Africa which are faced with chronic food deficits and are making efforts to move away from the emergency mode. These currently include largely Sahelian countries that cannot afford Title I terms, as well as Mozambique, which is struggling with political and economic instability. Section 206 programs are being implemented in Mali, Cape Verde, and Mauritania in FY 1988, with additional programs planned in FY 1989 for Chad and Guinea Bissau. Additional resources from the Title I and II reserves may become available for policy reform programs in other African countries later in the year as the extraordinary relief needs are better known.

Under the Food for Progress program which can use either Section 416(b) or Public Law 480 resources, multi-year agreements have been negotiated with Guinea and Madagascar based on proven performance in policy reform. However, reduced availabilities of Commodity Credit Corporation stocks have required shifting to Title I/III and Title II funding of policy reform programs in FY 1988.

Overseas Private Investment Corporation (OPIC)

Many debt-laden African countries, which are seeking ways to promote economic growth without adding to their already excessive debt burden, have begun to look to the private sector for new capital investment. In keeping with the focus of the Initiative on economic growth, OPIC is focusing its efforts on developing fresh sources of equity capital. It is anticipated that a significant proportion of these new funds will be used for agricultural and agribusiness projects, thus addressing the need to modernize and increase productivity in Africa's agricultural sector.

In 1987, OPIC's insurance and finance programs covered over $32 million of capital investment in sub-Saharan Africa, including a number of agricultural projects, such as a cattle ranch, a flour mill, a disease-control operation, and a facility manufacturing irrigation pumps.

In addition, OPIC is seeking Congressional authority in 1988 for a five-year pilot program which will enable the Corporation to take its own direct equity positions of up to 20% in enterprises in sub-Saharan Africa and the Caribbean Basin. Funds for this program would come from a one-time transfer of $10 million from OPIC's income and revenues. OPIC will give preferential consideration to projects involving small U.S. businesses or cooperatives, and many of these are expected to be in agricultural sectors.

OPIC has also established the Africa Growth Fund, which will supply equity capital directly to projects in sub-Saharan Africa. In addition to committing $20 million to the Fund,

OPIC expects to concurrently raise equity from both public and private sources. While the Fund will be investing in a wide range of industries, it is expected to emphasize agricultural projects.

Department of Commerce

The Department of Commerce is engaged in a number of activities intended to foster economic growth in Africa through increased U.S. business participation in the region. Commerce encourages African countries to take a larger role in the ongoing GATT Negotiations, and to liberalize their trade regimes to benefit more fully from the advantages of world trade. The Department of Commerce has also worked with the African countries to educate them about the U.S. Generalized System of Preferences (GSP), so that they will take maximum advantage of the program; African countries utilized $147 million of GSP benefits in 1986.

The Department of Commerce maintains an outreach program to the U.S. business community to inform them of opportunities in Africa through yearly conferences on Trade and Investment in Africa co-sponsored with the State Department. Commerce also has instituted a program of business seminars in Washington which are designed to inform the local business community about particular issues or developments in Africa.

In May 1987, Commerce and the U.S. Embassy in Abidjan jointly sponsored USA-Cote d'Ivoire Expo 87, the first solo U.S. trade exhibition ever held in Black Africa. The show was a major success and will be repeated in 1989. In addition to the Abidjan Expo, Commerce sponsored U.S. participation in 14 trade shows in the region in 1987. In 1988 the African trade promotion program includes Specialized Industry Trade Missions, participation in 14 trade fairs, and at least four video catalog exhibitions, each to be staged in a number of African countries.

U.S. Trade and Development Program.

The Trade and Development Program supports projects initiated or approved by the recipient country that present targets of export opportunity for the U.S. private sector. It funded twelve such projects in Africa in FY 1987, totalling $3 million. A typical project was a $28,000 review of mineral potential in Senegal. Based on this review, a U.S. company is now considering a $35 million investment in minerals development in Senegal.

State Department

The State Department is coordinating with A.I.D. to keep a focus on economic reform in U.S. diplomatic relations with African countries. The State Department has accepted the

principle of withholding Economic Support Funds (ESF) in cases where reform lagged, and agreed to its application even in some countries of considerable strategic or political importance to the U.S. (for example, Somalia).

Under State Department chairmanship the Interagency Working Group on Private Sector Development in Africa has been examining options to encourage U.S. business activity in Africa and for development of the African private sector. Ideas developed by this group for the End Hunger Initiative are now being considered by the various implementing agencies.

In February 1988 the Secretary of State will meet with a small group of top American business executives to brief them on the End Hunger Initiative. Those invited are all involved in private sector activities related to the hunger problem or African development. The Secretary will solicit their views on how best to promote long-term development in Africa, and explore the possibility of private sector participation in some aspect of the program.

United States Information Agency (USIA)

USIA, whose overall mission is to explain U.S. policies abroad, has various programs in Africa that deal with economic development issues which are in line with the Initiative. These programs have developed in response to post requests based on U.S. policy interests as well as local concerns.

USIA's programs involve using American specialists as interlocuters in Africa, as well as the International Visitors Program which brings important African visitors to the U.S. for specific purposes. In FY 1988, 26 of the African posts have plans for programs on "market-oriented economies," which will send 28 American speakers to the field, and bring 73 International Visitors to the U.S.

Department of Defense (DOD)

DOD has three programs that assist Africa economically. One is the African Coastal Security program, which aims at increasing the ability of African littoral states to gain control of their offshore Exclusive Economic Zones. The second is the Military Civic Action program, which engages African military forces in activities such as building medical clinics and road construction. Third, a new Humanitarian/Civic Assistance program was begun in selected African countries in 1987 providing activities such as medical, dental, and veterinary care to rural areas, construction and repair of public facilities, and construction of rudimentary surface transportation. These programs are proposed to be funded at $6 million in FY 1989.

The African Development Foundation (ADF)

The African Development Foundation has initiated operations in 23 African countries with over 110 projects funded. Since 1984, ADF has provided $10.8 million to grassroots development assistance programs in Africa. Increasing local food production at the grassroots village level in Africa is a primary focus of these programs. Approximately two-thirds of ADF-funded projects focus on agriculture, most of which aim to increase food production for domestic consumption.

A highlight of ADF's 1989 program is the implementation of a facility to provide business training and access to credit to informal sector businesses and family operated enterprises. The Foundation has initiated discussions with the African Development Bank (AfDB) to jointly establish such a facility, which will operate in collaboration with existing local African financial institutions. Pending a signed agreement with the AfDB, the proposed facility will initiate operations in FY 1989 on a pilot basis in three African countries.

Peace Corps

To help address the issue of inadequate food production, the Peace Corps launched the Africa Food Systems Initiative, a long-term (10-year) collaborative effort assisting up to 12 African nations in their struggle to reverse declining per capita food production.

Under the Initiative, Peace Corps' role is to assist local institutions and communities develop, adapt, and implement appropriate technologies designed to overcome food system obstacles. Key objectives are the development of self-sustaining food systems and the upgrading of local capacity, both public and private, to continue the development process.

In its implementation, the Food Systems Initiative makes use of an integrated team approach to address the interrelated problems of the agricultural system. Volunteers with different skills and/or different levels of similar skills work together to meet target objectives. Currently, 200 Initiative volunteers are working in Mali, Niger, Senegal, Lesotho and Zaire. The Initiative is expanding to four other countries later this year and early in 1989.

Additionally, Peace Corps has joined with A.I.D. and Volunteers in Overseas Cooperative Assistance to battle world hunger through a unique volunteer initiative that sends American farmers overseas for short terms to assist their counterparts in developing countries. Under this Farmer to Farmer program, American volunteer farmers will be recruited to aid on-going Peace Corps projects by providing technical agricultural assistance to Peace Corps Volunteers working with local farmers.

A.I.D.'s PRIVATIZATION PROGRAM

A.I.D. has an aggressive and successful program for encouraging developing country governments to privatize government-owned enterprises, other assets, and services. A.I.D. has marshalled expertise and encouraged policy exchange so that developing countries can transfer these state organizations and functions to their private sectors and thus open their economies to market-based growth.

Following a short history on how A.I.D. developed its privatization program, this section will describe the structure of A.I.D.'s privatization efforts and some of its recent and most significant accomplishments in this field. This is followed by a description of some of the problems that have been encountered as well as the lessons learned over the past two years. This section concludes with a discussion of the future directions in which the program will go.

History of A.I.D.'s Privatization Program

Prior to 1986, A.I.D.'s overseas Missions were involved in only a handful of privatization activities. These included the promotion of private sector retail fertilizer distribution in Bangladesh; sale of government-owned banana plantations to private growers in Belize; and the transfer of seed production from the public to the private sector in Bolivia. All of these efforts had significant impacts on the economies of these countries.

During the mid-1980s, the political and economic environment in the Third World began to change. The upsurge of interest in privatization in the Third World has been dramatic as the social burden of state-owned enterprises and regulated industries has been recognized. Capitalizing on these worldwide trends to less government involvement and greater private entrepreneurship, A.I.D. embarked upon a privatization initiative that enabled developing countries to broaden their efforts to promote economic growth.

In 1985 and 1986, A.I.D. adopted new privatization policies that encouraged its overseas Missions to make privatization an important part of their overall programs. The Agency also put in place a major technical assistance mechanism to assist its Missions in their privatization activities.

In February 1986, the Bureau for Program and Policy Coordination (PPC) and the Bureau for Private Enterprise (PRE) sponsored an International Conference on Privatization that brought together

476 people from many perspectives (business, politics, and technical fields) from 40 industrial and developing countries to discuss the need for privatization and methods to accomplish it. The conference exposed developing country leaders and the staffs of bilateral and multilateral donors to the rationale for and increasingly sophisticated techniques of privatization. The conference is credited with generating momentum for significant follow-up action in a number of developing countries.

A.I.D. views privatization as a vehicle to facilitate the adoption of free markets in which private enterprises compete with each other, and result in increased employment, higher incomes, and improved standards of living. In many developing countries, state-owned enterprises (SOEs) often consume much of the total domestic credit available; therefore, privatization should also result in more credit being made available to private enterprises.

A.I.D.'s Approach to Privatization

Since the conference, privatization has become an integral part of A.I.D.'s Private Enterprise Initiative and an important part of many Mission portfolios. A.I.D. utilizes a variety of mechanisms, including policy dialogue associated with its Economic Support Fund and PL-480 programs, the Africa Economic Policy Reform Program, Commodity Import Programs, project-level assistance, and technical assistance, to assist developing countries in their privatization efforts. It should be emphasized that not all of A.I.D.'s efforts involve divestiture or liquidation of unproductive state enterprises. Some involve liberalization, deregulation, or policy reform efforts.

The following examples demonstrate the diversity of assistance mechanisms that A.I.D. uses to facilitate host country privatization efforts.

- As part of A.I.D.'s FY 1985 Economic Support Fund program in Guatemala, that government agreed to privatize its merchant marine, either through liquidation or divestiture. The A.I.D. Mission is also working with the Government of Guatemala to open Guatemala's air routes to private carriers; prepare a plan to privatize the telephone company (GUATEL); and end the public sector monopoly over export processing zones.

- ESF-generated local currency in Costa Rica has been used to establish a trust mechanism to facilitate the sale or liquidation of enterprises held by the state holding company, CODESA. Parastatals accounted for 30% of the public sector deficit in the past, but now 38 of the 42

CODESA corporations and affiliates are on track to be divested. Nine companies are in the process of sale, 20 are in the process of liquidation, seven have been transferred to other government agencies; and two will remain with CODESA. Companies that have been privatized were engaged in tuna processing, coffee subproducts, airlines, transportation, aluminum products, cotton ginning, and other agroindustrial enterprises.

- A PL-480 program in Pakistan is promoting the role of the private sector in the edible oil processing industry; the public sector's share of edible oil processing capacity will decline from 75% in 1983 to 35% in 1989.

- Under the Africa Economic Policy Reform Program in Cameroon, A.I.D. will attempt to privatize agricultural input markets and to eliminate subsidies. The project envisions the progressive development of the fertilizer distribution system into a farm service network providing seed, hardware, tools, etc.

- A new A.I.D. Commodity Import Program in Mozambique proposes to use private sector entities for the import and distribution of commodities, the result of Mission efforts to replace the parastatals used in past years.

- A.I.D. is providing technical assistance to the Jordan stock exchange in order to facilitate future privatizations. Technical assistance is also a major mechanism being used by the A.I.D. Mission in Honduras. A.I.D.'s technical assistance is directed to CONADI and COHDEFOR, the two parastatals whose portfolios of 66 and four companies, respectively, represent the largest financial drain on the national budget. Their combined credit and investment portfolio is approximately $400 million. Three privatizations have been achieved to date: a cement and wood material panel manufacturer, an export lumber yard, and a sawmill. These facilities have been leased to private firms. Prospectuses have been prepared on an additional 18 companies, seven of which are targeted for divestiture this year.

Project support for privatization is found in a number of countries. For example:

- In Belize, through the Livestock Development Project, A.I.D. assisted in negotiations for the divestiture of 49% of the Government of Belize's shares in the Ladyville Abbatoir. The abbatoir is now completely managed by the private firm (Belize Meats Ltd.) and has undergone

extensive renovation and obtained USDA certification. This has upgraded meat processing in Belize, allowing several private companies to resume exporting meat to neighboring countries.

- In Bolivia, A.I.D. is providing technical assistance to help the Government of Bolivia implement its privatization strategy. Through an Industrial Transition project, 23 enterprises with fixed assets exceeding $100 million are targetted for privatization.

- An Egypt Cost Recovery in Health project will seek to privatize activities now in the public health sector.

- The Financial Resources Mobilization Project in The Philippines is designed to create the environment necessary to mobilize private term financial resources for investment in productive private enterprises. The government's newly created Asset Privatization Trust will be assisted by Mission advice on evaluation, financial packaging, presentation of terms of sale, identification of potential investors and in negotiation with prospective investors.

- A Senegal Agricultural Production Support project is designed to help to expand private sector involvement in agricultural production input and output distribution and marketing. Under this project, a seed multiplication program will facilitate the restructuring of the cereal seed sector toward major private sector production processing, distribution and marketing.

A.I.D. Missions often rely upon a combination of mechanisms to assist developing countries in their privatization efforts. For example, through a combination of technical assistance and training, reforms associated with the Economic Support Fund program, and an ongoing policy dialogue with the Government of Jamaica, A.I.D. has been able to help that country take important steps to promote economic growth and privatization.

The most visible privatization activity that A.I.D. supported in Jamaica was privatization of the National Commercial Bank (NCB) in December 1986. Privatization of the NCB mobilized broad-based popular support through the sale of over 30 million shares of NCB stock. Apart from the nearly 2,000 NCB employees who invested, 15,000 applications were for under 300 shares, and 7,000 applications were for 300 to 1,000 shares.

Other privatization actions have taken place as well in Jamaica. In June 1987, over 70% of the Caribbean Cement Company was

purchased through a share offer: 91 million shares were sold to 24,000 buyers, including 99% of the company's employees. Public hospitals, government-owned hotels, and the telecommunications company have been privatization targets. An additional 34 enterprises are also in various stages of privatization ranging from actual divestiture to valuation. The Agency believes that this program has yielded many valuable lessons for other countries.

A.I.D. also relies upon many mechanisms in assisting the Dominican Republic in its privatization efforts. Efforts in the Dominican Republic include: (1) encouraging the sugar council to lease more than 17,000 hectares of government-owned land to the private sector without requiring the government to retain an equity position; (2) eliminating the government price stabilization board's monopoly over importation and distribution of rice and oils imported under the PL-480 program and instead utilizing private distributors; and (3) encouraging the government to contract with a private firm to manage the National Airline Company. Future actions will include the lease of additional government-owned lands, use of debt-equity swaps, and the private sector distribution of rice.

Technical Support to A.I.D. Missions for Privatization

An important element of A.I.D.'s privatization program is to insure that Missions and host governments have the necessary resources to undertake privatization activities. To accelerate transfer of state-owned or controlled enterprises or functions to the private sector in developing countries, the Agency makes available to its Missions a variety of privatization-related services. PRE, PPC, A.I.D.'s regional bureaus, and the Bureau for Science & Technology all offer different types of privatization assistance, derived from the private sector, to help facilitate Mission privatization efforts.

The best-known of these services is the Center for Privatization, a private consortium supported by PRE that provides the technical expertise needed by A.I.D. Missions for preparing country and sector-specific privatization strategies, developing a list of components of a policy dialogue with host country public and private sector leaders, and implementing privatization actions in selected countries.

The Center for Privatization has provided technical assistance to some 40 countries and is implementing concrete divestiture actions in eight countries. For example, in FY 1987 the project:

- developed national privatization plans and strategies in Honduras, the Philippines, and Thailand;

- carried out privatization conferences in Tunisia and Fiji which stimulated policy dialogue and generated specific follow-on privatization actions in participating countries;

- assisted the Government of Tunisia by providing advisors to analyze specific policy issues (e.g., commercial code, tax laws); and

- assisted the Government of Jordan in its planning to privatize the state-owned airline, the Amman city bus system, and the telecommunications corporation.

Technical and advisory services can enable host countries to include privatization of state-owned enterprises and productive assets as a key element in their development strategies. As more knowledge of the process is gained, more focus on strategic planning will be possible, allowing both A.I.D. and host countries the ability to leverage resources more efficiently.

Problems Encountered

Assisting in the privatization of enterprises owned by developing country governments has not been easy. A.I.D. has encountered many political, institutional, and financial obstacles in its efforts. For example, the Agency has found that many politically-oriented groups have an interest in the outcome of a privatization effort. These include labor groups, managers of the state-owned enterprises, political groups that favor public enterprises and a dominant public sector role in the economy, local private enterprises that will face increased competition, and the military.

The current state of indigenous financial and legal institutions often slows the pace of privatization in developing countries. The legal systems in some countries are not structured to resolve the complicated business and commercial law issues involved in the liquidation or ownership transfer of a firm. Also, the stock exchanges in many developing countries are slow and underdeveloped.

One of the most controversial political and institutional issues that A.I.D. has encountered in its efforts to help developing country governments privatize their assets is the issue of employment. Many state-owned enterprises are composed of excess employees. A.I.D. has found that for a developing country government to decide in favor of privatization and the

long-term fiscal and economic benefits that it offers, the government must be confident of its ability to deal satisfactorily with the short-term reductions in employment generally associated with privatization. The Agency is developing different employment compensation programs and worker retraining for employees displaced as a result of privatization

Lessons Learned

A.I.D. has discovered several important lessons after two years of intensive experience with encouraging developing country governments to privatize government-owned enterprises, other assets, and services:

The first and most important conclusion is that privatization is essentially a political process. Political and cultural factors very often determine the course and pace of privatization, overriding economic policy considerations.

Second, one must take seriously the opponents of privatization. One must find ways to appeal to these political interest groups, to overcome their opposition, and to show them what they have to gain from privatization.

Finally, a privatization program should be promoted in a way that encourages and develops broad-based popular support.

Conclusion

A.I.D.'s two years of intensive experience with privatization has demonstrated clearly that this effective development process is an integral part of a broad-based foreign assistance program. Privatization provides us with an important instrument to broaden the options that A.I.D. presents to developing countries for promoting economic growth. In the future, the Agency will also be working with other bilateral and multilateral donors to encourage them to undertake privatization efforts and broaden the development programs that they offer to developing countries.

DEVELOPMENT EDUCATION PROGRAM

In FY 1989, A.I.D. proposes $3.0 million for the Development Education Program mandated by the Biden-Pell Amendment (Section 316) to the International Security and Development Cooperation Act of 1980. This compares to a projected budget of $2.7 million in FY 1988 and a $3.0 million actual program in FY 1987.

The Biden-Pell Amendment authorizes A.I.D.'s support of PVOs and other non-profit organizations in their effort to facilitate public discussion, analysis and review of development issues related to world hunger. More specifically, the program's threefold purposes are:

1. To generate widespread discussion and analysis of the root causes of world hunger and poverty;

2. To extend and reinforce a constituency for public and private development assistance programs designed to address issues of world hunger and poverty; and,

3. To expand the network of organizations involved in development education and to strengthen their capacity to deliver substantive, effective programs.

Development Education grants are awarded based on an organization's ability to increase public awareness of the economic, technical, political and social factors relating to world hunger and poverty. They are intended to serve as catalysts in generating interest in and support for development as well as leveraging the private resources critical to sustaining and institutionalizing such efforts. Project activities have included: the design and delivery of training programs for teachers, trainers, church leaders and other leadership groups in formal and non-formal educational settings; innovative uses of media for educational outreach; and workshops and seminars designed to relate development issues to the special interests of specific target groups such as women, corporate leaders, conservationists, journalists, farmers, youth groups, cooperative members and minority groups. Over the past several years, interest in the Development Education program has expanded rapidly and dollar requests now exceed available funding by a margin of three to one. A.I.D. expects this trend to continue.

The Development Education program strategy for FY 1988 and FY 1989 will include: 1) a competitive, cost-shared grant program to support a variety of demonstration projects designed to reach new and influential target groups; 2) support mechanisms designed to institutionalize development education through information/resource collection and exchange; and, 3) an evaluative review of lessons learned through the first five years of program activity and the formulation of longer-term program strategies which would increase the impact of limited A.I.D. resources.

The following examples illustrate the range of activities funded under the Development Education Program's portfolio:

Save the Children

Save the Children, in partnership with the Journalism Education Association, is conducting a two-year project designed to stimulate high school students active in scholastic journalism to learn about the issues of poverty, hunger, development and the links between communities here and around the world, and to apply that learning to effective journalistic communication through both print and electronic media. In the first year A.I.D. contributed $88,184 and will contribute $78,261 in the second year as the project becomes more institutionalized. The major activities of this project are:

1) News and Feature Service. This service consists of a monthly mailing that compiles engaging news briefs, anecdotes, quotations, short features and story ideas about poverty, hunger, development and global linkages, and which is geared to the high school level of interest and understanding.

2) Regional Workshops. These workshops, involving student journalists and their teachers and advisors, focus on key development issues and how to present them effectively through journalistic media. A key feature of the workshops will be preparation for a major project, such as a special edition or in-depth series of articles on a project related topic of relevance to the community.

3) Awards Program. A competition for student journalists aimed at stimulating and recognizing excellence in coverage of project related themes. Winners will participate in a field trip to a developing country (funded under the match), engage in extensive outreach activities, and be recognized at the World Hunger Media Awards Ceremony at the United Nations Competition in the following years, when the project has been institutionalized, will be open to all high schools in the United States.

Agricultural Cooperative Development International

This project is a collaborative effort by two national organizations: Agriculture Cooperative Development International (ACDI) and the American Institute of Cooperation (AIC). The program seeks to increase awareness of how hunger and development in the third world affect those Americans involved in food and fiber production. The theme "The Roots of Anger" expresses how many rural Americans feel about their federal tax dollars being spent to help develop foreign agricultural economies.

The program is targeted at university teachers and adult leaders of youth groups. It will seek to inform these food system leaders and strengthen their commitment to development by presenting programs to leadership groups and providing them with teaching and training materials and incentive programs. In addition, the program will be supported and reinforced through a nationwide media information campaign using a wide variety of media formats available in the agricultural and food system chain.

ACDI and AIC offer systematized contacts with national groups of U.S. food system educators; state, community and youth leaders; and information delivery systems.

The seed money from A.I.D. in the first year of the project, $120,999, will substantially decrease as $82,627 is planned for the Agency's share for years two and three.

Young Men's Christian Association

The YMCA is one of the largest multi-service, private and voluntary organizations in the U.S. and the world, with a constituency of over 14 million people in the country and 30 million worldwide. Two previous development education grants, in 1982 and in 1984, helped the YMCA establish development education activities as an integral part of the program of local YMCA's around the country. A.I.D. support served to stimulate local YMCA initiatives in a variety of community based activities which addressed third world development issues, specifically world hunger and poverty.

Through the current three-year Biden-Pell grant, a development education program will be fully integrated on the national level and assure that substantive dialogues and activities focused on third world development issues are institutionalized in all YMCA chapters. A.I.D.'s contribution over the life of the project will be $231,960.

Objectives of the current program will be implemented in the following means:

A. Organizational development and program integration: Traditional YMCA programs, the heart of the organization, will be internationalized.

B. Direct support to local initiatives and community based activities: Providing training, guidance, local "challenge grants," and educational resources that respond to local needs and programs that reach the general public through YMCA membership. "Challenge grants" to local YMCA's have had a multiplier effect and have proven extremely effective in generating local financial support.

C. Educational Resources and Training: A training module to examine global and development issues and to incorporate them into local chapters will be offered. Utilization of existing resources, including returned overseas personnel will strengthen the program workshops, as well as the other local initiatives generated by the program.

TITLE XII: FAMINE PREVENTION AND FREEDOM FROM HUNGER

The basic purpose of the Title XII amendment to the Foreign Assistance Act of 1961 is to marshall the unusual resources of U.S. agricultural universities in support of U.S. agricultural development assistance programs.

The legislation calls for U.S. land-grant and other eligible universities to participate and advise in the planning, development, implementation and administration of each component of the U.S. government's international efforts to apply more effective agricultural sciences to the goals of increasing world food production and solving food and nutrition problems of the developing countries.

Improving and increasing food production to meet the immediate demands of famine and drought conditions have to be balanced with addressing longer-term problems of insufficient trained personnel, research capacity, and institutions to provide increased and ongoing support for agricultural development. Consequently, the Title XII program includes strengthening and building institutions to educate and train agricultural personnel, developing research capacity and relevant agricultural technology, and disseminating and implementing the adoption of appropriate technology. There is also concern for public policies and for the role of the private sector in agricultural development.

The Title XII program is led by a presidentially-appointed, seven-member Board for International Food and Agricultural Development (BIFAD), supported by a small staff and a fourteen-member Joint Committee for Agricultural Research and Development.

Title XII Partnership

Memoranda of understanding and other documents, as well as contractual and programmatic relationships between Title XII universities and A.I.D. field missions and central and regional bureaus, manifest the dynamic partnership between them. Through this partnership help is given to:

- build and strengthen institutional capacity and human resources skills in developing countries,
- support long-term collaborative university research in developing countries,
- collaborate with international agricultural research centers to meet specific problems, and
- strengthen the capacity of U.S. universities in assisting with increased agricultural production in developing countries.

Program Activities

In helping to design and implement projects, Title XII institutions are involved individually, through established and ad hoc consortia, and also through collaboration with private sector firms. Projects are concerned with agricultural research and development, agricultural education, agricultural extension, agricultural sector planning, farming systems research, fish culture, forestry, irrigation management, livestock development, range management, resource conservation, rural savings, and vocational training.

Project examples of how the Title XII partnership is carried out are the following: Adaptive Crop Research and Extension in Sierra Leone, Northeast Rainfed Agriculture Development in Thailand, and On-Farm Water Management in Dominican Republic.

- Sierra Leone. The Adaptive Crop Research and Extension (ACRE) project, which was authorized in August 1978, was designed to develop a food crop adaptive research and extension system in Sierra Leone, which would increase the productivity, incomes, and nutritional status of rural smallholders. The project was implemented by the Ministry of Agriculture, Natural Resources, and Forestry and Njala University College, with long-term technical assistance support from a combined Title XII team from Southern University and Louisiana State University. The A.I.D. contribution was just over $9 million to the total cost of the project.

When the project was concluded in June 1987, remarkable progress had been made in training Sierra Leonean researchers, extension staff workers, and farmers in the adaptive crop research and extension approach. Improved technologies for cassava, maize, rice, and sweet potatoes had been released by the project and were widely accepted by a large number of smallholders in the five project demonstration areas. The improved technologies not only increased the quality and quantity of production of these crops, but also addressed some of the natural resource conservation dimensions of sustained agricultural development.

While the nutritional component was an add-on, nevertheless, the project contributed to the improved nutritional status of households in the project zone. For example, the development of short-maturing sweet potato and cassava varieties by the project was a major breakthrough which minimized the negative effects of the "hungry season."

In addition, linkages with international agricultural research centers were developed.

Among the major lessons learned from the ACRE project are the following:

- a faculty of agriculture can be integrated successfully into a national agricultural research system;

- research scientists, extension specialists, and farmers can work together, and their collaboration is essential to the development and dissemination of farmer-acceptable, improved technology. Therefore, resources must be allocated appropriately among on-station research, on-farm research and development, and extension activities; and

- each element of a complete package of technology should be usable individually, as well as collectively (and, therefore, should be technically, socioculturally, and economically viable), since farmers often are unable to adopt a complete package of technology at one time.

• Thailand. The Northeast Rainfed Agricultural Development (NERAD) project was designed to help overcome stagnant or declining crop yields in Northeast Thailand, which were believed to be results of the ineffective delivery of needed technology. The design was based on a pre-project feasibility study by the University of Wisconsin in 1979 and 1980, using American and Thai consultants. The study emphasized an adaptive approach through on-farm testing, the application of appropriate and adaptable packages of practices, and institutional innovations. The University of Kentucky provided the long-term technical assistance, which was to continue for only the first four years of the seven-year project. Total cost of the entire project is $13.195 million, of which A.I.D. has contributed $7.47 million.

Beginning in 1981, an area-based agricultural technology development program was established in eight representative tambons (or clusters of villages) to find ways to increase productivity using more creatively and effectively the existing resources of the Ministry of Agriculture and Cooperatives. The goal was to build the capacity of Ministry officials and departments to do more relevant and responsive work through intensive collaboration with a few farmers. It was hoped that the long-term payoff would be the replication of these approaches throughout the Northeast region and Thailand generally. Provision was made also for some research into new technology.

The idea was to have top-down technical support from the collaborative efforts of research scientists and extension specialists which responded to the bottom-up identification of needs and priorities by the farmers and villagers. From this farming systems research and extension process were to

come marginal gains in producing, consuming, and marketing the various crops and livestock produced in the area. The more promising "off-the-shelf" technologies identified in the first half of the project were to receive more concentrated attention during the last half of the project.

When the technical assistance contract ended in September 1986, the project had succeeded in identifying and exploiting the potential of several technologies:

- simultaneous production of fish and rice in rainfed paddies,
- direct seeded rice in rain-shadow areas,
- vegetable production around modified shallow wells,
- disease control in native chickens, and
- group buying of production inputs.

The project also addressed some of the conservation and preservation aspects of increased and sustained agricultural production. It was discovered that the extremely weathered condition of the soils in the Northeast resulted in a mechanism which blocked the full response to nitrogen fertilizer. The project was able to overcome this barrier by using a tropical legume in the cropping system as a green manure crop. In addition to revitalizing the soils and improving crop yields, the legume could become a cash crop as a feedstock for a large paper pulp mill in the region, thus providing a substitute for and, thereby, slowing the destruction of bamboo and kapok.

The capacity of the Ministry to assess the farmers' real needs and develop appropriate response had improved greatly. Some progress had been made also in concentrating on a few of the tested technologies, rather than continuing the wider exploration and testing of possible approaches.

- Dominican Republic. The On-Farm Water Management project, begun in 1986, is financed by a $12 million A.I.D. loan to repair the irrigation system infrastructure and develop water management, conservation, and maintenance programs which will enable farmers in the Azua area to increase their farm production and preserve natural resources. Utah State University is providing the long-term technical assistance to the Dominican Government and local farmers.

Irrigation systems in Azua have existed for 20 years, but the lack of management and maintenance programs for the systems has resulted in wasted water, erosion, salinization and, ultimately, inoperable canals. Indeed, many canals were filled with sediment and debris, the water flow was light,

and the supply of irrigation water was poor and irregular, according to the farmers affected.

In addition to emphasizing sound water management, maintenance, and conservation practices, the project focusses on the development of water users' associations. The first association consists of 550 local farmers who are served by one of the six cement-lined lateral canals that are served by one main cement-lined canal. Eventually there will be six water users' associations - one for each lateral canal - for the 5,000 farmers in the Azua irrigation district.

The association schedules the time of day when farmers can use the water, keeps records, and collects fees from the users. The lateral canal feeds smaller dirt canals that bring water directly to the individual farmer's fields. The farmers maintain the feeder canals and keep them clean of sediment and debris, and the association is responsible for the lateral canal, including dredging and structural repairs.

The farmers are very happy with the new irrigation arrangement, feeling that with their control of the water supply, the water comes when the farmers need it, thus giving them control also of their lives.

Another part of the project provides modern techniques of irrigated agriculture.

Programming Mechanisms

In addition to the more traditional ways of procuring the required technical service, there are a number of special ways in which Title XII institutions participate in A.I.D. programming:

- Basic Ordering Agreements (BOAs) provide A.I.D. field missions ready access to short-term technical expertise from the Title XII resource pool.

- The Joint Enterprise Contracting Mode (JEM) encourages smaller universities to pool their resources and to combine them with larger institutions, in order to undertake larger projects.

- The Collaborative Assistance Mode (CAM) of contracting permits early involvement of a university at the conceptual and design phases of project and program development, as well as participation in the later implementation phase.

- Memoranda of Understanding (MOUs), which A.I.D. has executed with 29 Title XII universities, help reinforce the universities' development assistance programs. While not contracts, MOUs establish frameworks for increasing institutional capabilities in the implementation of Title XII programs. There is an MOU with each of five single universities (single MOUs) and with each of twelve pairs of 1862 (Morrill Act) and 1890 (historically black colleges and universities) universities (joint MOUs). On the basis of the MOU agreements, each university may be awarded annually a Program Support Grant (PSG) to facilitate the carrying out of the intent of the MOUs.

- Matching Support Grants (MSGs) provide joint support from A.I.D. and the universities to strengthen and enhance specifically identified activities in the universities' international development programs which are related to the utility and performance of the universities as A.I.D. contractors. There are nine MSGs.

- The Joint Career Corps (JCC) makes possible periodic exchanges of staff members between universities and A.I.D. for mutual professional and programmatic enrichment in the development assistance field. There have been more than 30 JCC appointments.

Other Activities

The following Title XII partnership activities are one step removed from, yet supportive of, the actual involvement of Title XII institutions in specific field projects:

- Monitoring and evaluating the performance of the 29 Memoranda of Understanding and 9 Matching Support Grant contracts with Title XII universities to strengthen their development assistance programs;

- Contracting with the American Association of State Colleges and Universities to assist its member institutions to improve their capacities to respond to development assistance needs;

- Conducting workshops for Title XII development assistance teams and their campus (headquarters) support personnel to deal with Title XII partnership concerns about delegation of authority, management techniques especially for the start-up of technical assistance assignments, continuity and long-term commitment, adaptive technology, and management of participant training;

- Adopting and implementing recommendations by a joint A.I.D.-BIFAD task force on procurement which reviewed a range of issues relating to A.I.D. contracting and grant processes;

- Distributing to A.I.D. field missions the "Basic Principles for College and University Involvement in International Development Activities," which was prepared by the National Association of State Universities and Land-Grant Colleges as a guide to university commitment and performance;

- Monitoring and evaluating the eight subject-matter Collaborative Research Support Programs which since 1979 have involved 40 U.S. universities and other institutions, 66 developing country institutions in 30 countries, and nearly 900 U.S. and developing country scientists in a unique partnership in classrooms, laboratories, and farm fields; and

- Supporting the continuation of linkages between Title XII and developing country institutions beyond the termination of a given project.

FY 1989 Program

BIFAD will continue to be guided by and work within the framework of its second decade agenda. That agenda contains six targeted areas of emphasis -- namely, increasing agricultural expertise in developing countries, using U.S. agricultural professionals effectively, expanding collaboration among and between universities and other institutions, improving contractor selection processes, improving project implementation performance, and increasing public understanding of agricultural development assistance. Activities have been started in each of these areas and some of the results have been cited above.

These activities will continue and be enhanced by opportunities for Title XII institutions to become involved in proposed new projects of A.I.D. field missions. For example, agricultural research, training, and extension projects are planned in Bangladesh, Burkina Faso, Cameroon, Cape Verde, India, Indonesia, Madagascar, Senegal, Sudan, Uganda, and Zaire; natural resources management and development projects in Ecuador, Ghana, Rwanda, Thailand, and Tunisia; agricultural sector and policy development projects in Burundi, Jamaica, Niger, Pakistan, and Tunisia; and agricultural development in the private sector in Guinea, Mozambique, Peru, Sri Lanka, and Swaziland.

Concurrent with carrying out the second decade agenda, special attention will be given to the environmental and natural resources dimensions of sustainable agriculture and rural development. Whereas increased production and employment and income generation have been the primary foci of agricultural development, more attention is to be given to the related conservation and sustainable aspects of development. BIFAD will work with the Title XII community, A.I.D. and other public and private organizations to increase awareness and understanding of the environmental and natural resources aspects and to develop more effective ways of dealing with them in program and project design and implementation.

In keeping with their ongoing concern with teaching/training/human resources development as one of the three dimensions of the land-grant model -- the other dimensions are research and extension -- BIFAD and the Title XII community will focus on ways of improving participant training. Nearly 17,000 A.I.D. participants are trained annually and significant numbers receive their training at Title XII institutions. Among the considerations to be addressed are how cost issues impinge on the nature and content of such training as well as on the selection of institutions to provide it.

PROGRAM SUMMARY (In millions of dollars)		
FY 1987 Actual	FY 1988 Estimated	FY 1989 Request
28.7*	30.0	2.5

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

Purpose:

IFAD focuses international development assistance on increasing food production in the poorer developing regions. The Fund's activities are directed specifically at small farmers and the landless poor, through concessional loans and grants. In addition, IFAD has engaged the OPEC countries in a significant development effort with the more traditional OECD donors.

Background:

IFAD is a United Nations specialized agency created in 1977 with strong leadership from the United States. It is the only international financial institution in which the OPEC and OECD countries contribute and participate under conditions that approach equality. For the initial capitalization and first and second replenishments, the United States has pledged a total of $460 million to IFAD, while the other OECD donors have pledged $1 billion and OPEC $1.1 billion. The proportionate shares have been between 40% to 42% and 58% to 60% for the OPEC and OECD donors respectively.

An additional special characteristic is IFAD's tripartite structure, which divides voting strength in the Fund's Governing Council and Executive Board equally among OECD members (Category I), OPEC members (Category II), and the developing countries themselves (Category III). Relationships among IFAD's members are generally constructive, with little political polarization. In practice, decisions have been made on the basis of consensus rather than actual votes.

U.S. Interests:

The A.I.D. Administrator is the United States Governor of the Fund. The United States is the only country which enjoys a permanent seat on IFAD's Executive Board, the body which approves projects and determines policy (all other countries must rotate on and off the 36 member Board). As a result of

* - $18.7 million to IFAD's general (second replenishment) resources and $10 million to IFAD's Special Program for Sub-Saharan African Countries Affected by Drought and Desertification.

this permanent seat, the United States is always able to make its views known regarding the design of IFAD's projects and to closely monitor the consistency of IFAD's projects with the U.S. Government's own development objectives.

U.S. support for IFAD reflects the Administration's continuing commitment to programs that directly benefit needy people in developing countries.

Program Focus:

During its first ten years of operations (1978-87), IFAD funded 223 projects in 89 developing countries with a total value of $2.5 billion. More than 15 million families are participating in and benefitting from these activities. During 1987, IFAD approved 27 projects totalling approximately $238 million and 37 technical assistance grants totalling approximately $13.5 million.

IFAD is primarily a facilitating and co-financing institution. The Fund co-finances more than two-thirds of its portfolio with other multilateral and bilateral institutions. The United States and other donors have encouraged co-financing as a means of engaging other international financial institutions increasingly in small farmer development activities. Many of IFAD's loans (43%) fund projects designed by other international lending institutions, chiefly the World Bank and the regional development banks.

Two-thirds of IFAD's resources are provided on "highly concessional" terms - 1% interest, with 50-year repayment and 10-year grace periods. These terms are available to countries with a GNP per capita of $450 per year or less. Countries with GNP per capita of $450 to $900 per year normally receive loans on "intermediate" terms - 4% interest, five years' grace and 20-years' repayment. A few loans have been made on "ordinary" terms - 8% interest, 3-years' grace and 15-18 years' repayment, all to countries with GNP per capita of over $900 per year.

In developing its projects, IFAD closely studies the policy environment of a potential loan to identify potential obstacles to smallholder production. If host country policies discourage small farmer agricultural production (through controlled prices, state-owned marketing channels, etc.), IFAD will work with the recipient government to make the adjustments necessary for market-based incentives.

In addition to IFAD's traditional development efforts, in 1986 the Fund launched a Special Program for Sub-Saharan African Countries Affected by Drought and Desertification. This

special program has received over $300 million in pledges, including $10 million from the United States in FY 1987, for a four year (1986 - 1989) effort to assist low-income food deficit African countries suffering from the long-term effects of drought and desertification. (This contribution, redirected from the $28.7 million second installment of the U.S. contribution to the second replenishment, left the U.S. $10 million in arrears on its IFAD II contribution.) By the end of 1987, twelve projects were financed with these resources and another fourteen are scheduled to be financed during the 1988-1989 period.

Management:

In 1987, IFAD's operating budget was $33 million, financed principally from the interest earned on contributions of donors who have paid in cash (mostly OPEC donors). The United States' payments are always made in the form of a non-interest-bearing letter of credit. Accordingly, the United States has paid little of IFAD's operating costs.

Project Features:

A large number of IFAD's projects carry a distinct "IFAD stamp" in terms of their poverty focus, target group orientation, and the direct participation of the beneficiaries themselves in the design and implementation of the project. Examples of IFAD's efforts can be found:

-- In Bangladesh, Nepal, Thailand and Pakistan, where small farmers were previously frozen out of credit systems for lack of formal collateral, but are now eligible for credit on the basis of group or even personal guarantees due to IFAD's efforts;

-- In Guinea, where smallholders are cultivating land which had previously been designated as state farms -- incremental rice production is expected to increase by 100% annually and coffee production by 530% annually;

-- In Malawi, where nearly 10,000 farmers are actively participating in the implementation of the Dowa West Rural Development project through the formation of IFAD-sponsored farmer's clubs -- maize production alone is expected to increase by 330,000 tons as a result of IFAD's assistance;

-- In Honduras, where farmers are getting credit and technical assistance through farmers' groups which have grown 100-fold in just four years -- introducing appropriate technologies such as the use of vegetable matter rather than expensive chemical fertilizers for their maize production.

Evaluation:

During the first four years of IFAD's operations, most of its monitoring and evaluation (M & E) activities centered around building M & E components into project design. Since 1984, mid-term evaluations have been made possible by the maturation of IFAD's project portfolio, and a limited number of completion evaluations are now being undertaken.

In 1987, a total of 37 M & E missions were undertaken as follows: mid-term evaluations (21), completion evaluations (8) and M & E design and follow-up missions (8). In monitoring the performance of its projects, IFAD has found that a majority will either meet or exceed appraisal targets for food production, income generation, and other project objectives (55%). Common features of these successful projects include: strong commitment on the part of the recipient government (including counterpart funding), realistic project design tailored to the local resource base and capacity, and project objectives which directly reflect the expressed needs of the beneficiaries. Those projects facing serious implementation problems (15%) are carefully studied to determine how similar problems might be avoided in the design of future projects. The common characteristics of these less successful efforts include: organizational difficulties and poor coordination, shortage of trained manpower and natural calamities.

In 1987, the United States worked with IFAD management to establish an Evaluation Committee within IFAD's Executive Board. This Committee will enhance the Board's knowledge of lessons learned in IFAD's projects and serve as an important communication link between IFAD's management and its members in the evolution of its development strategies. The committee has been established and will hold its first meeting in April 1988.

Replenishment:

The United States contributed $200 million to IFAD's initial capitalization, while other OECD donors contributed $370 million and OPEC $435 million, for a total of just over one billion dollars. By late 1981, IFAD had fully committed these funds to loans and grants.

For IFAD's first replenishment, donors agreed in January 1982 to provide $1.07 billion during 1981-1983. The United States' share - $180 million (17% of the total) - was authorized in FY 1982 and appropriated over the FY 1983-1985 period. Other OECD members pledged $440 million, and the OPEC donors $450 million, although some of the OPEC donors (Iran, Iraq and Libya) have not yet completed their contributions.

IFAD's second replenishment (1985 - 1987) was not agreed to until January, 1986, when a $460 million level of replenishment was subscribed to by the contributing members. Of this amount, the OECD donors pledged $276 million (60 percent) and the OPEC donors pledged $184 million (40 percent). The United States pledge amounts to $79.87 million or 17% of the total of which $47.4 million has already been contributed.

Because of the difficulties encountered in the second replenishment negotiations over the relative shares contributed by the OECD and OPEC members, a 36-member high level intergovernmental group met three times in 1987 to explore a number of possible solutions to IFAD's funding problems. Particularly noteworthy during this process was the tentative agreement of the LDC members to partially offset the decline in contributions from the oil-exporting members. The potential success of these and other proposals to strengthen IFAD's resource base will be better known when negotiations begin early next year on IFAD's third replenishment.

PRIVATE AND VOLUNTARY ORGANIZATIONS

The Agency for International Development (A.I.D.) recognizes the significant role that private and voluntary organizations (PVOs) play in Third World relief and development. Although the PVOs registered with A.I.D. vary tremendously in size, scope and capability, they share a strong commitment to improving the quality of life for people in less developed countries. In little over a decade, A.I.D. assistance to PVOs has increased dramatically - from $39 million in FY 1973 to an estimated level of $367 million in FY 1989. At a time when A.I.D.'s own resources are severely limited, PVO programs are an increasingly important part of A.I.D.'s effort to foster self-sustaining development in the Third World.

In recent years, a hallmark of PVO efforts has been the shift in emphasis from conducting short-range relief projects to planning and implementing long-term programs geared toward eliminating the underlying causes of world hunger and poverty. While continuing to be responsive to immediate human needs, particularly in emergency situations, many PVOs are now contributing their valuable resources to activities which are crucial to improving conditions in the Third World. The A.I.D./PVO partnership is based on a mutual commitment to overcoming problems of hunger, illiteracy, disease and premature death in the poorer countries of the world. Our collaborative successes flow from an understanding of and respect for the particular strengths each brings to the development effort.

The diverse PVO community embodies in its work overseas the traditional American values of pluralism, voluntary action and a concern for others. PVOs provide direct channels for private, people-to-people efforts and have the flexibility to operate in areas not always open to other avenues of development assistance. By joining forces and complementing each other's capabilities and scope, A.I.D. and PVOs can accomplish more together than either could alone. A.I.D. is committed to strengthening this partnership.

For FY 1989, A.I.D. is requesting $367 million to support PVO programs. In addition to this amount channeled through the Development Assistance accounts and Economic Support Funds, A.I.D. will administer $300.4 million in P.L. 480 Title II food commodities and related ocean freight, etc. costs to support PVO food-based programs overseas.

OBJECTIVES OF THE A.I.D. PVO PROGRAM

As outlined in the Agency's PVO Policy Paper (PN-AAM-318), A.I.D.'s broad objectives are:

- to increase the economic development impact of A.I.D.-supported PVO programs by integrating them more closely into overall country development programs, by focusing A.I.D. resources on support of programs in the field, and by enhancing PVO capabilities to carry out well-balanced and technically sound activities in areas of development priority;

- to discourage undue PVO dependence on U.S. Government financing by maintaining minimum requirements (20%) for non-U.S. Government cash funding;

- to reduce the administrative costs of A.I.D.-funded programs to both A.I.D. and PVOs by simplifying and standardizing management and administrative procedures and by creating a central focal point for PVO relationships within A.I.D.'s Food for Peace and Voluntary Assistance Bureau (FVA); and

- to ensure that A.I.D. funding reflects its legislative mandate, while calling into play such unique capabilities of voluntary agencies as their knowledge of the local situation and their program and managerial flexibility.

A.I.D. OPERATIONS AND ACTIVITIES

PVO programs are responsive to major Agency priorities in addressing development problems and meeting basic human needs in Less Developed Countries (LDCs), e.g. private sector development: the work of PVOs in supporting small-scale, private enterprise is recognized as fulfilling an important role in the development of the private sector; institution building: PVOs help local institutions develop the skills necessary to address their own development problems; and, technology transfer: PVOs work at the grassroots level teaching technologies appropriate to the developing countries, including management techniques and training based on local needs; micro-policy dialogue: a new role is emerging for donor country PVOs as they increasingly influence developing country decision makers regarding policy changes and resoure allocations which improve the local environment for development programs. A.I.D. is committed to pursuing programs with PVOs in the fields of agriculture and nutrition, population, health, education and human resource development, small-scale enterprise, and technology and skills transfer.

A. With funding from the Agriculture, Rural Development and Nutrition Account, PVOs carry out a wide range of activities including cooperative development, agriculture and livestock production, credit for farms and small rural enterprises and applied nutrition. A.I.D. also implements the Biden-Pell (Development Education) Amendment (see separate narrative within this main volume) which supports PVO programs to foster public dialogue on issues of world hunger. For example:

-- One does not have to look far to realize the hope A.I.D. has given to the 2,500 ethnic Rwandans who fled Uganda in 1982. With an A.I.D. funding level of $4.4 million, Africare's know how and the desire of the Rwandans to build a better life for themselves, there now exist five villages built entirely from the ground up. When this project was started in 1983, the goal was to enable the villagers to become fully self-sufficient. This goal will be realized in early 1988. With food and shelter being the obvious first priorities, 250 mudbrick houses were built from entirely locally available materials. Individual wood lots, fruit trees and other crops have been planted. Schools and health clinics are operational. Small business enterprises are flourishing. All this has given new life to these people and new hope for their children and future generations.

-- In Nepal, Winrock International (WI) is assisting the Government of Nepal (GON) with research and policy analysis while building up, through training fellowships, research capabilities needed for public policy analysis and formulation with a $371,000 OPG in FY 1989. Important agricultural issues were identified and authors commissioned to prepare analytical papers as well as to identify directions for future policy research. Publications to date include series on rural poverty, social forestry, research and planning, import substitution, price support, land use, fertilizer distribution, and people's participation in forest management. Not only have important research findings been distributed and discussed within the GON, but also a group of economists and social scientists are now placed in key positions. The project coincides with Nepal's first structural adjustment program. The project links with returned fellows to identify and fund relevant follow-on research activities.

-- The Friends of Women's World Banking Association in Thailand (FWWBT) is seeking to improve the extremely limited access of Thai female entrepreneurs to the services of established financial institutions. Under this project FWWBT obtained funds from the New York-based Women's World Banking Organization (WWB) and deposited these funds in a local participating bank as a guarantee for loans provided at concessionary terms. Liability for borrower default is shared

accordingly: 25% by a participating Thai bank, 50% by WWB and 25% by a local PVO. To date 700 women borrowers have participated in the program and 5,000 male and female family members and employees (mainly female) have benefited. The $450,000 OPG extends financial support to the FWWBT and enables WWBT to provide Thai women with market analyses, technical training, and advice on management and production. One thousand participating PVO and bank staff, women borrowers and employees have been trained. The FWWBT target area in 1987 has been extended to 14 provinces against the original 1985 plan of only nine provinces. Many project borrowers have already gained access to larger and more profitable domestic and international markets, leading to the incorporation of small entrepreneurs into the mainstream of the Thai economy.

B. Funded under the Population Planning Account, PVOs are essential to the Agency's effort to make available voluntary family planning services to the poor in LDCs. In some countries, PVO activities represent the only family planning services available; in others, PVO activities complement government programs. For example:

-- In Bangladesh, Concerned Women for Family Planning (CWFP) was established in 1975 to enable women them to play a leadership role in family planning efforts. With a Life of Project (LOP) of $1.2 million CWFP introduced a pilot, urban community-based contraceptive distribution (CBC). It has since become the standard for Non-Governmental Organizations (NGO)-sponsored CBD programs throughout Bangladesh. CWFP provides coverage for a total population of 1,266,014, or 199,500 eligible couples. Contraceptive Prevalence (CPR) among these couples (39.2%) compares very favorably with the Bangladesh national average CPR (29.8%). CWFP was the first Bangladesh NGO to establish comprehensive, tailor-made training programs for both its field workers and supervisors and, in order to stay up to date, has recently revised its entire curriculum. Today, many other Bangladesh and international NGOs send their staff to CWFP training courses; during FY 1987, 361 field workers and 55 supervisors were trained and a total of 1,200 field workers and 240 supervisors are expected to receive training in FY 1988. Estimated funding for FY 1989 is $774,643.

-- Family Planning International Assistance (FPIA) began funding to Sterling Products (Nigeria) Ltd. in 1985. Sterling is a U.S./Nigerian (60/40) owned manufacturer and distributor of over-the counter drugs. Estimated funding for FY 1989 is $7.2 million. Their first year performance has surpassed the expectations of even its most optimistic observers: sold 8,414,300 condoms and over 700,000 cycles of pills, after twelve months of operation; generated income of N1,322,711; trained 63

educators and 30 nurses and initiated family planning service delivery in 36 factories; initiated, for the first time in sub-Saharan Africa, a nationwide television, radio and newspaper advertising of family planning products. The income earned from its first funding period has been programmed for second period operations, further training with the private sector, and product promotion. Moreover, during period two, all Sterling activities will be paid for out of income generated.

-- The Population Council (PC) is improving family planning in Latin America and the Caribbean (LAC) by applying operations research (OR) to solve service delivery problems. The Council currently supports 26 OR projects in 14 countries. All but three of these projects are with private sector, non-profit agencies in LAC. Population Council projects have had national and regional impact identifying cost-effective delivery strategies to expand services to underserved populations such as indigenous groups, high risk women and men. In FY 1989, with an estimated funding level of $4.1 million, PC will promote underutilized methods such as vasectomy and breast feeding, improve the quality of care through counseling, promote safe sex practices and AIDS prevention, and improve efficiency and program management.

C. With funding under the Health Account, PVOs are increasingly recognized for their ability to address critical health problems at the local level. They can: (1) extend health coverage to the poor; (2) establish low-cost, economically efficient health systems; (3) develop community-based models for the provision of health services that can be adopted by local governments; and (4) fill gaps in health delivery systems resulting from weak local infrastructure. As part of this effort, PVOs now play a major role in primary health education, immunization and oral rehydration therapy (ORT). For example:

-- The Program for Appropriate Technology in Health Care's (PATH) Project SUPPORT supplies, produces, and promotes oral rehydration salts (ORS) thru the private sector in developing countries and provides technical assistance to A.I.D. for ORS production, quality control, and distribution. Working in Paraguay, Guatemala, Ghana, Ecuador, Yemen, Turkey, Peru, Zambia, Uganda and Mexico with private sector producers and marketing firms, Project SUPPORT complements the public sector activities of governments and international agencies such as WHO and UNICEF. With a LOP of $3.5 million, PATH has accomplished the following: (1) Local production of ORS will be initiated or increased in at least six countries with an accompanying increase in distribution and consumer knowledge of its use

resulting in wider use and reduced mortality due to diarrheal diseases; (2) Public health sector patients will realize savings from using a therapy regimen that is cheaper and more cost-effective than intravenous treatment; and, (3) Private pharmaceutical firms that PATH assists will serve as models of ORS production exemplifying high quality standards and efficient operation through the utilization of PATH's detailed quality control manual which covers all facets of ORS production, testing, packaging, and storage. This manual can be used by any firm for ORS production, thus helping insure a product of consistently high quality and maximum shelf-life.

-- In Jamaica, the Jamaica Family Planning Association (JFPA) under a grant with LOP of $448,000 is carrying out a radio dramatization series, "Naseberry Street" which began in February 1985 as a component of the private sector promotion of family planning project aimed at the main childbearing age group (14 - 49 years) with special emphasis on teenagers and young adults. A listenership poll conducted 10 months later revealed that approximately 70% of females and 42% of males in the target population were regular listeners, with the highest rate in the under 30 segment. An evaluation of the project, conducted in January - February 1987, confirmed the continued effectiveness of this subtle and culturally relevant approach to family life education, and its complementarity with other national family planning activities. The program has also attracted regional attention and the possibility of using a similar approach in other caribbean islands is now being explored. The program also proved to be highly cost-effective at approximately J73 cents (less than US 15 cents) per head. Savings from the planned USAID funding for this component will be utilized in producing cassette recordings and a travelling theatre which should extend program outreach to schools and other community groups.

D. The Child Survival Fund addresses the special health needs of children and mothers through use of simple, available technologies that greatly enhance child survival prospects in poor countries. A.I.D. recognizes the major contribution PVOs can make in extending the outreach of child survival programs and has allocated a significant portion of its Child Survival funding specifically for PVO activities. For Example:

-- Project Concern International (PCI) received a grant for $500,000 (FY 1985-FY 1987) to implement a three year child survival project in Indonesia. The project concentrates on the training of traditional birth attendants (TBA's) in rural South Sulawesi in proper birth procedures, as well as in health promotion including child weighing, growth monitoring and immunizations. A recent evaluation of this project found that

the percentage of women of child bearing age immunized against tetanus had risen from 33% to 69% between the first and second quarter of the year following training. While the number of births remained stable, infant deaths at birth have been reduced by a factor of seven. TBA participation in promoting immunization coverage for childhood diseases and community participation in child weighings have both increased in the project area. The local Government is now negotiating with PCI to expand the 10 day TBA training program to other areas.

Save the Children Foundation (SCF) - An FY 1985 - FY 1987 Child Survival Grant of nearly $1,000,000 has enabled SCF to integrate Child Survival activities into ongoing project activities in Zimbabwe. The project is assisting the expansion of the health infrastructure of the Government of Zimbabwe (GOZ) in the SCF project areas through the development of clinic facilities, provision of transportation and equipment, and the training of village health workers. Particular emphasis is being placed on community participation in the building of infrastructure and procurement of vehicles. After the initial year of the project, access to health personnel and facilities for the selected regions had more than doubled. SCF, with assistance from A.I.D.'s Child Survival program, has emerged as a leader in the PVO commmunity in developing innovative management information systems (MIS) using micro-computers and low technology surveys. These MIS systems provide relevant data for program management and overall effectiveness of the SCF methodologies in improving health outreach to target populations.

E. Through funding under the Education and Human Resources account, PVOs improve the quality and outreach of vocational training for both rural and urban poor. Activities include technical assistance in such areas as manpower development, on-the-job technical training and basic education, with particular attention to expanding employment opportunities for women and youth. For example:

-- In Swaziland, Cooperative American Relief Everywhere (CARE), with the use of A.I.D. funds, is hard at work creating opportunities for small business. Through training, outreach efforts, research and the development of a small business inventory system, good ideas are being transformed into real businesses. CARE is also developing ways to link foreign investors with local entrepreneurs. The long-term prospects of this activity is a more vibrant small business economy providing more opportunities for investors, jobs for countless Swazilanders and, perhaps most importantly, a greater tax base for the government. Estimated FY 1989 funding is $265,000.

-- Under an OPG with an LOP of $635,000 Ecuador's Nature Foundation, an indigenous PVO, is operating an environmental education program, which has resulted in the development and implementation, for the first time in Ecuador, of specific curricula and didactic materials environmental and natural resources management and conservation. Ecuador's Ministry of Education has adopted the curricula and materials produced by Nature and is now using it in elementary and secondary schools throughout the country. At least 80 schools in 12 provinces are using the curricula, covering a total of 110,000 students. Nature has also produced radio programs, television spots and newspaper articles, aimed at raising awareness amongst decision makers in the public and private sectors, and in the general public, on the environmental and natural resources conservation issues confronting Ecuador at the present time. Through a serious and highly professional treatment of environmental issues, Nature Foundation has become a solid and respected institution, both locally as well as internationally. Estimated FY 1989 funding is $250,000.

F. The Energy, Private Voluntary Organizations and Selected Development Activities Account supports a diverse range of PVO activities. These include program involving energy, the environment, small enterprise and urban development. For example:

-- In the Dominican Republic, the Association for the Development of Micro-Business, Inc. (ADEMI), an indigenous PVO created in 1983 by leading Dominican Businessmen, is providing continuous lines of credit for short-term working capital loans to micro-enterprises at market rates of interest. Before ADEMI, most micro-entrepreneurs were able only to secure needed operating capital at usurious rates and through pledging capital assets. A.I.D. has supported the activities of ADEMI with an OPG of $499,000 provided over two years for overhead expenses until the organization achieved self-sufficiency. Contributions of RD$1.5 million from economic support fund local currencies have been made to the credit account. ADEMI is a model of lending efficiency, able to respond to initial loan request within ten working days rather than weeks, which is frequently the case for small borrowers. In four and a half years ADEMI has expanded from a single office serving only Santo Domingo to a nationwide institution with offices in eighteen provinces. It has financed about 4,000 entrepreneurs with 14,600 loans resulting in the creation of over 4,350 new jobs. This innovative and cost-effective project has become a model for other small-scale local development projects throughout Latin America.

-- The Foundation for the Development of Socioeconomic Programs (FUNDAP), a local PVO in Guatemala, is improving the economic and social conditions of some 375 Guatemalan highland sheep farmers, wool processors, spinners, 700 weavers, and sellers of wool products and their families through its Momostenango Project. Started in January 1986, the project was funded with $350,000 under a grant with the Guatemalan Chambers of Entrepreneurs (CAEM). An initial goal of the project was to create a development model designed and implemented by private entrepreneurs which could serve as an example for similar programs. Since its inception, the project has: provided training in sheep raising and processing of related products to 300 agricultural extensionists; created 125 new jobs in the laundering of wool; extended short-term credit from a revolving credit fund in amounts up to $10,000 for sheep farmers and up to $12,000 for wool weavers; established 14 technical assistance centers to support the sheep farmers in the highlands; and, introduced open competition resulting in producers having numerous marketing opportunities and negotiating better price conditions. Due to the success of the Momostenango project, in FY 1989 FUNDAP will design a second phase of the project to replicate this model in other areas.

G. PVOs have played a significant role in A.I.D.'s Sahel Development Program which is being subsumed under the broader Development Fund for Africa (DFA). PVO activities in Africa will continue to be funded under the new DFA. Through this fund, PVOs undertake programs in primary health care, child survival, voluntary family planning, natural resource conservation and development, small enterprise development and low resource agriculture. PVOs work in these technical areas through a combination of training, local institution building and appropriate technology transfer. For example:

-- In Mali, Volunteers in Technical Assistance (VITA), has designed and developed a woodburning stove that is 30% more efficient and cheaper than previous stoves. This activity, with a LOP funding level of $658,000, is providing technical assistance in the form of new tools and commercial assistance to help private entrepreneurs in producing and marketing the woodstove. The potential woodstove market in Bamako exceeds 100,000 units. It is expected that these improved stoves will save 70,000 tons of fuelwood per year, thereby permitting the rehabilitation of 140,000 hectares of forest. The stove is being readily accepted by users because it offers not only immediate savings in fuelwood, but makes cooking easier, quicker and safer. The Malian National Women's Union has adopted the VITA woodstove as the standard stove for Mali and has supported the project in its radio and television publicity campaign.

-- Africare, received a $350,000 grant to rehabilitate village wells in the Sahel region of northern Burkina Faso. The severe drought conditions caused a significant drop in the water table resulting in many wells running dry. This forced the villagers to either use water from polluted sources which contributed to an increased incidence of water-borne diseases or migrate to the larger towns leaving behind their farms and homes. In an attempt to alleviate these problems, Africare is rehabilitating 50 wells and providing village level sanitation training to 100,000 people. Africare has now completed the 50 wells under cost and will use the balance of the funds to rehabilitate eight additional wells. Africare also organized village water committees, provided water pump maintenance and health sanitation training. The wells are an important source of water to approximately 100,000 villagers and also provide water for secondary activities such as vegetable gardening, livestock production, dispensaries and village schools. Because of the continued need and positive impact of this project, Africare will continue water resource activities in northern Burkina Faso using funds from Mark Vogel and Associates, Rotary International, and other private sources.

H. Under the Foreign Disaster Assistance Program, A.I.D. will continue to maintain close cooperation with private voluntary organizations (PVOs) in the implementation of disaster relief activities as well as in projects directed toward the institutionalization of efforts in disaster mitigation, early warning and preparedness. Through training and technical assistance, PVOs often provide appropriate techniques for preparing for disasters and effective disaster response. Disaster assistance funds support PVO initiatives in appropriate emergency management including creative measures to foster self-sufficiency among disaster prone populations. For example:

-- The National Association of Partners of the Americans (NAPA) concluded three years of a $1.15 million Emergency Preparedness Program (EPP) Grant to initiate and implement an emergency preparedness network within its counter-part groups throughout the Western hemispheres. During this three year (1984-1987) grant period, 50 of the 58 partnerships identified emergency preparedness coordinators and initiated exchange programs and training programs. Through project development workshops, the EPP recruited emergency management personnel to provide technical assistance to counter-part groups; developed basic disaster response skills training and a series of disaster management seminars which focussed on specific topics chosen in response to regionally perceived needs.

The NAPA program has succeeded in developing a greater capacity to prevent and prepare for natural and man-made disasters within the Latin America and Caribbean nations; establishing institutional ties between disaster management experts in the United States and their countreparts in LAC; and in establishing greater competency among communities in the United States for quick and effective response to disaster throughout the hemisphere.

-- In Mozambique, with an A.I.D. contribution of $299,449, World Vision Relief Organization (WVRO) through its partner agencies, the Mozambican Department of Natural Calamities (DPCCN) and the Mozambican Red Cross, is supporting the emergency distributions of 30,000 MT of food. In FY 1986, the WVRO program distributed 25,000 MT of commodities (maize, beans and oil) through these partner agencies. In a program with an estimated value of $10.5 million, distribution has expanded in the traditional areas of operation (Tete, Manica and Gaza) and now includes Zambezia and Maputo Provincs. WVRO assumes complete responsibility for monitoring and coordinating all logistical and maintenance support; monitoring of secondary and tertiary storage and transfers within Mozambique; verification of proper end-use of distributed comodities and the impact of food distributions on target groups throughout the five provinces.

In order to enhance its ability to assess groups and to measure the imact of its food distribution, WVRO employed a doctor/public health specialist and a nutritionist during FY 1987. The program has continued to incorporate a more developmental approach to complement the emergency food distributions. Th expanded program plans, through March 1988, include rehabilitation projects in water, agriculture, fisheries and education. In some provinces, a portion of the commodities will be commercialized to strengthen the work incentive among employable urban populations. Proceeds from the sales will serve to strengthen relief activities of the DPCCN.

I. PVOs also carry out development assistance programs in countries supported by the Economic Support Fund (ESF). These PVO projects conform to underlying development assistance policies while, at the same time, achieving U.S. objectives in areas of strategic concern. For example:

-- American ORT Federation - Food self-sufficiency remains a serious problem in Zaire as in most other developing countries. Often, however, the problem is more than simply growing more food but also getting it to market. In Zaire, an enterprising effort to involve local PVOs in rural development and food production is paying huge dividends. Three indigenous PVOs

working with a U.S. counterpart organization have in the last four years constructed more than 220 rural clinics, trained more than 125 doctors, installed more than 164 culverts, built nine bridges, trained 23 staff in road construction and delivered close to $1.0 million in medical supplies to clinics in rural areas. Increased access and marketing opportunities have been extended to over 600,000 rural inhabitants as a result of the bridge and culvert constructions work. One million rural inhabitants have benefitted from the extension and improved rural health care delivery system. One element of the project which remains on-going, a mini-hydro project in Haut, Zaire, will provide electricity and increased business opportunities for 205,000 provincial inhabitants when completed. The LOP for this project is $7.3 million.

-- Under a five-year, $2.7 million cooperative agreement with A.I.D., the International Executive Service Corps (IESC) is providing technical and managerial assistance to private firms in Morocco's export sector and organizations that serve the export sector. IESC plans to provide assistance to approximately 127 firms and 18 trade associations or other organizations that assist exporters. The assistance is short term, lasting from one to three months and includes a wide range of products and industries. In most cases, firms receiving assistance are paying 50% or more of the cost. At the end of the first year, the IESC had already completed 13 projects and had approved 20 more that were awaiting the arrival of volunteer experts. One project involved a major domestic manufacturer of biscuits and cookies that was seeking to enter the export market but had to resolve problems with the quality and shelf-life of its products. Nine months after the completion of the volunteer's work, the firm had markedly improved its production and was exporting to countries in Africa and the Middle East.

J. American Schools and Hospitals Abroad (ASHA) - American PVOs sponsor some of the overseas institutions assisted by the Office of American Schools and Hospitals Abroad (ASHA). Examples are the Schools of Health Science of Project HOPE in Latin America and the People's Republic of China as well as the American Children's Hospital in Poland; the Hadassa Women's Organization sponsorship of its namesake Hadasah Medical Center in Isreal; the medical programs conducted around the world by Project ORBIS with its flying eye hospital, and the Adventist Development and Relief Agency (ADRA) hospitals in Africa, Asia and Latin America.

-- Vice-President Bush dedicated the new rehabilitation facilities at the American Children's Hospital in Krakow, Poland, in the fall of 1987. Project HOPE has been the institution's sponsor since 1974, and presently is overseeing the construction of the

Clement Zablocki Ambulatory Care Center. The Hospital's reputation as a premier pediatric facility is in large part a result of Project HOPE's medical exchange program. This active program has strengthened ties between the American and Polish medical communities as well as the capabilities of the Hospital in addressing all areas of pediatric medicine.

-- William A. Brown, U.S. Ambassador to Thailand, dedicated the new centepiece building of the Bangkok Adventist Hospital in the summer of 1987. This was also the 50th Anniversary of the Hospital. The new facility, partially financed by ASHA, increases the Hospital's capability for demonstration of contemporary American medical practices. It provides a variety of hospital supporting facilities and expanded services in pediatric medicine, obstetrics and physical therapy.

K. P.L. 480 Title II food aid is provided on a grant basis through PVOs for a variety of programs, principally Maternal Child Health, Food-For-Work and School Feeding, that directly benefit the needy. In FY 1989, approximately $300.4 million in Title II commodities, including ocean freight, will be donated to voluntary agencies for programs for malnourished and needy people in over 35 countries. Almost 90% of these countries have per capita incomes of less than $790 per year. A.I.D. also will continue to help U.S. voluntary agencies cover logistic support costs of these programs and strengthen their developmental impact through the Title II Outreach and Enhancement Projects. For example:

-- The Urban Food for Work project is an innovative new project that marks the first attempt by the Cooperative for American Relief Everywhere (CARE) at intervention in response to structural adjustment problems in Central America. The main program objectives are to provide employment to over 8,600 chronically unemployeed and underemployed workers and to develop the necessary infrastructure in the worker's own communities, such as constructing drainage systems, walkways, garbage dumps, retaining walls and community water tanks. Title II rice, corn and beans provide laborers and their families with a monthly food supplement valued locally at $30, or approximately 40% of the average family income. The work crews average 40% women. The project has also helped to rejuvenate existing Community Improvement Committees in Guatemala City. These neighborhood committees are now starting to take interest in a broad array of community development activities, including possible village banking.

-- In Bolivia the P.L. 480 Title I/III wheat deliveries have been the Mission's single most important policy leverage instrument. The $20 million annual program has been crucial in macroeconomic

policy changes such as lifting food subsidies, price controls, rationalization of bank interest rates, and reorganizing the Ministry of Agriculture. Of greatest importance during the Country's recent financial crisis was its maintaining food supplies, relieving pressure on Bolivia's scarce foreign exchange and providing local currency for 267 successful development projects in health, rural credit, private enterprise development and institutional reform.

In the years ahead, A.I.D. will continue to facilitate the work of the private voluntary community overseas and to explore ways in which the A.I.D./PVO partnership can be broadened.

FY 1989 CONGRESSIONAL PRESENTATION
COMPLIANCE WITH SECTION 123(f) OF THE FAA AND
SUMMARY OF PVO ACTIVITIES BY APPROPRIATION
(in Thousands of Dollars)

	A FY 1987 Request	B FY 1987 Actual	C FY 1988 Request 1/	D FY 1988 Est. 1/	E FY 1989 Request 1/
AID Appropriated					
Agr., Rural Dev. and Nutrition	77,529	119,863	64,119	86,834	80,570
Population Planning	80,208	84,231	68,767	61,177	64,713
Health	20,038	32,787	23,379	21,536	16,371
Child Survival	11,292	24,242	10,594	25,791	20,777
Education and Human Resources	27,464	38,174	15,335	36,484	36,267
Selected Development Activities	31,068	33,816	26,820	21,764	31,669
International Disaster Assistance	7,500	4,359	3,500	4,130	4,130
Sahel Development Program	13,855	6,965	---	---	---
Development Fund for Africa	---	---	32,638	66,082	60,888
Economic Support Fund	30,909	78,265	37,745	32,385	44,599
Subtotal	299,863	422,702	282,897	356,183	359,984
PVO Earmark: FAA Section 123(f) 2/	18.2%	24.1%	16.9%	20.2%	21.5% 3/
American Schools and Hosp. Abroad	8,000	7,270	7,000	7,000	7,000
Total AID Appropriated	307,863	429,972	289,897	363,183	366,984
AID Administered					
Excess Property	460	487	100	500	700
African Refugee Assistance	---	1,329	---	---	---
PL 480 Title II Commodities 4/	213,200	140,896	177,711	162,548	189,323
PL 480 Title II Freight 4/	104,000	80,144	101,500	71,254	110,350
Section 416 Commodities	---	48,005	25,000	16,648	---
Section 416 Freight	---	6,494	5,000	21,294	---
Farmer-to-Farmer Program	---	1,463	---	---	---
Total AID Administered	317,660	278,818	309,311	272,244	300,373
TOTAL AID	625,523	708,790	599,208	635,427	667,357
State Dept. Appropriated					
Migration & Refugee Assistance 5/	75,200	81,450	82,000	88,500	83,000
TOTAL STATE AND AID	700,723	790,240	681,208	723,927	750,357

Footnotes: See next page

FOOTNOTES

1/ PVO activities for the FY 1988 and FY 1989 Africa Program are included in the Development Fund for Africa and therefore do not appear in the functional accounts.

2/ Percentages for all years are based on the Development Assistance program level excluding Housing Borrowing Authority, American Schools and Hospitals Abroad, Operating Expenses, and Foreign Service Retirement funding.

3/ We expect this percentage to increase during FY 1988. This follows the trend illustrated by comparing Columns A (derived from the A.I.D. FY 1987 Congressional Presentation) with B for FY 1987 and C (from the A.I.D. FY 1988 Congressional Presentation) with D for FY 1988.

4/ Does not include emergency programs administered by PVOs which totaled $41.6 million ($20.8 million in commodities, $20.8 million for freight) in FY 1987 and $80.7 million ($46.1 million in commodities and $34.6 million for freight) to date in FY 1988.

5/ Migration and Refugee Assistance Program of the Department of State (PL 96-212), parts of which were formerly administered by A.I.D.

ENERGY

OVERVIEW

Between 1973 and 1981 world energy prices rose dramatically, led by crude oil import prices which increased from about $3 a barrel in 1973 to over $40 a barrel in 1981. For developed countries and some developing countries as well, the rise in prices encouraged investments in fossil fuel exploration and exploitation, the development of renewable energy technologies, and energy conservation. The increase in supply and the correspondingly smaller increases in energy demand, especially in the OECD countries, has resulted in excess supply and falling world market prices for petroleum, coal, and natural gas.

The results of these changes in the world market have generally been beneficial for developing countries. The energy price declines have financially benefited the oil importing countries. While energy consumption has risen in response to the needs of their expanding economies--increasing industrialization and urbanization as well as the growing need for transport fuels--the cost of these imports has declined. Between 1980 and 1985, energy consumption increased at an annual average of 5.7% for the low income economies and 4.4% for the lower middle income countries. This contrasts to an increase of only 0.1% during the same period for the industrial market economies. However, the foreign exchange burden of developing country energy imports is still substantial, averaging about 17% of export earnings in 1984.

It is significant that for sub-Saharan Africa, the region with the worst economic performance and a negative rate of growth, commercial energy consumption still increased by 2.3%.

For the oil exporting developing countries, the decline in prices has clearly been detrimental. Oil production in developing countries who are not members of OPEC (the Organization of Petroleum Exporting Countries) grew rapidly after 1973, with production increasing by as much as 10% a year. As prices began to fall, production growth slowed and by 1986 had actually stopped growing. Oil earnings for these countries have been flat since 1981 and GDP increased by only about 1% a year between 1980 and 1985, whereas the rate of increase for all developing countries was about 3.3%.

In addition to the direct effect of energy price changes on the government budget and balance of payments in developing countries, there have been indirect effects as well. Efforts to further develop many renewable energy technologies or to exploit relatively high cost domestic fossil fuel resources have been discouraged leading many governments to fear their ability to cope effectively with future oil shocks and the inevitable decline in global supplies of fossil fuels.

The increase in demand for electricity by developing countries has been even more substantial than the overall increase in commercial energy consumption. The current annual growth rate in electricity demand is over 7%, leading to a doubling of demand in ten years. For many developing countries existing electricity generating facilities can not meet this rapidly growing demand. This has resulted in substantial losses in agricultural and industrial production. In Pakistan, for example, the impact of outages on industry was an estimated reduction in value added of $400 million or 8.2 percent of industrial production, including export losses of $75 million.

Electricity supplies have not kept up with demand for two principle reasons: a lack of investment capital for new generation and transmission facilities and the rehabilitation of existing facilities, and the inefficient operation of many electric utilities.

While commercial energy sources--fossil fuels and electricity--are a critical input to successful development efforts, many LDCs must still rely on non-commercial sources of energy such as fuelwood and biomass resources, primarily to satisfy domestic needs for cooking and heating. The continuing rapid rates of deforestation and the accompanying increases in prices for domestic fuels have created serious problems especially for the poor who live in rural areas and lack access to other energy supplies.

OBJECTIVES OF A.I.D. ASSISTANCE

A.I.D. energy activities are designed basically to help assure that adequate energy supplies are available to meet the requirements of economic growth. Assistance is provided in the form of training and institution building, technical assistance, research and technology transfer. Capital assistance is provided in only a few countries. A.I.D.'s assistance is increasingly used to encourage the expansion of private sector energy activities. Key elements of the program support policy reform with emphasis on the development of prices and investment policies which stimulate efficient markets, private sector energy investments and encourage greater efficiency in energy production, management and use. This latter approach, coupled with transfer of new technologies such as fluidized bed coal combustion, provide more environmentally benign increases in energy supply.

A.I.D. ENERGY PROGRAM

The current A.I.D. energy program focuses on three primary areas--expansion and efficiency improvements in electricity systems with growing focus on the role of the private sector, energy conservation, and increasing supplies of energy for rural uses. Activities financed are designed to meet the most critical energy problems now facing developing countries i.e., the "power crisis" and the rising cost and increasingly limited supplies of fuels for domestic use. The program has evolved over the past few years in response to several factors: the changing energy situation in developing countries, a

growing understanding of the role donor assistance can play in effectively stimulating policy reform and encouraging private sector investments in energy, the results of evaluations of past project activities, and efforts to capitalize on the unique technical and scientific skills available from the U.S. energy industry.

Funding for A.I.D.'s energy program is provided from both Development Assistance, Sections 103 and 106, and Economic Support Funds.

During recent years, total agency energy funding has fallen with especially sharp declines in DA funding levels. DA energy activities once almost equally funded from the 106 account and the Agricultural, Rural Development and Nutrition (ARDN) account, is now largely from ARDN. Funding for projects which increase supplies of fuelwood and other biomass sources of energy has remained stable, while funding for most other energy activities has shrunk.

Electric Power

A.I.D. proposes to carry out a series of activities to help developing countries cope with " the power crisis". These activities include support for rural electrification; the provision of assistance to develop appropriate policies and the technical capability to institute private power supply programs, including decentralized power generation; expansion of generating facilities; and assistance to improve the operation and financial effectiveness of existing power facilities. A.I.D. is planning to support rural electrification programs in the following countries in FY 1989--the Philippines, Pakistan (391-0473), Bangladesh (388-0070), and Guatemala (520-0353).

The Philippines Rural Electrification Project will support the institutional and physical rehabilitation of the National Electrification Administration and the rural electric cooperatives.

The Central America Rural Electrification Support Project (596-0146) is promoting residential and small scale rural industrial use of energy throughout Central America by encouraging decentralization of rural electrification, private sector involvement in power systems, and the development of a more integrated institutional structure in Central America for rural electrification.

The ESF funded Pakistan Private Sector Power Project (391-0484) will help to alleviate the country's serious electricity shortages and to meet rapidly expanding power needs by mobilizing private financial resources for the construction and operation of electrical generating facilities. The project which is a multidonor effort will initiate a restructuring of the Pakistani energy sector by opening up opportunities for expanded private sector participation and should serve as a model for similar programs in other countries.

Energy Conservation

Investments in energy conservation, both for improved efficiency in the production of energy services and in the use of energy, represent one of the most cost-effective and rapid methods of increasing energy supplies and assuring the profitability of productive enterprises. Since 1980, A.I.D. has been actively involved in providing energy conservation services to developing countries. While initial efforts focused largely on the provision of energy audit services for energy intensive industries, the program has shifted to emphasizing more efficient electric utility operation and using private sector approaches to implement energy saving techniques. Examples of projects which will receive funding in FY 1989 include:

The ASEAN Energy Conservation and Management Project (398-0285) provides technical assistance, training, and research to help develop and implement energy conservation in buildings programs. The project builds on progress made under a previous ASEAN project.

The centrally funded Energy Conservation Services Program, a component of the Energy Policy Development and Conservation Project (936-5728), provides assistance to industry and the electric power sector in developing countries where there are significant opportunities to improve the efficiency of energy use. The program focuses on developing private sector capabilities to design, engineer, finance and implement energy conservation projects. Because of the rapidly increasing demand for electricity in many developing countries and the problems of financing large increases in generating capacity, assistance will be provided to design and implement load management programs and end-use energy conservation programs and to reform electricity tariffs efforts which should reduce the need for new generation facilities.

The Energy Demand Management Project in Morocco (608-0193) will focus on developing private sector capabilities to provide energy conservation services to the many companies that have shown an interest in an energy demand management program.

Under the umbrella Science and Technology Project (263-0140), two subprojects will promote policy reform and the strengthing of Egyptian institutions to improve energy efficiency.

Fuelwood and the Provision of Energy for Rural Areas

Since the mid-1970's, A.I.D. has supported programs designed to increase the availability of wood fuels and other bioenergy resources as well as to increase the efficiency of energy used in rural areas. Initial efforts to expand fuelwood supplies did not always meet expectations, in large part because of a lack of understanding of the social and economic factors which

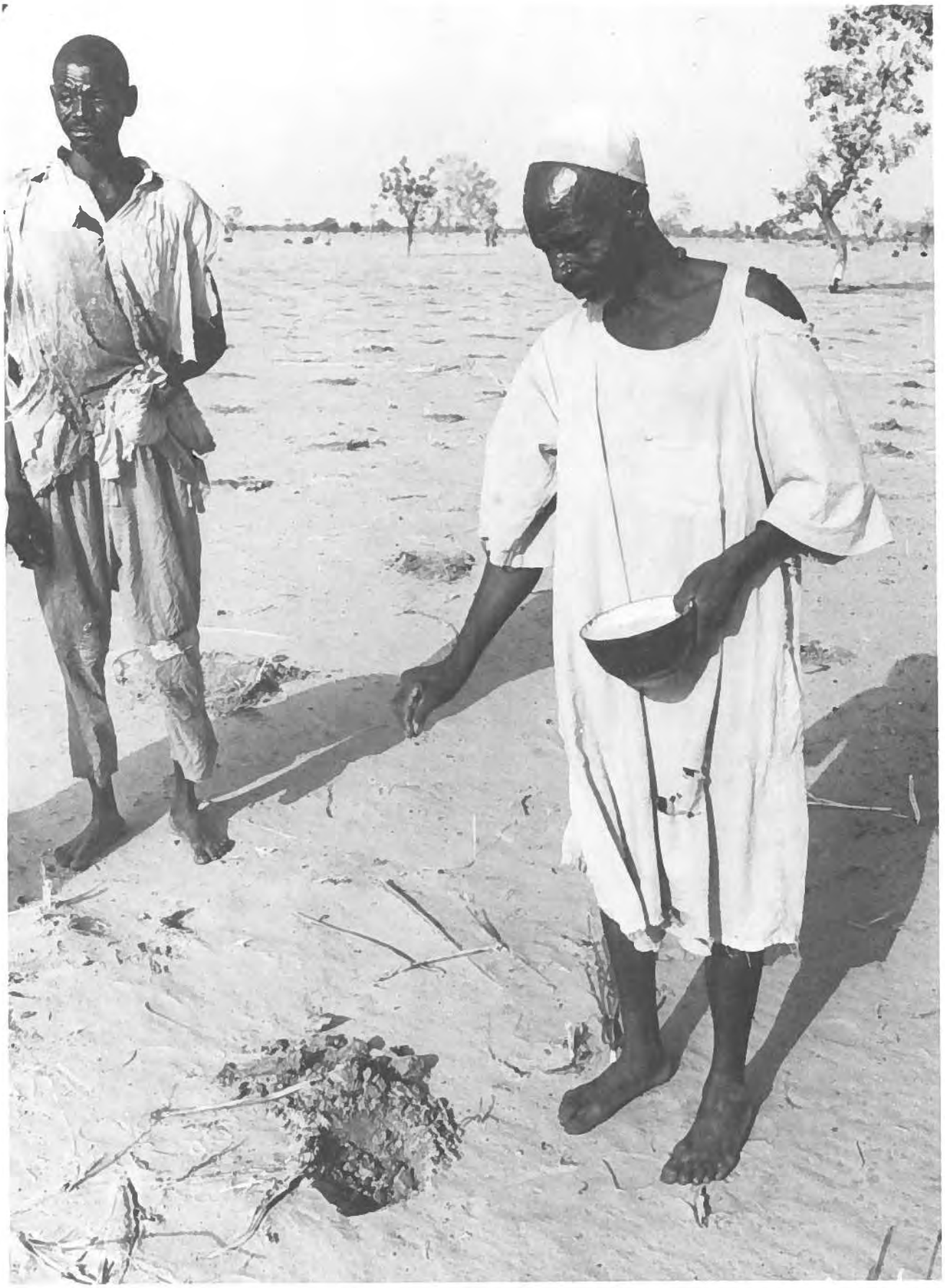
influence decisions by individuals and communities to plant and tend trees. More recently, efforts have carefully considered these factors and current programs emphasize developing and planting those tree species most suitable for fuelwood as well as for food, fodder and commercially valuable fruit. In general, there is now less emphasis on community woodlots or large scale fuelwood plantations. Instead A.I.D.'s programs now center on social forestry and the promotion of agroforestry. The agroforestry programs not only increase supplies of tree products but of equal importance they serve to protect and sustain soil productivity and increase crop and livestock production.

The Natural Resources Management Support Project (698-0467) is expected to improve policies and programs, to restore and maintain environmental stability and the natural resource base of Sub-Saharan Africa to assure the long term sustainability of agricultural and related forestry systems. The production of fuelwood is seen as one important component of such systems.

The National Social Forestry Support Project (386-0495) in India is working in four Indian states and with the central government to carry out social forestry programs to provide income and employment to the rural poor by increasing production of fuelwood and other forest procuts and to halt the environmental degradation caused by deforestation. The project will also provide assistance to evaluate the effectiveness of different social forestry activities and to develop a more rational mix of policies and government and private initiatives to meet India's long term forestry needs on a sustained basis.

The centrally funded Forest Resources Management Project (936-5519) provides technical assistance and training to developing countries to improve their management of natural forests and to support reforestation and agroforestry efforts. Considerable attention is devoted to the increasing critical role which the private sector---farmers, businessmen and private voluntary organizations---play in these efforts.

The ROCAP Tree Crop Production Project (596-0117) builds on the experience of an early fuelwood project. It is developing and strengthening the capabilities of the Tropical Agricultural Research and Training Center (CATIE) and national level forestry and agricultural education institutions to develop and disseminate farm and market oriented tree cropping technologies which will increase supplies of fuelwood and other wood products as well as counteracting the increasing ecological problems caused in the region by deforestation.



Environment, Forestry, and Natural Resources[1/]

OVERVIEW

Natural resources, particularly renewable natural resources, are essential to sustainable development. Most A.I.D.- supported countries depend principally on their renewable resource endowments for economic growth, and they will continue to do so for the forseeable future. Agriculture, forestry, fishery production, and industries such as tourism, depend fundamentally on the continued functioning of healthy ecosystems.

Yet these vital resources are threatened. World population is growing by over 80 million each year, and is expected to increase from the current level of 5 billion to more than 10 billion in the next century, placing ever greater stress on natural systems. Urbanization is proceeding at explosive rates, and urban areas in many developing countries now experience some of the world's worst air and water pollution. Tropical forests are rapidly being converted to other uses, resulting in significant environmental and economic losses, as well as decreases in biological diversity. More than one billion people are adversely affected by such massive deforestation through the resulting erosion, siltation, loss of agricultural productivity, flooding, and fuelwood shortages. Marginal lands are overburdened, soil erosion threatens agricultural productivity and disrupts critical watersheds, and degraded rangelands show increasing evidence of desertification.

In many developing countries poverty is the fundamental cause of environmental degradation. Efforts to meet immediate, critical human needs can overwhelm available resources and limit the ability of individuals and governments to plan adequately for the future. For governments and private enterprises alike, the benefits of managing resources for sustainable yields must be greater than the cost in order justify adopting long-term strategies. Yet market demands and economic interests in short-term gains place severe constraints on developing a long-term perspective. The economic rationale for natural resource conservation must be recognized in developing countries before governments and the private sector will accept sustained natural resource management and environmental protection as essential to growth.

Resource shortages exacerbate and accelerate environmental degradation, and many developing countries simply do not have adequate financial or natural resources to meet demands. For example, shortages of arable land can lead to accelerated deforestation from expansion of farming areas into marginal lands. The resulting decrease in the availability of fuelwood and other forest products perpetuates the chain of destruction as rural people seek to meet their basic needs. Energy supplied by dung, for example, reduces the availability of fertilizer and can lead to decreased agricultural

[1]Includes biological diversity and tropical forestry.

productivity, in turn increasing the need for more arable land. This chain of cause and effect and mutual dependency is an important factor in efforts to protect the environment and manage resources for sustainable yields.

Experience indicates that maximizing efficiency in production and use of resources reduces stress on those resources. Indiscriminate or non-selective production methods greatly decrease yields over time. Felling large areas of forest to log a few valuable hardwood species significantly reduces the yield of forest products. Blast fishing, which indiscriminately kills nearly all marine life in the affected area in order to harvest a few marketable fish, rapidly destroys a productive fishery. Inefficiency in resource use also increases demand for greater production. For example, inefficient methods of burning fuelwood or making charcoal accelerate pressure for fuelwood harvesting.

Managing natural resources for sustainable yields requires an understanding and knowledge of the surrounding physical environment and supporting ecosystem. The life cycles, reproductive strategies, and nutrient demands of targeted resources must also be understood. For these considerations to be effectively incorporated into management schemes, training and education are critical. Effective natural resource management also requires an understanding of the surrounding social, economic, and political environment. Equally important is understanding how the roles of women, men, and children relate to resource use. Appropriate incentives and provision for secure land, fishing rights, and tree tenure also are essential considerations in resource management.

With these many requirements, developing countries often do not have sufficient experience or enough adequately trained personnel to develop and implement resource management schemes. In the absence of this requisite experience, the needed resources often are unsustainably exploited rather than managed.

As it becomes increasingly clear that environmental degradation limits prospects for development, and constraints to environmental protection are better understood, more and more countries view programs to manage and protect the environment and natural resources as an important part of national priority development efforts.

A.I.D PROGRAMS

A.I.D.'s response to global environmental problems, and the legislative mandate to deal with these issues, are guided by policies which address both the causes and effects of environmental degradation.

A.I.D.'s policy is based on the premise that environmental protection and conservation of natural resources is essential to sustained development.

The Agency's primary environmental and natural resource policy objectives are to:

1) to promote environmentally sound, long-term economic growth by assisting developing countries to conserve and protect the environment and manage their exploited resources for sustainable yields; and

2) integrate into all A.I.D. assistance activities a concern for natural resource management and environmental protection.

Traditionally, A.I.D.'s environmental activities focused on efforts to identify and reduce or eliminate negative environmental impacts resulting from its development activities through environmental assessments. While this necessarily remains an essential part of A.I.D.'s efforts, the Agency's environmental program has evolved to include assistance where the primary purpose is to protect the environment and enhance the natural resource base.

Efforts to protect the environment include: a) strengthening local skills in resource management, creating awareness of the issues, and strengthening local institutions and policies; b) conserving biological diversity, including protecting wildlife and plant genetic resources in preserves and parks; c) supporting reforestation, agroforestry, and watershed management; d) promoting sound land use planning and increased cooperation and coordination between and among key ministries and departments (eg., agriculture, forestry, environment, energy, and industry); and e) encouraging private sector participation in profit-generating programs that conserve natural resources.

Promoting the conservation of biological diversity and tropical forests is of particular concern to A.I.D. Biological diversity, as defined by A.I.D., refers to the variety and variability among living organisms and the ecological complexes in which they occur. This includes ecosystem diversity, species diversity, and genetic diversity. The Agency recognizes the importance of maintaining and protecting the world's rapidly eroding genetic base, as well as the implications of a diminishing biological resource base for worldwide agriculture, public health, economic growth, and social development.

To prevent the loss of diversity and promote long-term conservation, A.I.D. addresses the basic causes of habitat loss and supports more immediate protective measures. The Agency will expand funding for new biodiversity activities from $2.4 million in FY 1987 to $4.5 million in FY 1988.

Projects described below provide some specific examples of the biodiversity activities that A.I.D. supports. The Bureau for Asia and Near East (ANE) expects to support the assessment of biological resources in 10 islands in the South Pacific. ANE also expects to support, in collaboration with IUCN and a local NGO, the National Conservation Strategy in Jordan. On a regional basis, ANE expects to collaborate with World Wildlife Fund-U.S. to support research, training, and workshops related to the conservation of large animals

(including rhinos and elephants) and their habitats in Nepal, Indonesia, Thailand, and other southeastern Asian nations. ANE will continue to fund a project to produce an overview of the status of biological resources in the Philippines and a strategy for conservation of biological diversity. A project in Burma co-financed with the National Park Service and WWF-U.S. provides technical assistance on national park and protected area management to the Burmese government.

The Bureau for Africa is reviewing proposals to fund conservation and development efforts in Afromontane forests in central Africa; efforts to continue a tropical forest conservation project to complete vegetation and wildlife inventory surveys in Madagascar; the Mountain Gorilla Education Program in the Park Des Volcan in Rwanda; and a project to manage the African Rhino in Kenya. Other proposals for funding under review include the Mweka Wildlife Management College in Tanzania, support to the Korup National Park in Cameroon, a project in Kenya to improve cooperation between park personnel and the surrounding population in the Tsavo West National Park, and an international effort to control trade in illegal elephant ivory.

The Bureau for Latin America and the Caribbean (LAC) is reviewing biodiversity proposals, examples of which include projects to inventory, collect, and identify high-altitude Andean tree species; to develop a Caribbean marine park; to produce a documentary film on managing tropical rainforests; to train park guards as parataxonomists for biodiversity surveys; and to establish an applied research station in the buffer zone of a South American Man and the Biosphere Reserve. This applied research would emphasize key species with proven economic value, as well as undertake studies on regeneration and management of tropical forests.

Support for conservation of biological diversity will continue to expand further in FY 1989. For example, a regional ASEAN coastal resource management project will include the establishment of coastal and marine protected areas. In Burma, after the successful completion of technical assistance training, a long range project will focus on development of an in-country training facility and a curriculum and staff development plan for protected area and wildlife management. The US Fish and Wildlife Service Biological Diversity Small Grants Program supported by ANE will continue to support a variety of co-financed biodiversity activities implemented by host-governments, NGOs, and international organizations.

As described earlier, biodiversity activities represent only one of A.I.D.'s many areas of environmental concerns. Some A.I.D. development projects provide technical or policy assistance to address critical environmental problems, or training of development country personnel in natural resource management. In Thailand, for example, a new projects (493-0345) is providing assistance to strengthen Thai capacity to formulate policy and management problems in coastal resources, biodiversity conservation, industrial pollution, and other key natural resource and environmental areas. An environmental planning and management project (936-5517, Bureau for Science

and Technology) is designed to help developing countries develop effective environmental and natural resource management institutions. In Latin America and the Caribbean, a regional project (598-0616) fosters linkages and facilitates technology transfer among Western Hemisphere scientific and technological institutions. In addition to specific projects, training, education, and institution building are incorporated into many of A.I.D.'s environmental efforts in other areas.

Reforestation, agroforestry, and watershed management continue to enjoy strong support in A.I.D.s' environmental program. A national-level community forestry program (367-0158) in Nepal was implemented to establish and manage 175,000 hectares of forests, including private and farm forestry, over a 5 year period. Also in Nepal, A.I.D. supports a project (367-0155) to improve forestry and agricultural production in the Rapti Zone. A Science and Technology project (936-5519) provides field support in forest resources and mobilizes Peace Corps capabilities in support of collaborative local village projects. In Senegal, the Agency is developing (685-0295) an integrated water management plan covering 40 small watershed areas (valleys, slopes, and plateaus). A project in Somalia (649-0129) will study rehabilitation interventions for degraded watersheds.

Land-use planning is an important component of A.I.D.'s environmental program. The Sahel Regional Planning, Management, and Research project (625-0929), covering 8 Sahelian states, has as a major goal the support of research and analysis necessary for long-term planning in water resources development, crop production, and livestock and fish production. In Egypt, a study is being conducted to review land use planning issues related to the management of coastal lakes. The Bureau for Science and Technology supports a project to develop an integrated approach in coastal resources management to explore solutions to resource-use conflict, create an institution to review all coastal development proposals, and improve capabilities to plan coastal development.

Efforts to encourage sound land-use include projects to promote environmentally sound agricultural practices. A.I.D. recently organized a workshop on pest management at a meeting organized by the Organization for Economic Cooperation and Development to explore ways to sustain and improve the environment in developing countries. The workshop dealt almost entirely with pesticides and integrated pest management. A.I.D. supports environmentally sound pest management through a number of projects, including the Integrated Pest Management (IPM) and Environmental Protection project (936-4142). A LAC regional project (596-0110) implemented by the Tropical Agricultural Research and Training Center (CATIE) provides technical assistance and training to ROCAP countries to promote regional IPM . Other activities in pest management include substantial contributions by the Office of Foreign Disaster Assistance. In In 1988 A.I.D. expects to complete more explicit guidelines for pesticide use and procurement financed by the Agency.

A.I.D. is also increasing Agency cooperation with Multilateral Development Banks (MDBs) and bilateral donors on developing and implementing environmental assessment procedures in order to effectively encourage and promote environmentally sound development projects.

In conformance with legislation originally passed in 1986, A.I.D. has played an expanding role in the review of environmental aspects of projects financed by the MDBs. A.I.D. participates in this review together with the Departments of Treasury and State as part of a larger effort to ensure that U.S. funds to development banks are used to promote sustainable use of natural resources, protection of the environment, public health, and status of indigenous peoples in developing countries.

A.I.D. monitors selected MDB projects judged likely to have adverse environmental impacts. Projects are identified early in the development cycle in advance of project approval by the bank executive board, and are reviewed by A.I.D. technical staff. The environmental concerns are then reviewed with Bank staff and with the U.S. Executive Director's office. Through this procedure, A.I.D. seeks to strengthen environmental project planning on MDB projects.

SELECTED PROJECTS

The Environmental NGOs Development and Support Project (597-0034) is designed to strengthen host country environmental Non-governmental Organizations (NGOs) so that they can play a more effective role in promoting long-term sustainable use of the Central American region's natural resources.

The Natural Resources Management and Environmental Protection Project (493-0345) will strengthen Thai capacity to formulate policy and manage problems in coastal resources, forestry, industrial pollution, and other key natural resource and environmental areas. The project will provide training and technical assistance for policy research and analysis. The core of the project will be support for action on an evolving mix of priority topics, including research, pilot programs, and information exchange.

The Conservation of Biological Diversity Project (936-5554) will support research, technical assistance, and training related to the conservation of biological diversity. The project is designed to assist developing countries identify the economic potential of conserving biological resources, safeguard ecological processes, and maintain genetic resources. This will be accomplished through the assessment of conservation priorities and definition and design of research and development activities.

The Development of Environmental Systems Project (598-0605) assists LAC countries to measure the effectiveness of their environmental management efforts and to change existing policies as required. This project includes an important biodiversity component which will be funded through FY 1990.

The ROCAP Integrated Pest Management Program (596-0110) is designed to increase agricultural productivity of the Central American region and enhance health and living standards of rural families in the region. The project continues to strengthen national and regional capabilities for development and implementation of effective integrated pest management (IPM) in Central America.

The Southern Zone Water Management Project (685-0295) improves water management in the southern regions of Senegal. The project is developing an integrated water management plan covering 40 small watershed areas (valleys, slopes, and plateaus) which incorporates low-cost water control structures, such as anti-salt dikes, diversions and water ways, and contour beams, to be constructed (partially), operated, and maintained by farmers. The project supports activities to conduct ongoing evaluations, monitoring, and adaptive research to develop approaches to helping farmers improve their water use.

The Forestry Planning and Development Project (391-0481) in Pakistan is designed to reverse the process of deforestation and increase Pakistan's energy self-sufficiency. The project enhances the capabilities of host country institutions in designing and implementing plans and programs for increasing the production of fuelwood and timber. The project will demonstrate the economic, technical, and social feasibility of producing tree crops on privately-owned farm and range lands.

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION/MINORITY RESOURCE CENTER

OVERVIEW

The Office of Small and Disadvantaged Business Utilization/ Minority Resource Center (OSDBU/MRC) facilitates and supports relationships between the U.S. business community, A.I.D., and A.I.D.-recipient countries. Most technical services, commodities and equipment required to implement A.I.D.-financed development programs are procured from U.S. firms. These firms range from multinational corporations to small, medium and large manufacturers and suppliers, and include small, minority and women-owned firms as well as individual consultants.

In 1978, Public Law 95-507 (Section 15 of the Small Business Act) created the Office of Small and Disadvantaged Business Utilization (OSDBU). Created in 1977, the Minority Resource Center (MRC) is an integral component of OSDBU specifically mandated to increase the participation of socially and economically disadvantaged (including women-owned) businesses in A.I.D.-financed activities. OSDBU/MRC is the initial, principal and ongoing point of contact between A.I.D. and the small and small disadvantaged business community. In counseling and instructing these firms, this office explains and presents Agency policies, procedures and requirements, advising firms on the appropriateness of their business capabilities, experience and potential as regards current and anticipated Agency needs.

Information gathered from firms in the counseling process is retained in OSDBU/MRC in the A.I.D. Consultant Registry Information System (ACRIS). ACRIS, an automated retrieval system keyed to manual information resources, is used within the Agency to support the participation of small and small disadvantaged firms in A.I.D. contract opportunities. The contractor source lists developed from this data base are used by OSDBU/MRC to demonstrate that appropriate capability exists in the small and small disadvantaged business community to assure responsiveness to Agency needs.

This tandem function of service to the Agency and to the public allows OSDBU/MRC to participate in the entire cycle from project conception and design to awarding of a contract and project implementation. During this cycle, the office, in conjunction with appropriate personnel in other bureaus and offices in the Agency, performs a number of functions including:

- cooperating and assisting in the formulation, implementation, and administration of Agency programs and activities relating to the target businesses;

- providing intensive, continuing counseling to the target firms in areas such as the preparation of effective marketing plans, skills and qualifications appropriate to Agency needs, and Agency programmatic interests and emphases;

- providing information on target businesses to large majority firms to support their minority subcontracting efforts;

- encouraging and facilitating complementary ventures between target firms to strengthen their capability to perform Agency contract requirements;

- providing information on A.I.D.-financed acquisitions of commodities and equipment directly to over 3,000 U.S. exporters of eligible and appropriate products; and,

- influencing the development of Agency policies and procedures to increase participation by small and minority exporters.

MAJOR ACTIVITIES

Fundamental to the increase in the level of contracting and the development of strong relationships with target firms has been the establishment of annual contracting goals and the sponsorship of a continuing series of outreach conferences.

While the annual goal-setting is a collaborative exercise involving the entire Agency, OSDBU/MRC has the primary responsibility for the coordination, development and monitoring of these goals. Two major goals are established each year--the small business and the Gray Amendment goals.

Small business goals are established in accordance with the Small Business Act; achievements are monitored quarterly and reported to the Small Business Administration (SBA) annually. These goals include a total small business goal and several sub-goal categories--encompassing prime and subcontracts to SBA Section 8(a) firms, socially and economically disadvantaged firms that are not Section 8(a), and women-owned firms.

The Gray Amendment, part of the Agency mandate since August, 1984 leads to the other major goaling activity coordinated by OSDBU/MRC. This amendment stipulates that not less than 10% of funds appropriated for Development Assistance be made available to economically and socially disadvantaged enterprises, Historically Black Colleges and Universities (HBCUs), and minority-controlled private and voluntary organizations (PVOs) which are controlled by individuals who are economically and socially disadvantaged. Achievements are monitored quarterly and reported to the Congress annually.

The Agency-wide collaboration required to meet these goals has enhanced the commitment necessary to their successful accomplishment. The significant Agency achievements against these goals are evidenced in Table I and Table II below. It should be note that these two goals are concurrent.

TABLE I

Small Business Goals and Achievements 1/

	Goal	Achievement
FY 1984	60.5 M	87.8 M
FY 1985	67.6 M	88.2 M
FY 1986	79.0 M	132.3 M
FY 1987	90.0 M	112.7 M
FY 1988	90.0 M 2/	---

1/ includes small, small disadvantaged, Section 8(a), and small women-owned business concerns

2/ because of the FY 1988 continuing resolution levels, goals are proposed at FY 1987 levels; the impact of potential Gramm-Rudman budget sequestrations would reduce this goal

TABLE II

Gray Amendment Goals and Achievements 1/

	Goal	Achievement
FY 1984	90.0 M	76.4 M
FY 1985	105.0 M	88.2 M
FY 1986	100.1 M	123.2 M
FY 1987	91.1 M	127.7 M
FY 1988	90.1 M 2/	---

1/ includes economically and socially disadvantaged enterprises, Historically Black Colleges and Universities (HBCUs), minority-controlled private and voluntary organizations (PVOs), and women-owned business concerns

2/ because of the FY 1988 continuing resolution levels, goals are proposed at FY 1987 levels; the impact of potential Gramm-Rudman budget sequestrations would reduce this goal

Outreach activities are a natural complement to OSDBU/MRC's Agency-oriented services. They are designed to identify and develop qualified, small and small disadvantaged business concerns to meet appropriate Agency requirements. Since FY 1985, OSDBU/MRC has sponsored a continuing series of one-day outreach conferences held in major cities across the country. These conferences are designed to increase awareness and knowledge of the Agency's work among target firms which may not have previously considered expanding into the overseas area. The conferences bring together A.I.D. technical, project and contract personnel and representatives of target firms in a series of general and specialized panels and presentations. These range from descriptions of Agency areas of technical emphasis to contracting procedures and the overseas operating environment. FY 1988 conferences are planned for Miami, Los Angeles, Dallas and Philadelphia.

FY 1989

In FY 1989, OSDBU/MRC will continue to increase the involvement of small and small disadvantaged business concerns in A.I.D. contracting activity. The following initiatives, initiated in previous years, will be strengthened in an ongoing effort to maintain and improve the Agency's performance in this important area:

- Under the Early Alert System, designed to identify as early as possible areas of likely participation by small and small disadvantaged business concerns in A.I.D. contracting activity, OSDBU/MRC and the bureau liaison officers will develop more effective measures for targeting and identifying prime contract and sub-contract opportunities.

- The Information Handbook on Minority Firms and Organizations, developed to supplement the ACRIS, will be updated on an continuing basis to reflect the most pertinent and timely information on the Gray Amendment, Agency contracting procedures, and profiles of Gray Amendment-qualifying organizations. OSDBU/MRC will work closely with A.I.D. bureaus and missions to promote the use of this resource.

- Implementation of Memoranda of Understanding (MOU) with the Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) to increase communication and interagency cooperation. Emphasis will be given to increasing the scope of services provided through these MOUs to target groups. These services include management and technical assistance, and marketing strategies related to doing international business.

- Increased subcontracting opportunities to Gray Amendment organizations will be encouraged by recommending that larger, more-experienced firms select these organizations as subcontractors. Effective and appropriate incentives for large firms will be explored as a means of making such arrangements mutually beneficial and attractive.

WOMEN IN DEVELOPMENT

Overview:

The Agency for International Development's policy on women in development is derived from Section 113 of the Foreign Assistance Act of 1961, as amended, which calls for recognition of women's economic roles, and directs that the United States government's bilateral assistance program be administered "...so as to give particular attention to those programs, projects, and activities which tend to integrate women into the national economies of developing countries...."

A portion of the assistance is designated to be used "...primarily to support activities which will increase the economic productivity and income earning capacity of women." The Office of Women in Development ("the WID office") administers these funds, carrying through the basic emphasis of the Agency's Women in Development policy of integrating women and girls into mainstream development activities.

Strategy Statement for 1989:

The WID office's strategies will continue to assist A.I.D. in achieving its policy objectives for improving the social and economic roles and conditions of women in developing countries.

In order to continue to carry out A.I.D's Strategic Plan, Blueprint for Development, the WID office will continue its emphasis on the integration of women into mainstream development projects and programs in developing countries. Such integration has been accomplished in the past by providing direct technical assistance to A.I.D. missions. For example, through a cooperative agreement with the International Center for Research on Women (ICRW), established in FY 1985, and amended in FY 1987, the WID office supported the USAID Mission in Zaire in the design of a pilot agricultural training/-extension program to reach women farmers. ICRW also evaluated the program and project portfolio of the USAID Mission in Bangladesh and recommended interventions for including women throughout it. Through a "buy-in" to an ongoing project in A.I.D.'s Bureau of Science and Technology, the WID office funded the participation of a consultant on a project design team in Amman, Jordan who focused solely on women's role in small scale enterprises.

Significant evidence indicates that A.I.D. missions are also taking the necessary steps to integrate women into their activities. For example: In Uganda, A.I.D. is assisting the Bank of Uganda to encourage banks to loan to women. Women will be provided with special education in how to apply for loans,

and the Bank of Uganda will provide a partial guarantee to encourage banks to establish a line of credit without putting up land as security. In Burundi, A.I.D. has integrated an agro-forestry component into food crop projects to encourage the planting of quick-growing trees. Aside from protecting against soil erosion and increasing soil fertility, the component has increased the labor capacity of women by saving the amount of time needed to collect firewood. In Nepal, A.I.D. has established a special extension program directed to women farmers. The project trains women to serve as village contacts and extension agents in an already established agricultural project.

Such integration of the WID program into ongoing A.I.D. activities will continue. The WID office's support of mission activities will focus on agricultural development, employment and income-generating activities (small- and micro- scale enterprise and the private sector), human resources and institutional development, energy and natural resources conservation, education, and participant training. To achieve these objectives the WID office will:

1. Coordinate with A.I.D.'s training office in its effort to orient new employees and provide training to existing staff concerning the Women in Development mandate and the WID office's resources and programs to carry out the Agency's policy objectives by:

--developing a training component for A.I.D.'s new hires;

--conducting workshops for A.I.D. personnel to reemphasize the WID mandate and enhance their ability to implement the Agency's policy. In compliance with Agency strategy and worldwide interest in African development issues, with particular emphasis on the roles of women in agricultural production, one of the WID office's major efforts, in conjunction with the Africa Bureau, was to host a WID workshop in Nairobi, Kenya, September 24-26, 1987; this pilot effort was designed to assist mission personnel in addressing gender issues in the project design and program processes.

2. Assist A.I.D. missions in their development of participant training opportunities and programs for women by:

--helping to promote participant training through sponsorship of training programs and by providing technical assistance and information to A.I.D. missions to develop and expand their participant training opportunities for women;

--researching the constraints women face in edcuation and access to participant training opportunities. For example, under the Basic Research and Implementation for Developing Systems (BRIDGES) project, begun in FY 87, the WID office assists A.I.D. missions to increase their understanding of the educational situation of girls in developing countries, develop a valid and reliable data base for assessing the educational status of females in the context of country socio-economic conditions; and, promote realistic strategies to improve access, retention, and dropout rates for females. To date, the WID office has obligated $94,000 which allows it to participate in a $10 million Agency effort, under the auspices of the S&T Bureau. Country selection for assessment is now underway.

3. Continue to develop, test, and use a series of sector or country-specific informational materials which address women in development policies and activities.

--the WID office has completed and distributed to all missions two sector-specific, gender-issue guidance manuals (small-scale enterprise and basic education and vocational training), and plans to develop additional information manuals dealing with agriculture, energy and natural resources, agribusiness, and urban development.

--a multi-sectoral Latin America and the Caribbean (LAC) regional guidebook is now available from the WID Office; this guidebook was prepared under LAC bureau funding, a major sign of commitment on the part of the bureau.

4. Acquire technical assistance from the private sector along with American universities and colleges, Title XII institutions, and American and indigenous private voluntary organizations (PVOs) to implement A.I.D./WID policy.

--For FY 1987 thru 1989, the WID office has established cooperative agreements with two land grant university consortia and a private non-profit international research organization, the International Center for Research on Women, which will assist

missions and host country personnel to identify and design WID interventions and produce gender-related research that support missions' effort in integrating women into projects and programs.

5. Assist A.I.D. missions to integrate macroeconomic issues into their WID program planning.

--the WID office plans to support in FY 1988 and beyond a macro-economic inventory effort which will provide a diagnosis of gender-specific government macroeconomic policies and regulations within selected less developed countries (LDCs) concerning factors which help or hinder the integration of women into the economic development process. This inventory will tie in with the ongoing Gender Resources Awareness in National Development (GRAND) project. The GRAND project assists missions and host government officials by developing simulated computer models to show possible variations in macro economic impacts of women's productivity in particular sectors.

6. Continue to expand its collaboration with regional bureaus, central offices, and missions to ensure that Agency design, implementation, monitoring and evaluation activities include appropriate gender-specific information and actions by:

--developing a proposal to provide in-depth technical assistance to approximately six A.I.D. missions to analyze their strategic program planning and assist the missions to develop improved project and program documentation, implementation, and evaluations;

--conducting a series of program and project evaluations with particular reference to institutional development.

7. Continue its program designed to ensure that gender issues are addressed appropriately in the international fora:

--Through collaboration with the WID office, Agency representatives to the Development Assistance Committee (DAC) sectoral meetings will provide relevant gender information for each area or issue. The Director of the WID office, who also serves as the elected chair of the DAC Women in Development Expert Group, will continue to provide guidance for furthering specific gender analysis in the areas of

project appraisal, statistical reporting, education and training, and structural reform programs. In 1989, attention will be given to guiding U.S. participation in multinational organizations' meetings, and will assist other Agency bureaus and offices in their preparation of position papers and appropriate resolutions where women's roles have important development implications.

FY 1989 Budget Projections and Programs:

The WID office's proposed budget for FY 1989, $2.0 million, is the same as the level requested for FY 1988. These funds will be used to continue the WID office's small grants program under the following sub-projects:

Through the Strategies and Resources subproject (930-0100), totaling $900,000, the Office will continue to compile and analyze statistics; commission, publish, and distribute studies and materials; hold seminars and briefings on WID topics; and exchange information with other national and international agencies, organizations, and donors involved in the women in development effort.

The Women's Organizations and Participation subproject (930-0200), totaling $245,000, will provide small grants to private and public organizations appropriate in implementing Agency policy on women in development. In particular, the Office will continue to address the areas of income-generation, private sector development, agricultural development, technology transfer, and institutional development.

Through the Technical Assistance and WID Centers subproject (930-0300), totaling $855,000, the Office of Women in Development will continue research, training, and technical assistance to enhance the integration of women into the multi-sectoral development programs. This will be accomplished through the Agency's regional and central bureaus, missions, PVOs, and academic institutions.

NARCOTICS CONTROL

Introduction

A.I.D. has become increasingly involved in anti-narcotics activities during the 1980s, particularly in South America and in Pakistan and Thailand in Asia. The chief reason is that drug production, abuse and trafficking contradict the development goals that the Agency and host countries are jointly pursuing in the Third World. Indeed, in some cases the drug industry has brought the government and its people to the brink of disaster.

The U.S. Government's worldwide anti-narcotics program is spelled out in such documents as the 1984 National Strategy for Prevention of Drug Abuse and Drug Trafficking and National Drug Policy Board statements. A.I.D. believes it has a unique role to play in this effort: to develop economic assistance programs and, equally important, to provide a cadre of skilled technicians who are knowledgeable in such areas as narcotics education and development of crops an income alternatives.

One impetus to A.I.D.'s anti-narcotics effort has been Congress. For example, section 126 of the Foreign Assistance Act, known as the Gilman Amendment, urges the Agency to "give priority consideration to programs which would help reduce illicit narcotics cultivation by stimulating broader development opportunities."

In developing a narcotics program, A.I.D. has six basic premises:

1. Narcotics production is often an economic development problem.

2. Economic development assistance which provides alternatives to narcotics production requires long-term, multi-sector assistance.

3. Sustained and effective interdiction and enforcement are prerequisites to eradication.

4. Enforcement is the primary responsibility of those host governments.

5. Successful narcotics control efforts require strong governmental and public commitment.

6. Adequate security is essential for implementation of economic development in narcotics-producing areas.

7. A.I.D. works closely with other government departments and agencies in this area. Closest ties are with the State Department's Bureau of International Narcotics Matters and the U.S. Information Agency.

With these premises in mind, A.I.D. developed income substitution programs in Bolivia, Peru, Pakistan and Thailand in the early 1980s. Income substitution is also known as crop substitution or area-targetted development. Simply put, such programs provide comprehensive agricultural services to farmers, promote employment, and strenghthen infrastructure through long-term development efforts. The main objective is to diversify the area's economy by providing rural populations with alternatives to illicit crop production. The whole concept, however, is predicated on the belief that development and enforcement must be linked.

Despite some progress in our income substitution efforts, A.I.D. has begun to question the effectiveness of such efforts if they are not coordinated with other activities. The many factors involved in a successful income substitution effort, such as the rainfall, the remoteness of narcotics-producing areas, and the commitment of the host government underscore the difficulty of the undertaking. Further, poppy or coca production have long been an important--and sometimes legal--part of several countries' history, and they continue to be important cash crops.

Consequently, A.I.D. felt the need to develop a more balanced approach to the narcotics program. While keeping income substitution as an important part of the mixture, the Agency is developing a multi-pronged approach which should prove to be more effective in the long term.

Administration of Justice

One new area of involvement has been in an Administration of Justice program. This effort is intended to strengthen democracy in Latin America and the Caribbean by improving the judicial systems in that region. The program includes: legal reform; training for investigative, prosecutorial and judicial personnel; improving judicial recruitment and selection; developing performance-based career structures for judicial officials; improving court administration and logistics; increasing judicial protection; and expanding legal research and information management systems. Such efforts should enhance the capacity of governments to deal with the drug problem.

Narcotics Education

A.I.D.'s most important new thrust in the anti-narcotics program is narcotics education. A.I.D. began significant narcotics education activities in Fiscal Year 1985, with several projects in Latin America. In the fall of 1986 the first such activities began in Asia, namely, in Pakistan and Thailand. They were developed with four objectives in mind: (1) to collect data; (2) to create education strategies; (3) to help educate key groups; and (4) to increase general awareness among the citizenry.

Early programs included a drug education and public awareness project in Peru; a narcotics use prevention program in Ecuador; a national drug prevention campaign in Bolivia; work with Pride, Inc. on drug abuse prevention in Belize; an epidemiological study in Jamaica; and a rehabilitation project in Colombia.

In the fall of 1986 a major mass media campaign began in Pakistan to coincide with the new crop season. It included telvision spots, radio jingles, newspaper advertisements, marches and mass rallies. This campaign was a major factor in the successful enforcement activities which took place in 1986-1987. In Thailand, $345,000 went to CARE in August 1986 for a "Children's Health and Environment Magazine." The grant also permits CARE to work with the Royal Thai Government Ministry of Education to develop teaching and reading materials in several areas, including narcotics education.

The narcotics education program has real potential. Where many producing countries once saw the issue of drugs as only a U.S. or European problem, they now realize it is a matter of serious domestic concern, as well. They are witnessing growing addiction rates among their own people. Environmental damage is also occurring in some countries as farmers strip mountainsides of trees and vegetation to plant poppy and coca. In some countries, drug-related violence is leading to a breakdown of civil order and distortion of national life. Governments now realize they cannot allow this to continue without facing chaos down the road.

Not surprisingly, therefore, A.I.D. is committing more resources to its narcotics education program. In Fiscal Year 1987 about 20 percent of its narcotics budget went to narcotics education, up from virtually nothing two years before; in Fiscal Year 1988 it should commit about 23 percent of its narcotics resources there.

The narcotics education program was aided last year by the Anti-Drug Abuse Act of 1986 (P.L. 99-570), which authorized $3 million for narcotics education. Money was appropriated by the Omnibus Drug Supplemental Appropriations Act of 1987 (P.L. 99-500). A.I.D. provided $2.3 million to Latin America and $700,000 to Asia. Activities in Latin America were in Belize, Bolivia, Colombia, Mexico, Jamaica and Panama. In Asia, additional money was provided to Pakistan and Thailand.

The Agency is seeking to enhance its narcotics education initiative in Asia. Accordingly, in January-February 1987, the Asia and Near East Bureau commissioned a regional narcotics awareness survey of eight Asian countries (Bangladesh, Burma, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka, and Thailand.) The survey, completed in May 1987, is being used as a diagnostic tool to give a clearer picture of the narcotics situation in Asia and to help provide A.I.D. with a blueprint to future activities.

The survey looked at the nature and extent of drug abuse; sources of supply; the existence of a framework of drug abuse prevention programs; resources available; public awareness of the problem; capability of government and private voluntary organizations to address the problem; and recommendations.

As a result of this survey a major, three-year regional narcotics education program is being designed in Asia. Pakistan and Thailand are priority countries, but Burma may also receive initial attention. As implementation progresses, the other surveyed countries will be included. This survey is a major step forward in A.I.D.'s anti-narcotics effort in in Asia.

Expenditures

SPENDING BY USAID ON NARCOTICS PROGRAMS

Fiscal Year	1986	1987	1988 (est.)
(in thousand of dollars)			
NARCOTICS EDUCATION PROJECTS			
Belize	209	196	220
Bolivia	105	444	500
Colombia	96	200	350
Ecuador	230	80	250
Jamaica	50	100	200
Mexico	0	100	300
Pakistan	0	160	800
Panama	47	0	125
Peru	0	917	983
Thailand	0	50	100
Asia Regional	0	0	850
Subtotal, Narcotics Education	737	2,247	4,678
INCOME SUBSTITUTION PROJECTS			
Bolivia	1,781	2,022	6,313
Pakistan	3,469	3,000	9,600
Peru	3,656	3,706	4,287
Thailand	1,905	350	200
Subtotal, Income Substitution	10,811	9,078	20,400
TOTAL, USAID NARCOTICS CONTROL	11,548	11,325	25,078

a-Does not include $7.16 million in local currency.
b-Does not include $7.3 million in local currency.

Final Considerations

As A.I.D. implements its anti-narcotics program, several key considerations must be recognized:

1. A.I.D. is not involved in enforcement.

2. There is a key link between development and enforcement.

3. There are no quick solutions. Development is a long-term process. Overnight miracles should not be expected, particularly with a problem as vexing as drugs.

4. There must be a simultaneous worldwide effort against narcotics.

5. There must be cooperation among U.S. agencies and departments, as well as among the U.S. and other bilateral countries and international organizations.

Narcotics must be fought on all fronts. This is a long-term problem, and there are no easy solutions. A.I.D., however, is seeing modest successes from its efforts in a wide range of activities. Further success will require persistence and creativity.

PARTICIPANT TRAINING

Overview

Participant training for the purpose of human resource development has been a major activity of U.S. foreign assistance since before the establishment of the Marshall Plan in 1947. More than 250,000 participants have been trained in the United States and in Third World countries by A.I.D. (and predecessor agencies) during the last 44 years.

A.I.D. training contributes to development objectives in A.I.D.-recipient countries through project specific staff development programs and through general training projects which contribute to the broad pool of trained manpower available for development work.

A.I.D. participants are primarily mid-level career managers and technicians from the public and private sectors who are jointly selected by A.I.D. and the host country. In FY 1987, academic (degree) training accounted for 45% (7,906 participants) of all training, while technical (non-degree) training constituted 55% (9,779 participants).

Academic programs generally vary in length depending upon a participant's initial level of English language proficiency, the field of study, and the degree objective (e.g., B.S., M.S., or Ph.D.). In FY 1987 of the total number of all participants (17,685 participants), approximately 10% were enrolled in Ph.D. programs, 19% were in Masters programs, and 16% were in undergraduate programs. Technical programs also tend to vary in length with programs running from one to three months on an average. Technical training programs may include classroom courses, seminars, on-the-job training, observation visits, or a combination of these.

In FY 1987 A.I.D. participants studied at over 500 institutions throughout the United States, making this a very broad-based program. Participants were trained in specific skill areas in development-related fields: agriculture (23%), industry and energy (21%), public administration (20%), and health and family planning (13%).

In the Latin American and Caribbean region, there has been a special emphasis on training for the socially and economically disadvantaged, with much of the academic training at the undergraduate level. Virtually all participants return home, most to pre-determined jobs in key development fields, to work for a stipulated length of service.

Increased Emphasis on Participant Training

In 1982, the Agency began giving greater emphasis to participant training. As a result, the number of A.I.D. participants in U.S. training has grown dramatically. In FY 1979, fewer than 6,000 participants were trained, of which 17% were women. By FY 1985, that number had risen to 12,500, with

20% being women. The goal of 15,000 participants was reached in FY 1986; in FY 1987, the number reached 17,685 participants. Twenty-five percent or 4,405 of these participants were women. Both the number of U.S. trainees and the number and percentage of women are the highest to date for the Agency.

For FY 1988 it is estimated that 16,879 participants will be trained in the United States; for FY 1989 the estimated number is 17,335 participants. Overall estimates for these two fiscal years are somewhat lower due probably to uncertainties in the Agency's funding levels.

In FY 1987, the Asia/Near East region had 40% of all participants, with 21% from the Near East and 19% from Asia. The Latin America and Caribbean region significantly increased its percentage from 19% in FY 1984 to 40% in FY 1987. This was due primarily to the Caribbean and Latin American Scholarship Program (CLASP) and particularly the Central American Peace Scholarships (CAPS) Program resulting from the recommendations of the National Bipartisan Commission on Central America. The Africa region had 20% of the participant total.

Examples of training programs that have contributed to the increase in A.I.D. participants are as follows:

Asia/Near East

-- Pakistan Development Support Training project began in 1983 and is presently funded for $40 million. The primary goal is to upgrade the management and technical expertise of Pakistanis in the federal and provincial governments as well as the private sector, who are involved in the implementation of Pakistan's priority social and economic development programs. This objective is being achieved through a variety of United States, in-country and third country training, and through support to a number of Pakistani training institutions. The project will train approximately 3,250 participants in the United States; 3,000 in Pakistan; and 778 in third countries.

-- Indonesia General Participant Training project was approved in 1983 and is currently budgeted at $29 million. The project is to expand public and private sector manpower capabilities through a program of specialized overseas training. Approximately 400 short-term and 435 long-term participants will receive training in the United States and third countries over the life of this project. The project includes assisting the Government of Indonesia in establishing and institutionalizing an Overseas Training Office (OTO). The OTO is responsible for planning, administering and monitoring overseas training programs of the Indonesian public and private sectors as well as the international donor community.

-- Egypt Development Training project was initiated in FY 1985 with life-of-project funding of $109 million. This project provides cost-effective education and training opportunities for key Egyptians in priority development sectors. The project is also designed to help the Egyptian Government 1) rationalize procedures for identifying training needs; 2) select the most cost-effective training opportunities; and 3) optimize the use of individuals once trained. Two of the major components of the project are Peace Fellowships ($35.9 million) and Non-Project Training ($17.4 million). The Peace Fellowship component is a follow-on to the earlier Peace Fellowship Project (263-0110). The new activity will continue efforts of the previous project by providing scholarships for approximately 2,110 Egyptians to study for up to two years in U.S. universities in disciplines critical to Egypt's economic growth.

The Non-Project Training component is intended to update the skills of approximately 1,500 Egyptian scientists and technicians and to solve technical and managerial problems in the public and private sectors.

-- Tunisia Technology Transfer project began in FY 1981 and is intended to increase the Government of Tunisia's capability to acquire and manage new technology. An additional $5 million in A.I.D. funding was allocated to the project in FY 1987 bringing the life-of-project total to $25.1 million. These funds will provide U.S. academic training for approximately 700 Tunisians in engineering and related fields. The project is expected to make a major contribution to Tunisia's technical resource base for future national development. An evaluation of the Technology Transfer Project was carried out in late FY 1987. Results of the evaluation will be used to modify the training program to give emphasis to a broader range of technical and managerial skills training. A.I.D. plans to obligate an additional $5 million for this activity in FY 1988.

-- Yemen Development Training III project was initiated in FY 1984, as a follow-on to the highly successful Development Training II activity. Like its predecessor, Development Training III is intended to increase the number of Yemeni trained public, semi-private and private sector individuals at the policy, planning, managerial, technical and administrative levels, and to enhance their awareness of technological solutions to development problems. With adult literacy currently around 10%, Yemen faces major obstacles in achieving its national development goals until it can mobilize sufficient trained manpower to move the economy ahead. A.I.D. has authorized $40 million for this training activity. The project will support 300 academic and 1,100 technical training programs, develop training plans for various ministries of the Yemen Arab Republic Government, and establish a Technology Transfer and Training Center in the country.

Latin America and the Caribbean

-- The Caribbean and Latin American Scholarships Program (CLASP) will train approximately 12,760 participants over the life of the program, FY 1985 to 1993. The program, valued at $226 million, targets individuals and groups who have traditionally lacked access to training in the United States. It is providing an increased focus on the socially and economically disadvantaged, undergraduate training, women (40% of all trainees planned) and minority groups. The program includes the Central American Peace Scholarships project at $170 million, the Presidential Training Initiative for the Island Caribbean at $20 million, the $26 million Andean Peace Scholarship program and the $17 million Latin American and Caribbean Training Initiatives II project. One of the basic goals of CLASP is to strengthen the mutual ties of friendship and understanding between the countries of the Latin American and Caribbean region and the United States. Participants are being exposed extensively to democratic values and American community life under the project.

Africa

-- The Human Resources Development Assistance project began in FY 1988 as a $53 million effort covering 24 countries. The difference in emphasis of the new project compared to its predecessors is an increase in third country and in-country programs as well as a significant expansion of training for the private sector and for women. The new project establishes a regional mechanism for participant data collection and dissemination, including training costs. It should be more cost effective because of the increase in training in Africa and contributions from the U.S. and African private sectors. About 1,550 participants will be trained in the United States, 890 in third countries, 3,475 in-country and 1,075 in regional seminars for a total of 6,990.

-- The African Graduate Fellowship Program III, a $42 million project begun in FY 1985, trains high caliber participants from 41 countries, primarily at the graduate degree level in U.S. colleges and universities.

The $62 million Training of Disadvantaged South Africans project begun in FY 1982 is bringing an average of 80 graduates and undergraduates each year to the United States.

-- In Botswana a $27 million Work Force and Skills Training II project is assisting the Government of Botswana to alleviate shortages of skilled and educated manpower and simultaneously providing assistance in employment generation. Over the life of the project, 72 Botswana will have had long-term training in the United States and over 1,000 are expected to receive short-term training.

Ongoing Programs

The Agency continues to promote and support participant training through ongoing programs:

The Office of International Training provides funds for training evaluation and support which includes support services for A.I.D. participants, such as port-of-entry reception, supplementary hospitality services, evaluation of training programs and field support.

The labor organization development program is strengthening labor relations to improve the economic status and welfare of workers in developing countries. Each year this activity provides short-term training for more than 80 officials involved with labor activities from a large number of A.I.D. countries.

A.I.D. developed and is using a microcomputer system for A.I.D. Missions to better manage their participant training activities. This system, the Participant Training Management System (PTMS), enables Missions to automate participant tracking and monitoring activities and to provide more comprehensive information on all aspects of training. During FY 1987 and FY 1988, a streamlined and more sophisticated PTMS is being installed in A.I.D. Missions around the world.

The Agency has developed a Training Cost Analysis system (TCA) to assist Missions and Washington offices to manage training projects. It was designed to assist A.I.D. staff to determine what activities should be included in the participant training process, who should be responsible for each part of the process, and what the estimated costs of the training project should be. It is also designed for use in the competitive bidding process by contractors and for standardized reporting by contractors. By providing a standard format for cost proposals, A.I.D. will be able to identify costs which are not consistent with A.I.D. estimates and which are not consistent with statements made in the technical proposal. With a standardized reporting system, A.I.D. will be able to aggregate cost data and provide average costs for each segment of the training process. In order to implement this system, A.I.D. has held training courses in 8 overseas Missions and in Washington. The training process will continue in FY 1988 and FY 1989.

The Agency also continues to work closely with placement and service contractors, the academic community, and non-profit and volunteer organizations to ensure the success of a participant's stay in the United States. These activities include an expanded and more efficient health insurance program, orientation programs with a focus on American culture and values, and enrichment programs centered on themes such as American volunteerism, civic and community activities, free enterprise and the democratic system. More opportunities are being provided to participants for home hospitality and involvement with American families.

Under the Reimbursable Training Program training activities are fully funded by other governments and international organizations but administered by A.I.D. Nations throughout the world increasingly recognize that training is vital to achieve sustained economic development. Some of these nations have set aside their own funds or have designated funds received from donor organizations to be used for training in the United States.

Since 1977, A.I.D. has been working cooperatively with several Third World countries (for example, Nigeria and Bahrain) to arrange training support services (such as selection, placement, supervision and counseling, language proficiency, travel and residence services, financial management). Operating under Section 607 of the Foreign Assistance Act, the Reimbursable Training Program has provided A.I.D. with a very important mechanism for providing training for development, in both low-income and middle-income countries, at virtually no cost to the U.S. taxpayer. Under this program 502 students trained in the United States in FY 1987; 300 are projected for FY 1988 and 500 for FY 1989.

A.I.D. has been concerned with increasing the placement of participants in historically black colleges and universities (HBCUs) in the United States. This effort has achieved results. In FY 1987, 875 participants were placed in academic and technical programs at HBCUs for training valued at over $7 million.

New Initiatives for FY 1988 and FY 1989

A.I.D expects to continue its emphasis on training in the United States and third world countries and to increase the percentage of those participants who are women.

A.I.D. is giving major attention to private sector training and to English language training for A.I.D. participants.

While admission standards for English language training competency in U.S. universities have risen during the past few years, the number of participants arriving for training in the United States with adequate English language skills has decreased. In FY 1987, the Office of International Training (OIT) undertook studies in 12 countries to identify more cost-effective methods of providing in-country English language training. In FY 1988 OIT will continue to provide technical assistance to support the improvement of indigenous institutions in eight additional countries so that students there will receive better quality language instruction before they come to the United States.

An important objective of participant training in FY 1988 and FY 1989 is to encourage more training for individuals from the private sector in all regions. Participant training can be used as a vehicle to strengthen and stimulate private sector development. In support of this, the Agency is frequently using U.S. private industry to conduct specialized training,

often in conjunction with academic programs. The potential for cost-sharing is a bonus for A.I.D. and the possibility of developing trade and investment relationships is a benefit to both U.S. and host country businesses. New programs and initiatives are being created to boost training for the indigenous private sector and capitalize on the training capabilities of U.S. business.

An example of this thrust is Entrepreneurs International, a new training initiative that brings entrepreneurs and emerging business leaders to the United States for on-the-job training with U.S. business. Entrepreneurs International is meeting its primary objective of training to support private enterprise development. The training is low cost since U.S. businesses are donating the actual training. In addition, trade and investment relationships are materializing. The program started in late FY 1987. Twenty participants from seven countries trained with U.S. companies around the country. Fields of training included agribusiness, forestry, food processing, hotel management, paper production, finance and accounting, and travel agency management. Contingent upon further funding being made available, in FY 1988 and FY 1989 A.I.D. plans to expand Entrepreneurs International. Over 100 participants are expected in FY 1988, and as many as 200 in FY 1989. Eventually most A.I.D. Missions may participate in this program.

A large number of private sector, university, and international organizations provide training services to A.I.D. In FY 1987, for example, about 185 contractors, grantees and other private groups managed participants under 320 separate contracts and grants funded by A.I.D. The 25 largest contractors, however, handled about 73% of all A.I.D. participants in the United States. The Agency is monitoring these contractors closely to assure that participants receive high quality training services at a reasonable cost.

CENTER FOR DEVELOPMENT INFORMATION AND EVALUATION

I. OVERVIEW

The use of evaluative and other development information and statistical data in the design and implementation of A.I.D.'s programs is a growing dimension of A.I.D.'s worldwide activities. The exchange of information through a variety of information networks and the structuring of monitoring and evaluation systems within projects are a vital part of the process for improving the productivity and efficiency of development programs. Major U.S. private corporations now view well organized information systems as "a priceless, strategic tool." The Center for Development Information and Evaluation ("The Center") is an important part of A.I.D.'s efforts to introduce the strategic use of information and, thus, advance the quality of A.I.D.'s performance.

Since its beginnings in 1983, the Center has been working to perfect systems to capture and disseminate essential knowledge on development topics to guide decision-making. The Center's series of policy and program evaluations are providing all levels of the agency with useful analyses and lessons learned. Its Research and Reference and Statistical Services are providing valuable information on development drawn from worldwide resources. These evaluations and services contribute to the improvement not only of the programs and projects examined but also to the design and execution of new programs.

A program evaluation begins with an information search of A.I.D. documentation and the resources of other donors and private institutions. Once the evaluation itself is completed, it becomes and important body of information which is added to the information base for dissemination to A.I.D. staff. In this way, evaluation and development information support each other and are integrated for a more effective application of A.I.D.'s experience and knowledge. The Center processes this information electronically to permit timely access to pertinent information for A.I.D.'s Washington and overseas staffs. These two mutually supporting activities - evaluation and information - represent the major thrusts of the Center's program.

II. OBJECTIVES OF THE CENTER

The overall objective of the Center is to assist A.I.D. management and staff and associated development groups to make better informed decisions at all stages of their development work. Through policy evaluations, reports on relevant experience and technologies and pertinent statistics on country trends and program performance, the Center can affect favorably A.I.D. operations.

Specifically the Center:

- promotes the application of lessons learned in policy formulation, program strategies, management planning and project development;

- increases A.I.D. staff awareness and use of development experience, statistical and information resources in policy dialogues and in measuring program progress and impact;

- oversees the A.I.D. evaluation system and is the central point for the development and dissemination of evaluation guidance and other methodological materials;

- maintains A.I.D.'s institutional memory in its computerized system for the retrieval, storage, cataloguing and access for A.I.D. planning and project documents and technical reports;

- promotes the interchange of evaluation and development information with other donors;

One of the primary objectives of the Center is to develop within A.I.D. a decentralized information system which will facilitate the linking of organizational units in a "live" information exchange network as is now the case with many private corporations. Mission development information centers are a key component of such a network.

III. CURRENT AND PROPOSED PROGRAM

The Center for Development Information and Evaluation is emphasizing several new directions in its work. Some have already been outlined. The following provides some specific examples for FY 1988 and FY 1989:

A. Monitoring and Evaluation Initiatives

The Center supports senior management in furthering the Agency's commitment to using evaluation as a management tool, and to obtaining systematic information about program performance, effectiveness and impact. It has assisted Bureau and Mission initiatives to act on this commitment, including the following:

-- Sharper focus on program management and decision-making: The Center prepared and issued the new "A.I.D. Evaluation Handbook." The handbook together with companion guidelines and case studies of exceptional evaluation practice in A.I.D., reinforce the practical use of evaluative information by Missions in implementing projects and in making decisions about future program directions. In selected cases, the Center will provide direct technical advice to Missions on developing management-useful information systems for project

monitoring and evaluation; in FY 1987 such advisory services were provided to Missions in Egypt, Yemen, Indonesia, El Salvador and Mali.

-- Clarifying Evaluation Priorities: The Center actively coordinates with, and assists the efforts by regional Bureaus and their respective Missions to focus evaluation work on key program areas and issues, and to develop appropriate evaluation methods and techniques. For example, the Africa Bureau is launching a major initiative to measure program effectiveness and impact in key program areas - an important step in relating future program development to assessed performance. To support this and similar efforts in the Bureaus, the Center will sponsor in FY 1988/89 technical workshops for A.I.D., other donor and developing country participants on assessing the impact and effectiveness of foreign assistance. This effort, which will initially concentrate on agriculture and rural development projects, will enable the agency to pull together, learn from, and apply the most current methodological experience in impact assessment. The Center will be continuing this development work in FY 1989 in other fields.

-- Orienting field staff: In 1988, the Africa Bureau plans to sponsor collaborative evaluation workshops for field staff and counterparts. This will complete a series of regional workshops initially piloted by the Center in 1986. Future plans include related workshops for major Missions and counterpart staff that are tailored to specific country requirements. In a related effort, the Center published guidelines on practical evaluation methods, which are widely disseminated within A.I.D. and to other agencies and firms working in development. The planned FY 1988 issuance of guidelines on "rapid appraisal" techniques illustrates the Center's concern for evaluation methods that are empirically-based but also practical, low-cost and immediately useful for project managers in developing countries. Additional workshops with individual Missions will be held in FY 1989.

B. Program and Policy Evaluation Themes

The Center's evaluation agenda proposed for 1988 and 1989 covers five basic themes of interest to the Agency. The choice of themes is based on identifying areas in which A.I.D. has had notable experience and in which the analysis of this experience will provide insights on policies for the future programming of assistance. The primary themes for the evaluations for the next two years are:

-- Economic Growth, Income and Employment:

Recognizing the increased interest in focusing the A.I.D. program more directly on economic growth and related income and employment questions, the Center will increase its focus

on several features of this overall theme. The topics of policy reform and non-project assistance, technology transfer and marketing, small and micro-entrerprise development, development finance institutions, agricultural and rural development and related work on income and employment will provide insights on improving the focus and effectiveness of our programs for economic growth.

-- Human Resources and Institutional Development:

This has been an area of major importance for A.I.D. over the years and one of our most successful. It is a critical part of the development process with substantial benefits to U.S. interests. The Center's work to date suggests that there are a new generation of issues and opportunities which we should be sensitive to and consider in any future program planning. In 1988/89 we will continue the evaluation series on Agricultural Higher Education and Participant Training. The results from these evaluations will be particularly informative on A.I.D.'s role in human resource and institutional development.

-- Sustainability and the Management of Development Programs:

Various A.I.D. and World Bank reports as well as those of other donors over the past two years have brought out serious problems with the sustainability of programs and projects after external assistance has been terminated. This issue is at the heart of the effectiveness of aid. The lack of systematic attention to program management is the other side of this coin. The Center has completed a series on the management of African agricultural programs and in 1988/89 is completing reports on sustainability of health programs. It is also responsible for the report on sustainability for the Expert Group on Aid Evaluation of the DAC/OECD. This report includes the experience of the 18 bilateral donors, the World Bank, regional banks and UNDP. Experience with decentralization of development programs and management training are other dimensions of this theme. A special aspect included in our agenda is the management of the natural resource base and assessing impacts of development programs on the sustainability of the natural environment.

C. Development Information Initiatives

The Development Information Division of the Center is giving particular attention to providing specialized digests for busy executives. For example, a manager dealing with natural resource issues can quickly review the latest literature on desertification, or a manager concerned with the disease AIDS can receive a customized report which allows him to quickly scan the latest information. Technical staff have available copies of articles on the state-of-the-art on a particular technology or program and project documents on activities of common interest. The Center's Development Information System now includes about

50,000 A.I.D. technical reports and documents and material on 8,000 projects. Several hundred inquiries are processed each month by the Center's Research and Reference Services.

Other initiatives for FY 1988 and FY 1989 include:

- increasing the use of information services by developing a market-oriented approach to key consumers;

- expanding technical assistance in the development of mission information centers;

- improving access to Agency information through a reorganization of the A.I.D. Library and networking with university libraries to decentralize public access;

- negotiating exchange agreements with the information centers of other donors and Developing Countries - most recently with the World Bank.

D. Economic and Social Data

The Center maintains A.I.D.'s economic and social statistics. It provides services to A.I.D. staff and Missions through its diskette service. This service provides current data on a broad range of country development activity in forms which can be easily analysed by program economists and other technical staffs. A Country Trend Monitoring Network (CTMN) linking A.I.D. Bureaus and Missions is being developed to facilitate the tracking of Developing Country economic and social change. This network provides the basic statistics used in the annual Congressional Presentations and for special reports for Congress, OMB and other agencies. The CTMS should be in operation throughout A.I.D. in FY 1988. Follow up plans for program performance monitoring will be in place in FY 1989.

E. Coordination with Other Donors

The Center serves as the Agency's principal link with the evaluation and development information activities of other donors. It has an active program for sharing experience in development endeavors through its work with the Expert Group on Aid Evaluation of the DAC/OECD. The Expert Group is now actively examining together issues of Program Sustainability, Women in Development, Environmental Impact, Non-Project Assistance, Technical Cooperation, Health and Rural Development programming. It is setting up an inter-donor information network to facilitate the exchange of project evaluations and other technical studies. In March, 1987 the Group sponsored a seminar with representatives from developing countries to promote collaborative approaches to the evaluation of development programs. Additional seminars are being considered for 1988/89 on a regional basis. The Center will also continue its direct bilateral exchanges with other donors such as the World Bank, CIDA, the European country aid agencies, Japan and UN agencies.

IV. USE OF EVALUATION FINDINGS AND DEVELOPMENT INFORMATION

The use of evaluation and development information is a continuous theme throughout the Agency. The following are some examples of how the Center's activities have influenced policy dialogue, host country and A.I.D. decisions on the direction of activities and the planning of new programs. Other examples on the use of evaluation findings are contained in the country and project narratives in other volumes of this Congressional Presentation.

Evaluation:

- A series of impact evaluations of agricultural higher education institutions are having significant feedback and utilization for future programming in A.I.D., the World Bank, host governments and agricultural universities. For example, the India study is being utilized by that government, A.I.D. and the World Bank in formulating major investment strategies for the agricultural universities. The problems identified in our Dominican Republic study of the Superior Institute of Agriculture were addressed in follow-up action by the A.I.D. Mission, with the Center's consultants being called back to formulate a plan with the Institute to address these issues. A number of A.I.D. Missions, including the Missions in Bangladesh, Egypt and Yemen, are requesting information about the Center's agricultural higher education studies in order to assist in developing new projects.

- A series of evaluations by the Center focussing on sustainability of activities and benefits of health, population and nutrition projects and programs, have been increasing A.I.D. staff awareness of sustainability issues in these sectors. New project papers, as well as evaluations of on-going projects, increasingly raise these issues. Panels at Agency and international conferences are now devoted to exploring ways to promote sustainability of health program benefits and activities. In the two countries where the Center has undertaken historical assessments of health sector sustainability, Honduras and Guatemala, the evaluation process has been structured to promote its use by A.I.D. and host country staff. In Guatemala, members of the Center's evaluation team were requested to assist in the development of a Mission strategic plan for the health sector.

- The Center initiated a series of Project Manager's References, which summarize A.I.D.'s experience and issues associated with specific types of development activities. Such reports provide useful background information for project managers to guide their work in designing, implementing or evaluating various types of projects. The first published report in the series, on small farmer credit programs, has been well received. For example, it has served

as a reference for a technical team to USAID/Philippines to design a financial policy and staff training program for the Philippines Central Bank.

- A special evaluation by the Center of A.I.D.'s experience with Contraceptive Social Marketing (CSM) was used by the Agency's Science and Technology Office of Population as the basic reference document for a workshop aimed at reviewing the Agency's experience with CSM programs and for reconsidering future strategies and directions.

- The Center's study reviewing A.I.D.'s Narcotics Control Development Assistance Program contributed to a basic shift in A.I.D.'s strategy in this area. As a result of the evidence presented in this report, A.I.D. has opted for public education projects and area development initiatives instead of traditional crop substitution.

- Another report by the Center, "Conducting Group Interviews in Developing Countries," is being widely used by A.I.D. staff and contractors for designing and implementing projects and programs in health and population sectors. In addition, it is used in the courses taught in several universities, particularly University of Pittsburgh, Sussex and Michigan State.

- An evaluation report on A.I.D.'s experience with Integrated Rural Development projects has generated considerable interest in the international development community. It was used for a background paper for an Agency conference on this subject. It was also presented in an international conference held at the University of Wales which was attended by the representatives of several international donor agencies. Its findings will be also presented at a World Bank meeting to be held in Paris on "Donor Experience in Rural Development."

Development Information:

The Center answered almost 17,000 requests for development information in FY 1987. Topics ranged over the entire gamut of development-related issues, and included: disease-specific information; experience in LDCs with privatization; administrative and fiscal decentralization; food security, drought forecasting, and famine coping mechanisms.

Information requests from A.I.D. overseas missions increased by 200% over FY 1986. Two factors account for such growth:

- a heightened awareness of the value of information for improving decisions and avoiding costly mistakes;

- a concious effort to improve the delivery of development information to missions, which are almost all located in areas with poor access to information resources.

To cope with the increased demand for information on certain topics, the Center provides monthly and quarterly data and information updates to mission and A.I.D. staff in Washington as demand warrants - in FY 1987, for example, we provided:

- quarterly spreadsheets on macro-economic data for mission economists and program officers;

- monthly updates on epidemiology and research findings on AIDS to mission health officers and to host governments;

- regular data and abstracts of reports related to food security of particular interest to those working in Africa;

- evaluation findings of decentralization efforts in Asia.

Comments from A.I.D. subscribers to these update services have been extremely positive, and new subscribers are added every week. By actively meeting such ongoing information needs (not performing the same research over and over), the Center is using its own resources efficiently, and gets the information to people who need it as soon as it is available.

HUMAN RIGHTS AND DEMOCRATIC INITIATIVES

OVERVIEW

A.I.D.'s Human Rights and Democratic Initiatives program has been reflected in three basic trends over the past two decades. In the 1960s the Civic Participation program encouraged maximum involvement of people for whom projects were intended through the encouragement of democratic private and local governmental institutions in developing countries. In the 1970s the emphasis shifted away from political development, moving toward support for individual rights, human needs and assistance to the extremely poor.

Today A.I.D. is continuing its program of support for projects which encourage adherence to individual civil and political rights. At the same time, democratic institution-building has again become an important Agency priority. Experience has indicated that individual civil and political rights are best secured when institutions which can guarantee these rights are firmly in place and operating efficiently. Activities which assist in the development or strengthening of institutions, such as judicial systems and legislatures, along with the provision of electoral technical assistance, will have the broadest possible, long-lasting impact on individual citizens and will provide assistance of a kind that is not likely to be furnished by private foundations.

Current foreign assistance legislation authorizes A.I.D. to use not less than $3 million in either Development Assistance or Economic Support Funds for human rights activities under Section 116(e) of the Foreign Assistance Act. Agency policy mandates the $3 million as a target amount rather than a ceiling. Over the past several years, A.I.D. has significantly exceeded that amount in carrying out these activities. A.I.D. obligated $4.1 million in FY 1985, $5.1 million in FY 1986 and $6.1 million in FY 1987. Activities funded during these years focussed on training programs for judges, other legal professionals and court clerks emphasizing due process and the protection of individual rights; assistance in election preparation and support for regional organizations to develop activities which promote free and fair elections; support for legal education and human rights literacy programs for community leaders, law students, the disadvantaged and the general public; and support for a program to assist victims of discrimination in South Africa. A.I.D. intends to obligate a minimum of $4.5 million in FYs 1988 and 1989 for Section 116(e) activities.

Another component of A.I.D.'s Human Rights and Democracy Program, related to the Section 116(e) activities but funded separately through the Economic Support Fund, is the Latin American and Caribbean Administration of Justice Program. This initiative is an integral part of U.S. policy to support democracy in Central and Latin America and the Caribbean by assisting indigenous efforts to develop the capacity to effectively administer justice in their societies. Specific activities include support for Latin American institutions dedicated to strengthening bar associations, law schools, judiciaries, court administration, public defender systems, prosecutorial staffs and investigative capabilities conducted under judicial or prosecutorial control.

Objectives of the Program

Program strategy for FYs 1988 and 1989 will continue the emphasis on (1) democratic and human rights institution building, i.e. support for legislatures, indigenous human rights institutions; (2) electoral technical assistance and (3) strong and independent legal systems. A.I.D. will also continue to focus on interregional research seminars and educational workshops for women and the disadvantaged to help promote awareness of the democratic process and individual civil and political rights under the law. The human rights and democratic research and training program is largely carried out through non-government-affiliated indigenous, regional and interregional private organizations.

Examples of new initiatives and ongoing projects which will continue in FYs 1988 and 1989 are:

International Foundation for Electoral Assistance

FY 1988: $200,000; FY 1989: $200,000

During FYs 1986 and 1987 A.I.D. supported Phases I and II of a program of technical election assistance designed to strengthen democracies around the world by improving the structural electoral capabilities of nascent democracies. In FY 1988 A.I.D. will undertake the third and final phase of the project by supporting a non-profit foundation, the International Foundation for Electoral Systems, designed to carry out technical electoral activities worldwide. The Foundation will provide electoral assistance through a trained group of election specialists and through ready access to comprehensive, computerized election data in response to requests from A.I.D., international private organizations and other nations.

The Asia Foundation

FY 1988: $500,000; FY 1989: $500,000

A.I.D. will continue its program of assistance to The Asia Foundation for the enchancement of institutional resources of selected Asian law schools; grassroots counselling of civil and political rights, village level mediation; legal awareness and advice programs; and training for civil magistrates and court clerks in Bangladesh, Indonesia, Kiribati, Sri Lanka, and Thailand.

American-Mideast Educational and Training Services

FY 1988: $200,000; FY 1989: $200,000

As part of A.I.D.'s program to assist in strengthening legal institutions, the Agency will continue its program of legal training and technical assistance through AMIDEAST, an education and training private voluntary organization. Activities under the grant will assist in promoting greater understanding and protection of human rights and will encourage positive regional and national human rights developments in Egypt, Jordan, Morocco and Tunisia.

Administration of Justice in Africa.

FY 1988: $300,000; FY 1989: $500,000

In FY 1987 one component of the Administration of Justice program was initiated in Liberia where A.I.D. provided funds to purchase basic legal and human rights documents and texts for the National Law Library. In FYs 1988 and 1989 A.I.D. will coordinate the design and implementation of a regional AJ initiative. The program will provide country specific and/or regional assistance in the legal area, such as magistrate, legal professional and para-professional training; basic equipment for courts and legal libraries; publication and distribution of legal rights pamphlets and texts; legal awareness and advice centers; and development of national charters and constitutions.

South African Human Rights Program

FY 1988: $1,500,000; FY 1989: $1,500,000

The South African Human Rights Program was established to promote "political, economic and social, judicial and humanitarian efforts in South Africa". The program places

strong emphasis on the victims of violence and torture and has a direct legal aid component. It is coordinated through the efforts of community-based non-governmental organizations and is targetted to projects which assure full equal rights and protection of all South Africans' civil liberties. For FYs 1988 and 1989 activities will continue to be developed in the areas of community development for black townships, training, research and workshops in civil and political rights; publication of workers' rights and benefits, etc. Additionally, larger grants will provide direct legal assistance to victims of violence and human rights abuses. The Human Rights Fund for South Africa totalled $1.617 million in FY 1987. It is expected to be funded at the $1.5 million level for both FYs 1988 and 1989.

Inter-American Institute of Human Rights

$FY 1988: $700,000; $FY 1989: $700,000

Ongoing assistance will continue to the Inter-American Institute of Human Rights and to its sub-entity, the Center for Electoral Assistance and Promotion (CAPEL). Efforts will focus on human rights education, research and technical electoral assistance in Central, Latin America and the Caribbean.

Specific activities will include a human rights course for leaders, policy makers, academics and members of human rights organizations to inform them of the basic norms for protection of human rights; research on the Latin American criminal justice systems and their impact on human rights; a comparative study of the customary laws of indigenous peoples; and root causes and potential solutions for the growing refugee problem in the region.

A.I.D. CONSULTING SERVICES

Consulting services are those services of purely advisory nature relating to the governmental functions of agency administration and management and agency program management. The Agency for International Development has established policies and procedures for the review, approval and use of consulting services. A.I.D. policy requires that careful justification be made as to the need for work, and that a search be made to determine if work of a similar nature has been previously conducted. Once it has been determined that the task is necessary and does not duplicate work previously performed, the type of appropriate resources is considered. In those instances when the task cannot or should not be undertaken by direct-hire staff, outside resources are used.

Because of improved implementation procedures for identifying and tracking consulting services, the figures below reflect a reduction in projections for the FY 1987 estimate and FY 1988 request as reported in last year's report. The following table provides funding information for FY 1987 (actual), FY 1988 (estimated) and FY 1989 (request).

AGENCY FOR INTERNATIONAL DEVELOPMENT
CONSULTING SERVICES

Account Title	FY 1987 Actual (in $000s)	FY 1988 Estimate (in $000s)	FY 1989 Request (in $000s)
Operating Expense	770	802	833
Functional Development Assistance	2,832	2,948	3,063
Economic Support Fund	345	359	373
Sahel Development Program	21	--	--
Total	3,968	4,109	4,269

The Agency for International Development uses consulting services to assist in meeting program and operating objectives. Advisory and assistance services include management and professional support services for studies, analyses, and evaluations that provide advice or recommendations to enhance decision-making. Major areas of projected usage are as follows:

Operating Expenses--The Agency uses operating expense funded contractor resources to address Agency-wide management and operating issues to improve the efficiency and effectiveness of program and administrative work in Washington and the overseas organizations. For example, consultants are being used: to analyze Private and Voluntary Organizations' effectiveness at creating and maintaining development projects; to strengthen administrative operations in A.I.D./Washington and at individual overseas missions through greater use of accounting and financial management consulting services; and to assist the Agency with improvements in procurement and other management initiatives.

Functional Development Assistance--Consulting services are used to improve A.I.D.'s ability to identify, design, manage, and evaluate development projects. Examples include studies: to review and recommend changes to improve the effectiveness of A.I.D's energy planning/conservation activities; to evaluate the implementation of the Catholic Relief Services' Food for Work Program in USAID/India; to assist A.I.D in developing and implementing education projects in Central America; and to conduct a series of evaluations on cash transfers in Latin America to provide advice on policy reform and macroeconomic effects on the economy.

Economic Support Fund--The Agency will call on outside resources to assist program managers through consulting services to review and evaluate the combined cycle turbine power plant component of the rural electrification project in USAID/Pakistan; to conduct a retrospective analysis of A.I.D.'s experience in political development programs; and to assess performance to date of the northwest frontier area development project in Pakistan.

GOVERNMENT PROPERTY RESOURCES PROGRAM

Sections 607 and 608 of the Foreign Assistance Act of 1961, as amended, encourage A.I.D. to use excess or available non-excess property acquired from other Federal agencies in its economic development program "...wherever practicable in lieu of or supplementary to the procurement of new items." Thus, A.I.D. acquires such property on an "as is, where is" basis from other agencies at minimal or no cost. Excess property is property beyond the foreseeable requirements of the owning agency and made available through the General Services Administration to other Federal agencies and the states without reimbursement. Long supply property (non-excess property) is property within the long-term requirements of the owning agency which that agency will sell to another Federal agency at a discounted price in order to maintain a current inventory. The excess property--most of it obtained from the Department of Defense--falls into five major categories: heavy construction equipment, vehicles of all types, heavy machinery, electrical generation equipment, and medical equipment and supplies.

OBJECTIVES OF THE A.I.D. PROGRAM

- To use excess or non-excess government-owned property as an economy measure to conserve funds appropriated for A.I.D. programs.

- To assist recipients eligible under Section 607 of the Act (friendly countries, international organizations, the American Red Cross, and registered private and voluntary agencies) to purchase such property with their own resources.

A.I.D. OPERATIONS AND ACTIVITIES

The Government Property Resources Program is a function for which neither new budget authority nor appropriation of funds is required. A revolving fund of $5 million is used to cover A.I.D.'s overhead in managing the program, including the salaries of its employees and the costs of equipment reconditioning and transportation. The fund is replenished through service fees and reimbursements by recipients of the equipment.

After a period of reorganization, a closer look was given to the future operation of the excess property program. Several factors, which included a reduction of A.I.D. Office of Procurement staffing levels, reduced priority for acquiring excess property, and the changing role of the commodity management program contributed to the decision to reduce the size of the excess property program.

As a result of the decreased emphasis on the program, a decision was made to transfer the functions of the Government Property Resources Program from the former headquarters in New Cumberland, Pennsylvania to A.I.D./Washington in FY 1986. The field offices in Salt Lake City, Utah, Lathrop, California and Kaiserslautern, Germany were closed.

With the change in physical location, the program of prior acquisition of excess and long supply equipment and material for reconditioning and resale has been dropped. However, A.I.D. will continue to assist eligible recipients in acquiring excess property directly from the owning agency. In the process of acquiring this property the registered private and voluntary agencies would be required to inspect, move, and recondition it as necessary at their own expense.

Offshore property (DoD excess) originating in the Philippines and Panama under the SITUS (in-place) program is normally provided on an "as is, where is" basis. Program oversite in each of these countries is provided by the A.I.D. mission and the embassy. This property is obtained at little cost to A.I.D. and is of significant benefit to the recipients.

During FY 1987, A.I.D.'s Excess Property Program processed property valued at $6,690,556.

A breakdown of this amount follows:

- A.I.D./Washington processed property to three (3) registered private voluntary organizations (PVOs) valued at $484,169, consists primarily of typewriters, medical equipment, time clocks and microfiche readers.

- Philippines and Panama under the SITUS (in place) program processed property valued as follows:

(1)	Seven P.V.O.s valued at	$3,159,658
(2)	A.I.D.-financed segment	333,222
(3)	Recipient-financed segment	2,713,507

The above SITUS (in place) property being processed consists primarily of beds, tables, chairs, air conditioners, office furniture, typewriters, medical supplies, ambulance, and a pick-up truck.

U.S. Imports of Non-traditional Agricultural Products from Caribbean Basin Initiative Beneficiary Countries[1]

U.S. imports of non-traditional agricultural products (excluding bananas and plantains) rose from $5.665 billion in 1985 to $5.867 billion in 1986, an increase of 3.6%. Imports from the countries benefiting from the Caribbean Basin Initiative (CBI) rose from $145 million to $170 million, an increase of 17.5%. Their share of the total, however, rose only from 2.6% to 2.9%.

The impact of the CBI on non-traditional agricultural exports from the beneficiary countries may be estimated by comparing trends in exports to the United States which were subject to tariffs prior to the CBI legislation with trends in those which were not. Between 1983 and 1986 exports previously subject to tariffs rose by 155%, while those which were not rose by 40%.

While the CBI has contributed to increased U.S. importation of non-traditional agricultural products from the region, U.S. demand for these products has increased rapidly. U.S. per capita consumption of fresh fruits and vegetables grew by 23% and 31% respectively between 1969 and 1985. While U.S. imports of fresh vegetables increased by 9% per year between 1970 and 1986, the imports' share of U.S. fresh vegetable supplies only increased from 5% to 6% over that period.

A.I.D. commissioned the Economic Research Service of USDA to analyze U.S. supply and demand trends for the ten CBI non-traditional agricultural commodities experiencing the most rapid export growth. Data from the analyses indicate that for the nine commodities for which figures are available, U.S. production has continued to increase for all principal producing regions.

While export trends during 1986 demonstrate rapid growth in CBI export of certain agricultural commodities, the fresh produce market is highly volatile, and year-to-year variance is likely. For example, Mexico, which does not receive U.S. foreign assistance for its agricultural sector, overwhelmingly dominates U.S. importation of fresh fruits and vegetables, and the recent substantial devaluation of the peso further increases Mexican competitiveness. This greater competitiveness of Mexican products may have the effect of reducing the share of U.S. agricultural imports attributable to CBI-beneficiary countries receiving A.I.D. support.

[1] This analysis responds to the House Foreign Affairs Committee Report requirement on page 79 of House of Representatives Report 100-294.

Although U.S. development assistance activities have had some effect in promoting non-traditional commodity exports in the Caribbean Basin region, the above information indicates that such activities have had no significant impact on U.S. agricultural producers. In view of the small percentage of the U.S. market supplied by these products and the rapidly increasing U.S. demand, U.S. development assistance activities are likewise unlikely to have a significant impact on U.S. producers in the future.

U.S. Imports of Horticultural Products [1]

	Total From World	Total From CBI	Change Total	CBI Share	Change CBI Share
	(U.S. $Millions)		%	%	%
1985	5,665	144.8	--	2.56	--
1986	5,867	170.2	3.57	2.90	17.5

Source: Foreign Agricultural Service, USDA
[1] Excludes bananas and plantains

REGIONAL PROGRAM SUMMARY

AFRICA

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SUMMARY --FY 1989--
DEVELOPMENT FUND FOR AFRICA
(IN THOUSANDS OF DOLLARS)

BUREAU FOR AFRICA	
BOTSWANA	8,000
BURKINA	2,500
BURUNDI	2,500
CAMEROON	18,000
CAPE VERDE	2,500
CENTRAL AFRICA REPUBLIC	2,000
CHAD	6,000
COMOROS	700
CONGO	500
COTE D'IVOIRE	500
EQUATORIAL GUINEA	1,000
GAMBIA	3,500
GHANA	8,000
GUINEA	12,000
GUINEA-BISSAU	2,000
KENYA	30,000
LESOTHO	10,000
LIBERIA	10,000
MADAGASCAR	11,000
MALAWI	15,000
MALI	12,000
MAURITANIA	3,000
MAURITIUS	1,500
MOZAMBIQUE	15,000
NIGER	18,000
NIGERIA	11,500
RWANDA	8,000
SAO TOME/PRINCIPE	300
SENEGAL	22,000
SIERRA LEONE	500
SOMALIA	4,000
SOUTH AFRICA	21,600
SUDAN	15,000
SWAZILAND	6,500
TANZANIA	10,000
TOGO	3,750
UGANDA	8,000
ZAIRE	33,000
ZAMBIA	7,000
SOUTHERN AFR REG	50,000
AFRICA REGIONAL	63,650
AFRICA ECONOMIC POLICY REFORM PROGRAM	50,000
TOTAL FOR BUREAU	510,000
TOTAL PROGRAM	510,000

I. AFRICA'S CONTINUING CRISIS

The past decade has seen a decline in the living standards of the people of Africa so broad and so deep that today's generation is no better off economically than the generation that led the fight for independence. Indeed in one-third of the countries of Africa per capita incomes are lower today than they were twenty years ago. Only a few non-oil producers have experienced the sustained economic growth that has meant a very real improvement in health, nutrition and literacy.

In order to better understand the nature of the current crisis in Africa, it is important to recognize that today's problems have been years in the making. Over 1965-1984 the average GNP per capita growth rate of 21 low income sub-Saharan states was a negative 0.1 %. In other words, people in these countries are worse off in terms of economic welfare today than their parents were twenty years ago. For all sub-Saharan states the performance was not much better, with GNP per capita growth averaging 1.0% between 1965 and 1984. Without a dramatic change in current patterns, the countries of sub-Saharan Africa will be plagued by famine, debt, stagnation, and political unrest for the next century and beyond.

A. The Causes of the Problem

1. Economic Policy

African governments, by and large, have believed that the State was the mechanism through which economic development could be achieved. This emphasis on State solutions coupled with early attempts to industrialize led to economies in which the role of the government was pervasive. Governments were the main source of employment for the educated; they sheltered farmers by controlling agricultural marketing; they generated tax revenues by controlling international trade; they protected infant industries; they ensured a living wage for workers through minimum wage laws; they protected borrowers from usurious practices; where necessary, they entered into production on their own, to protect the economy from the practices of monopolists. Each intervention could be justified on the basis of market failure. But taken as a whole they meant that too many decisions were being made for political reasons rather than economic, too many of the elite were dependent on government to preserve their incomes, too much of the economy was dependent on the limited capacity of government managers, too little flexibility was present to allow changes when the need for adjustment was severe.

Prices became increasingly subject to government determination. When the economic situation changed dramatically in the face of international inflation and then recession, prices failed to adjust and became increasingly inaccurate guides for resource allocation.

Moreover, African economies were unable to bear the costs of an urban, largely government-employed elite, and when adjustment required a decline in the real income of this group, adjustment came only as a last resort. Taxes were imposed on producers and on exporters while consumers and importers were subsidized. It is hardly surprising that resources were hoarded rather than invested, that consumption levels were sustained while savings declined, that exports were discouraged and imports encouraged.

2. The International Economy

As long as the international economy was growing rapidly the policy weaknesses of African economies remained hidden from view. From 1965 to 1973, average growth of per capita income for twenty-one low income countries in sub-Saharan Africa was 1.0% per year, while for eleven middle income countries it was a robust 5.7%. This growth continued until the first oil shock in 1974. Until that time exports had been growing faster than the economy in general, as were investment and domestic savings.

The dramatic increase in oil prices had three lasting effects on the African economies. In the first place it made imports much more expensive and led to a short-run financing of petroleum products. In the second place, although it was accompanied by a mini-boom in commodity prices, it led to stagflation in the OECD countries and a deepening world-wide recession. Lastly, it flooded financial markets with cheap petro-dollars that could be borrowed at low and even negative rates of real interest, thus allowing countries to put off adjustment to what were declining real income levels. Even with the increasing dependence on foreign borrowings, stagnation set in. Per capita income declined by 0.8% per year during the 1973-1984 period. Income would have declined to an even greater degree had it not been for very large capital inflows, borrowing that allowed the African economies to continue on the same policy path until the need for adjustment outpaced the costs of adjustment.

3. External Resource Availabilities

The decline in economic performance was accompanied by a dramatic reduction in financial balances. Total public and publicly guaranteed debt has been increasing by 20% per year and now represents 50% of GDP. Twenty-seven of thirty-four IDA-eligible countries have debt service ratios exceeding 30% and the average debt service ratio is 60% of exports. For the thirty-four countries scheduled debt service for 1988-90 will average $10.8 billion per year. The very borrowing which had put off adjustment between 1978 and 1983 made adjustment both necessary and extremely painful in 1988. For some countries, even after rescheduling, net resource flows are negative.

a) Official Development Assistance. Net disbursements of ODA from all sources to all of the countries in sub-Saharan Africa increased from $6.0 billion in 1979 to $8.2 billion in 1986. ODA commitments to sub-Saharan African countries increased from 27% of

all ODA in 1979 to 32% in 1986. By far, the largest proportion of this assistance (60%) comes from the bilateral assistance programs of the DAC countries, although multilateral assistance has been growing faster than the bilateral programs.

b) The IMF. One clear effect of the deepening financial crisis has been the increased involvement and exposure of the IMF in Africa. Since 1979 twenty-eight countries of sub-Saharan Africa have been involved in IMF programs. Total indebtedness of the IDA-eligible sub-Saharan countries to the IMF as of June, 1987 was $7.3 billion. The establishment of the Enhanced Structural Adjustment Facility (ESAF) should go a long way to resolving the problem of IMF debt.

c) Commercial Borrowing. African countries, with few exceptions are now cut off from new sources of commercial borrowing. Direct private investment has been negative. Until growth is resumed, particularly export growth, foreign private resource flows into Africa will continue to be negative.

4. Structural Difficulties

Many of Africa's problems are neither self-imposed nor imposed by a deteriorating world economy. Rather, they are the result of structural defects inherited from the colonial past. These defects are political, geographic, technological, and social.

a) Political Difficulties. Almost all sub-Saharan countries have achieved independence in the last 25 years — and therefore have had to cope with all the throes of decolonization and nation building. Most inherited artificial borders which frequently divided ethnic groups or combined different and sometimes traditionally hostile ethnic groups. The problems of creating a national polity out of ethnic diversity is compounded by a lack of historical experience with, and confidence in, government. At the same time, government has become the major instrument for achieving economic, as well as political goals. Frequently, government is used as a means for one group to obtain economic benefits at the expense of other groups. All of this places great strain on the political system and makes economic reform extremely difficult.

b) Geographic Difficulties. Sub-Saharan African countries are beset with a number of natural difficulties. As a result of the colonial experience, with few exceptions, these new countries are small and have limited internal markets; twenty-four out of forty-five countries have fewer than five million people. Both water and soil resources are limited in many cases. This has meant that agricultural production has been extensive, rather than intensive, as has been the case in Asia. As a result population densities are very low, and the costs of building and maintaining infrastructure very high. While some countries are mineral-rich, most lack any serious mining potential. Many countries are landlocked. Moreover, small populations and low per capita income have meant very small markets. The average GDP of African

countries, excluding Nigeria, equals $2.8 billion, less than the gross municipal output of a U.S. city of 200,000 people, say Hartford, Conn. Small markets have meant that the economies have to be highly dependent on foreign trade, and that many industries were of too small a scale to be developed.

c) Technological Difficulties. The diversity of African agriculture, the variability of rainfall patterns, the scarcity of water in many areas, has made the possibility of a "green revolution" in Africa much more remote than it was in the monocrop, intensively cultivated, highly watered areas of Asia.

d) Social Difficulties. Sub-Saharan Africa, with a literacy rate of only 39 percent, is far behind every other region in human capital development; the proportion of Africans enrolled in higher education is less than one-tenth that of Latin Americans. Sub-Saharan Africa currently has the highest rate of population growth in the world (3 percent) and was the only major geographic area in which the rate continued to increase over 1980-1985. By the year 2020, if the current trend continues, the African continent will have a population of some 1.2 billion — a tripling of the current population of about 488 million in a period of 35 years.

As a result of all the foregoing, African countries are dissaving rather than saving, and their capital stock is being used up rather than augmented. Financially, it is clear that most, if not all, African countries have increased their debt-servicing requirements without increasing their debt-servicing capacity. Past borrowings have not been used to produce a future capacity to repay. This eating up of capital is also clearly visible when one looks at the resource base. Mineral resources are being rapidly depleted (the examples of Nigeria and Zambia are particularly striking) without a foundation for a more diversified economy being developed. Soil, water and fuelwood resources are being threatened by population growth. Physical capital is being allowed to deteriorate, and even skill levels, and in particular the capacity of the educational system to produce a quality education, are also deteriorating.

B. Employment and Income Growth: The Solution to the Problem

Clearly, if African countries are to be able to reduce their dependency, particularly on foreign food and finance, their economies must increase their capacity to mobilize domestic resources and use them wisely. In other words they must once again begin to grow. It is the failure of export earnings to grow that led to the substantial borrowings of the late 1970s responsible for Africa's current financial crisis. It is the failure of agriculture to grow that has made the African countries much more vulnerable to the periodic droughts that visit the continent. It is the lack of growth that has led to the budgetary crises facing African governments. It is this budgetary crisis which threatens to reverse the only clearly positive trends over the last twenty-five years, the improvement in health care and the spread of education. The

countries of Africa are living off their capital, and all medium-term projections are for contraction rather than growth.

C. A Cautious Optimism

We shouldn't allow the present situation to lead to despair and apathy. Despite fragile soils and episodic rainfall, despite a continuing drain on limited mineral resources, despite the Malthusian specter of the continuing population explosion, African economies possess great, untapped potential. Oil exploration is being conducted in at least ten countries which are not currently oil producers. Africa's irrigation potential is only now being examined, let alone developed. Many countries still have population densities which are too low rather than too high for effective development. Moreover, the years of decline mean that African countries are producing well within their existing capacity, given the existing capital stock and labor force.

The past year has seen significant progress in dealing with the development crisis in Africa. Despite a resurgence of the structural food deficit in Ethiopia, continuing war in many countries, and the problems of financing debt payments averaging 30% of export earnings, there is a new found albeit cautious optimism. For the first time in this decade the African countries and the donor community are exhibiting a firmness of purpose and a shared vision. Old shibboleths are being cast aside; new structures are being created.

On the African side has come a new commitment to better and fairer economic management. The old statist slogans are giving way to a new pragmatism, to an economic openness that cannot help but lead to more open political systems as well. African leaders now recognize that the State does not have the capacity to dominate the economy; that allowing farmers and workers and entrepeneurs to channel their energies into producing wealth will benefit society broadly. What is emerging in Africa is not a series of nineteenth century untrammelled capitalist states, but a more balanced economic structure, with much greater scope for individual initiative.

Clearly the emerging consensus still has many dissenters. Old beliefs die hard and the turn to economic liberalism is not the result of a change of heart but of an acquiesence to financial realities. Nor has the change been uniform. Today's reformer is sometimes tomorrow's recidivist. The critical problem is getting a sufficient level of growth to demonstrate the clear benefits of a liberal economic system. And central to growth taking place is the willingness of donors to bear their share of the load.

On the donor side has come an increasing recognition of the need to provide sufficient resources to reduce the political risks of reforming economic policies. The reduction in the role of government and the shift of incentives from the urban to the rural economies means in the short-run increased hardship for a lot of people, most of whom were once privileged and are still politically

powerful. If there continues to be a shortfall in foreign exchange resources, inflation could be so high and employment growth so slow as to undermine the political base for the reforms. Political support is also weakened by the perception that much of what little a country earns must be used to repay old debts.

The debt problem has not yet been resolved. Actual debt-service payments from African countries over the 1988-90 period can be expected to average $6.0 billion, 35.0% of export earnings. However, the donor community, led by the World Bank and the IMF has substantially expanded the amount of assistance available for debt service and for imports, so that for the first time since 1973, it is possible that real import levels will increase.

New assistance has been forthcoming from a variety of sources. The World Bank's IDA 8 will increasingly supply concessional resources to low income Africa. The new Enhanced Structural Adjustment Facility (ESAF) of the IMF should be more than sufficient to enable countries to shift from high cost traditional IMF borrowing to new concessional loans. A number of bilateral donors — Japan, the Nordics, Germany and Canada — have increased their programs, as has the EEC. All of the bilaterals have agreed to join with the World Bank in a new program of coordinated support for policy reform programs. There's a new unity of vision. Even the Scandanavians are now aware of the need to support economic reform with fast-disbursing assistance.

Connected to the expanded assistance is the development of new mechanisms for donor coordination. In 1986 Secretary Baker proposed the establishment of Policy Framework Papers as a means of coordinating World Bank and IMF programs (partly as a mechanism for making Fund programs more growth oriented). These PFPs have become so important that they are now the centerpiece for coordination with bilateral donors as well.

The next few years are critical. The risks facing African governments are great. People who have experienced little but pain and suffering will be asked to continue to tighten their belts. Those who benefitted from the old regime will be forced to give up their privileges. It is uncertain that the benefits of reform will be immediate enough and large enough to keep the fragile political consensus from shredding. It is not clear that donors will be able to follow through on their pledges of support. It is far from certain that the international economy will be beneficent, buying African products at increasing real prices.

But if this reform momentum is not sustained, then Africa could lose another decade. The specter of Malthus cannot be easily dismissed. Rapid population growth has not only meant increased pressure on a very fragile resource base, but a dramatic increase in the number of job-seekers at a time when the number of jobs is contracting rather than increasing. This has meant a burgeoning of urban slums and a visible increase in urban crime and violence. The very fabric of society is at risk.

Economic reform is only a necessary, not a sufficient condition. Good policies will enable incomes and production to rise to the level of existing capacity. Africa remains woefully short of capital, both human and physical. Roads need to be repaired, communications improved, schools built, wells dug, children educated, workers trained, institutions strengthened, new technologies introduced. The development agenda is endless. The major task of the Africans and the donors is to make the right development choices.

II. THE END HUNGER INITIATIVE

In 1986 President Reagan established a White House Task Force to review U.S. policies and programs for Sub-Saharan Africa. From the work of this inter-agency group has come the Presidential End Hunger Initiative.

Announced in March 1987, the Initiative is a long-term U.S. commitment to attack the causes of hunger through promotion of economic growth, policy reform, and private sector development. It recognizes that ending hunger in Africa will require coordinated efforts of all parties concerned--African leaders and their people, multilateral lending institutions, other donors, and ourselves — sustained over a long period of time. The basic elements of the End Hunger Initiative are as follows:

A. Commitment to Economic Growth Through the Private Sector

The U.S. will seek, both in our own programs and in our policy inputs to the multilateral lending institutions a development assistance approach that emphasizes the role of a competitive private enterprise system in long term growth and development. The entire thrust of the U.S. Government's approach to African economic development is to help African Government's unleash the energies of their people, farmers, workers and entrepeneurs.

B. Effecting Better Collaboration among Donor Nations

The United States has been the leading proponent of better coordinated assistance programs in Africa. We have supported increased collaboration between the IBRD, the IMF and the bilateral donors both on the policy level (through Policy Framework Papers) and at the project level (through Consultative Groups and U.N. Roundtables). We are increasing our associated programming, both with the World Bank and with bilateral donors such as Japan. In this way we can increase the impact of our limited resources.

C. Using PVOs and Private U.S. Business

While it may be some time before U.S. firms return to Africa in a big way, there are niches in which U.S. investment can be both helpful and profitable. The Hunger Initiative is intended to mobilize private U.S. resources to help fill these niches. Of particular importance is the U.S. PVO community which has the

expertise and the ability to help Africans take advantage of the opportunities arising from liberalizing economies.

D. Improving the Development Impact of Food Aid

An important feature of the End Hunger Initiative is the opportunity it provides to coordinate all U.S. economic programs, from development assistance to food aid to the Peace Corps to OPIC. Of particular importance is the integration of food aid into a more coherent package with other forms of assistance. In FY 1989 we will continue to pursue three major objectives with food aid: 1) the use of program food aid to support agricultural liberalization; 2) reduction of both current and future debt burdens by shifting from loans to grant food aid, particularly for countries undertaking policy reform; and 3) help to groups adversely affected by economic reform through the provision of targeted food aid. These efforts will be carefully integrated into the overall development strategy in the recipient countries.

In order to accomplish these objectives, we propose increased use of Title II section 206, Title III, and Food for Progress in FY 89. Specific countries targeted for assistance include Mali, Ghana, Zaire, Madagascar, and Guinea.

E. The Development Fund for Africa

The End Hunger Initiative also called for a more flexible assistance tool to deal with Africa's problems. With the establishment of the Development Fund for Africa A.I.D. has the latitude it needs for a broad-based growth strategy. We intend to use this flexibility to:

— to make our program more performance based by shifting resources to countries and programs where results are being achieved;

— to integrate non-project and project resources in a more coherent package;

— to continue strong support for programs in the areas of child survival and health, population and the environment.

III. THE A.I.D. STRATEGY

Our approach to the development problems of Africa focusses on both the short to medium term and the long term. In the next few years there is no more urgent problem than to get growth started again. In the longer term growth must become self-sustaining. The most important resource in Africa is its people. A.I.D.'s strategy for the long run is to increase the capacity of Africa's peoples to participate in their economies through education, training, health care and institutional development.

A. Employment and Income Growth Through Private Sector Development

Without increased levels of income no other problem in Africa can be solved. Increased income levels lead to improved nutrition, reduced infant mortality, reduction in fertility rates and increased resources for education and training. Economic growth must be the fundamental objective of what we are doing. Increased employment is the way to ensure that growth will be broad-based, that more and more people will participate in the fruits of development. More jobs must be created by removing the restrictions to entrepreneurship, to ownership, to risk-taking that have inhibited economic growth in the past.

Employment has stagnated because of government policies, lack of foreign exchange and the weakness of financial institutions. Governments have kept the price of capital low through subsidized interest rates and overvalued currencies, and have discouraged private investment through taxes, regulations, and trade policy. The scarcity of foreign exchange has meant that private firms and farms are unable to obtain the raw materials and spare parts they need to run efficiently. Real import levels have declined for a decade throughout Africa. Most factories are running at less than 50% of capacity, and land lies idle while food is being imported.

In Africa today, domestic savings are at an all time low (almost all saving is done by foreigners) and no one wants to lend on a longer-term basis than one year. For growth to take place this must be turned around.

It is our firmly held belief that growth in Africa must come through the private sector, through the energies and investment and ideas and risk-taking of African farmers, workers and business people. For these people to save and take risks requires three things: (1) confidence that the Government will not confiscate the rewards of their efforts, that the rules of the game will not change; (2) free and equal access to scarce resources — foreign exchange, credit, roads, water, etc.; and (3) a market-based system of incentives that values highly what is scarce and values less highly what is abundant.

In one way or another our entire program is aimed at increasing income and jobs. Our approach concentrates heavily on systemic approaches.

In the short-run we are concentrating on two problems: (1) policy reform to reduce government activities which discourage private investment; and (2) the provision of fast-disbursing program aid to increase the availability of foreign exchange and credit for the private sector.

In the medium term we are focusing on improving the workings of markets, in particular financial markets and agricultural markets. Financial markets are central to mobilizing domestic savings and to providing sources of investible funds for potential investors.

Financial institutions have to be developed that will provide sufficient incentives for people to save and which will take reasonable risks for high levels of return. Because agriculture is central to most African economies, the liberalization of agricultural markets is also critical. Only with well-working markets will farmers be provided with both incentives and with needed inputs.

In the long run there are four fundamental problems which must be addressed. First, the rate of increase of new entries into the job market must be reduced. The rate of population growth in Africa is so high as to make it virtually impossible to increase the number of jobs fast enough to absorb the job seekers. Africa faces a catastrophe in the next century if the rate of population increase is not slowed. Second, new technologies must be found if agricultural production is to keep up with, let alone exceed, population growth. Third, the efficiency and effectiveness of African education systems must be improved. Economic growth will never be sustainable without a literate and numerate population. Finally, the erosion of the natural resource base must be reversed; Africa's resources are too fragile and too limited to be wasted.

1. Improving the Economic Environment

A.I.D. employs several means to help improve the economic environment. In the past few years the most important tool has been the African Economic Policy Reform Program (AEPRP). We now have designed AEPRPs in twelve countries, with five more planned for FY1988. However other tools have also been important — PL480 Title I and Title II Section 206 programs, ESF Commodity Import and cash transfer programs, DA sector assistance programs and technical assistance, studies and training. The creation of the DFA allows us to broaden our policy reform efforts. Increasingly, we will be using the AEPRP for catalytic and risk-taking efforts while the regular DA and ESF program will be extending and complementing the first generation of AEPRP programs. For example, we are examining the combining of AEPRP and regular DFA resources in important reform programs in Madagascar, Tanzania and Uganda. We also expect that we will be increasing the number of parallel financing efforts with the World Bank.

These programs have attacked a variety of problems in a number of different areas. Much of our reform effort has been in the agricultural sector, but we have been working in the finance sector (Gambia AEPRP), public administration (Mali AEPRP and Liberia OPEX project), transport (Tanzania AEPRP), health (Niger Health Sector Grant), population (Nigeria and Kenya contraceptive social marketing projects), small and medium manufacturing (Rwanda AEPRP), and through ESF on macro issues such as the exchange rate.

All these programs have a common thread — rationalizing the role of government in the economy so that the private sector (from smallholders to large multinationals) can save, invest and grow. Sometimes reform means reducing government controls on key markets

(particularly agriculture, foreign exchange and credit). Sometimes reform means allowing private sector competition with government agencies. Sometimes reform means improving budgeting and revenue collection so as to enable broader and more efficient provision of public services. Sometimes reform means legal changes to increase confidence and security of property rights.

From the most micro policy issue (such as water fees) to the most macro (exchange rates), the reform programs are aimed at benefitting individual farmers, workers, and entrepeneurs.

Policy Reform and the Poor. A.I.D. believes that even in the short run the poor as a group will benefit from economic liberalization, although some sub-groups may suffer. Recently, the development community has been focussing its attention on the effect of structural adjustment programs on the poorer segments of society. The seminal work in this regard is the book, "Structural Adjustment with a Human Face," which was published by UNICEF. The basic thesis of this book is as follows:

> Poverty alleviation depends on economic growth; economic growth will only take place if policies are reformed; there are however, different adjustment paths that will have different effects on the poor. Donors and recipients should design adjustment programs so as to empower the poor and reduce the short-run negative impacts where possible.

In practice this means adjustment programs should be designed so as to:

- Increase access of smallholders and the informal sector to credit, markets, foreign exchange and inputs;

- Ensure that government provides social services (education, health and family planning) more broadly;

- Provide a "safety net" of direct assistance (food and jobs) to those in greatest need during the adjustment process.

A.I.D. is committed to ensuring that the policy reform programs it supports have these three characterisitics. Most of our programs are already designed to open up economic opportunity to the poor. We are examining the issue of sectoral reforms in social services. We have made the most progress in the social marketing of family planning devices; and have also several innovative programs in the area of health care delivery (Niger and Senegal). We have the furthest to go in the area of education.

The most difficult problem is the question of "safety nets." We are looking into food aid programs in Ghana, Madagascar and Malawi, and will probably use local currencies to support an innovative and comprehensive package of activities providing direct assistance to the poor in Ghana, but the difficulties of administering these programs in Africa should not be underestimated. We must find ways

to reduce the costs and improve the targeting of such programs.

Finally, we are committed to increasing our understanding of the dynamics of poverty and the relationships between macro and sectoral policy reforms and the quality of life of the poor. We are undertaking a major research effort that will help us understand what packages of project and non-project activities are necessary to help free people from the shackles of poverty. Within two years we hope to begin incorporating this knowledge into our programs.

2. Providing Foreign Exchange to the Private Sector

According to World Bank figures, 64% of the oil-importing countries of sub-Saharan Africa experienced a contraction of real per capita imports during the period 1970 - 1982. The situation since 1982 has grown even worse. In 1970, real per capita imports in 1970 prices were $44; by 1980 they had declined by almost 45%, to $24. For certain categories of goods the declines are even more dramatic. Real food imports per capita were actually 50% lower, while fuel imports increased by 33%. Capital imports declined by 55%, and semi-processed and manufactured goods declined by two-thirds.

The countries undergoing the most severe balance of payments constraints are experiencing serious shortages in capital goods imports and raw materials to be processed in the manufacturing sector. It is not unusual for the existing capital stock to be running at less than 50% of capacity. In some countries fuel supplies are being provided on a hand-to-mouth basis, and the transport sectors are in serious danger of running out of fuel. In almost all countries the supply of spare parts is extremely limited, and the sight of expensive capital equipment lying unused because of lack of spares is ubiquitous.

Renewed growth will require significant new investment, most of it in imported capital equipment. There are major gains to be achieved through more efficient utilization of existing resources, but long-term growth cannot be achieved without substantial increases in imports. Further decreases in imports almost certainly mean further economic decline.

Many policy reform programs are linked to fast-disbursing foreign exchange which is provided to the private sector for needed inputs. In some cases these resources are provided through Commodity Import Programs (CIPs) as in Zaire. However, where there is an existing foreign exchange allocation system that is efficient in providing resources to the private sector we have opted to transfer resources directly into that system (the Guinea foreign exchange auction, for example).

3. Improving the Working of Financial Markets

The recent economic crisis has exposed the fundamental weaknesses of African financial systems. Political interference in lending decisions, coupled with weak bank regulation and inspection has led

to a large number of African banks holding worthless portfolios. Bank failures are increasing and liquidity is drying up. Private sector growth is dependent on a well-working financial sector. A.I.D.'s work in financial markets covers the whole spectrum from working with PVOs and microenterprises to creating venture capital firms. Much of our work involves providing financial resources to enable private sector entities to replace government agencies. Thus, in the Guinea, Togo and Gambia AEPRPs, we are providing local currencies for credit to private traders to enable them to expand activities into areas previously only served by the government. We are doing the same thing in the Senegal Agricultural Support Project.

One problem which is difficult to deal with is interest rate ceilings. Risks and transactions costs are high, and interest rate ceilings lead to reduced access to credit. In a pilot program in Senegal, A.I.D. has demonstrated that microenterprises are able to pay up to 24% for credit. In the Mali AEPRP we have taken another tack by supporting a credit guarantee fund for early retiring civil servants. In the Rwanda AEPRP we have supported the broadening of access to loan guarantees to small enterprises.

Another problem which will require imaginative approaches is broadening ownership, particularly in privatization activities. A political problem that needs to be faced if the private sector is to be unleashed is the fact that ownership of private firms is concentrated in the hands of racial and ethnic minorities and in multinational firms. The Kenya Private Enterprise project has a venture capital component which will link indigenous sources of capital (such as insurance companies and pension funds) with potential investors. A different approach is being examined in Malawi where A.I.D. is examining the possibility of some form of equity participation fund.

Finally, A.I.D. is looking at ways to wholesale credit to microenterprises. The costs of administrating such loans are often prohibitive. The most promising approach is that in the Rural Enterprise Project in Kenya in which A.I.D. is strengthening the capacity of indigenous NGOs to provide credit. We also have a number of successful credit union programs, particularly in Cameroon.

There are rewarding opportunities in enterprises for thousands, millions, of Africa's people who today stand at the edge of the market stream. Private voluntary and development organizations such as CARE, Technoserve, and Africare can become even more active in helping these people form and work in business so that they earn enough to cover their daily needs, and more.

4. Increasing Agricultural Productivity and Food Availability

Economic growth has occurred in those countries in Africa which emphasized development of the agricultural sector. Given the importance of agriculture (40% of GDP, 70% of exports and 70% of jobs) it is clear that for some time in the future growth cannot take place with a stagnant agriculture. Equally important is the

need to maintain the natural resource base on which Africa's agriculture so heavily depends.

The Bureau's primary goal is to help Africans achieve food security by increasing local agricultural production for both domestic consumption and export while promoting proper management of natural resources. Exports—of both crops and livestock--will be emphasized where African nations have a clear comparative advantage. Without increased export earnings, food availabilities (both from imports and domestic sources) will continue to decline.

a. Agricultural Marketing and Liberalization

Market Liberalization: After years of disappointing performance, there is increasing evidence that agriculture is making a turn-around in Africa. This is primarily due to the success of efforts to improve production incentives and liberalize marketing. While there are still pockets of resistance, this battle has been won. For example, increases in producer prices were largely responsible for the following dramatic changes:

— In Ghana production of cocoa, a prime export crop produced by small holders, increased 45% between 1984 and 1987.

— In Gambia peanut production, produced mostly by small holders, increased 60% in two years.

— In Somalia the marketed production of food increased 50% between 1981 and 1985. Somalia is now self-sufficient in maize, sorghum, and millet in non-drought years.

A.I.D. has a number of programs concentrating on liberalizing both product and input markets in agriculture. There are major issues that need to be resolved with respect to the maintenance of strategic grain reserves and the role of the government as a buyer and seller of last resort, but the fundamental lesson has been learned. Growth in Africa must begin with agriculture and agricultural growth requires market liberalization.

But liberalization of markets only allows the agricultural sector to move towards its current potential. In many countries (Somalia and Guinea, for example) the gap between potential and performance was so large that the results are quite impressive. In other countries other constraints such as climate and technology (through much of the Sahel) or transport and marketing (Zaire) quickly become binding. A.I.D. is addressing both the technology and marketing issues in a variety of programs.

Transport and Marketing: Increased production or higher prices without increased market access will not lead to sustained development. Thus, in Kenya, for example, the secondary cities' market project seeks to bring the rural populace into the commercial process. The North Shaba and Central Shaba projects in Zaire centered on building and improving market roads. Similarly, the

Tanzania AEPRP is geared at increasing the capacity of the government to repair and rehabilitate rural roads, through private contracting.

We are also aware that more attention must be paid to export crops. African countries need the foreign exchange earned through agriculture. We intend to do this through more attention on research and marketing issues. In particular, we are interested in finding mechanisms for increasing African access to non-traditional export markets.

b) Technology Development

Agricultural Research: The development of improved technologies is a key to increasing the availability of food supplies, agricultural productivity, and rural incomes in Africa. Thus, A.I.D. provides strong support for improving the capacity of African institutions to undertake agricultural research in the long-term, while generating usable technologies in the short- to medium-term. The Bureau is currently funding nineteen bilateral projects and a regionally-funded umbrella program in agricultural research.

The Bureau's Plan for Supporting Agricultural Research and Faculties of Agriculture in Africa, approved in May 1985, serves as the basis for our assistance to research. The Plan identifies the Bureau's priorities in terms of countries and commodities. Because 20-25 years are required to produce a critical mass of well-trained scientists and to develop African institutions and research capacity, the Plan also calls for a long-term commitment. The U.S. pledged long-term support to agricultural research in Africa during the U.N. Special Session on Africa held in May 1986.

A.I.D has not only set priorities for the Bureau's agricultural research program, but also encouraged improved donor coordination. The Special Program for African Agricultural Research (SPAAR), initiated by the World Bank, is exemplary of donor efforts to coordinate research programs. The SPAAR should speed the development and diffusion of agricultural technologies by improving cooperation among national agricultural research institutions, regional and international research organizations, and bilateral and multilateral donors. An active member of SPAAR, A.I.D. provides leadership to improve the sharing of technologies among research institutions through networking. For example, A.I.D. is currently joined by other donors in support of seven African research networks.

Results from A.I.D.'s assistance in agricultural research include:

— In Cameroon, new cereals varieties that improve yields on farmers' fields by from 30 to 50%. Crop packages have been developed to meet specific needs in specific regions. For example, a corn variety that matures in 73 to 80 days has been developed for the 500 to 700 mm rainfall area in the North, providing a food crop between the end of the dry season and the sorghum/millet harvest season.

— In Mali, concrete results are now appearing. Two improved varieties of sorghums are presently being tested on farmers' fields after a decade of careful scientific screening. Yields for intercropped maize and millet have increased from 80 to 100 percent on farmer fields due to recommended changes in sowing dates, density and fertilization. The positive effect of rock phosphate use on cereals production has also been verified. Improved maize varieties have directly contributed to increased food availability.

— In Zaire, the Applied Research Project has released four new varieties of manioc, and sold more than 2.5 million meters of planting material. These new varieties are expected to raise yields at least 35% over local varieities.

But research results must be disseminated to farmers, and this frequently requires credit and extension.

— In Togo, during the first two years of the Tio River Project, 290 farmers received loans and technical assistance which enabled them to achieve crop yields two to four times above traditional yields and incomes 62% above average farm incomes. The remaining challenge is to find cheaper ways of disseminating these technological packages.

We expect to maintain our long-term commitment to agricultural research. However, in FY 1989 the Bureau will have completed a peer review of the Plan to assess its continuing validity. The results of this review should confirm our current strategy or point the way to refinements. The review of the Plan will influence our decisions on future assistance to research.

Faculties of Agriculture: To help African nations develop their own capacity to produce the critical mass of scientists and personnel needed to increase agricultural output, A.I.D. also supports the development of selected African faculties of agriculture.

The Bureau will assist African faculties of agriculture to upgrade the quality of their graduates. Modest levels of funds will be provided on a long-term basis for: research grants, scholarships, and fellowships for students and faculty; technical assistance for curriculum development, institutional management and administration; procurement of laboratory equipment, computers, textbooks, and journals.

In this effort, the Africa Bureau works with U.S. Title XII institutions—for example, the University of Florida is aiding Dschang University in Cameroon, the University of Illinois assists Egerton University in Kenya—in collaboration with the Board for International Food and Agricultural Development.

Bilateral projects in higher education are on-going in Cameroon, Uganda, Kenya, Burkina Faso, and Zimbabwe. In addition, support to two departments of the faculty of agriculture at the University of

Rwanda is being provided through the regionally-funded Strengthening African Agricultural Research and Faculties of Agriculture (SAARFA) project.

c) Maintaining the Natural Resource Base

Proper management of Africa's natural resources requires increased attention. Barring this, the performance and contribution of agriculture to economic growth will not improve.

The African natural resource base, however, is difficult to manage. About 35 per cent of the continent is periodically arid, with high potential for drought. About 30 per cent of the arable soils have low productivity and are susceptible to deterioration under unwise cultivation practices.

To direct our efforts, the Bureau approved the Plan for Supporting Natural Resources Management in Sub-Saharan Africa (PNRM) in February 1987. The PNRM analyzed the causes of environmental degradation (i.e., rapid population growth, declining agricultural productivity, and economic stagnation) as well as the consequences.

Recognizing the link between agricultural production, protecting the natural resource base, and sustainable development, the PNRM calls for the integration of natural resources management with all agricultural development activities. The PNRM also prioritizes technical problems, agro-ecological sub-regions, countries for U.S. support, and A.I.D action.

The key technical problems are vegetation loss or degradation, soil erosion and fertility decline, and declines in biological diversity. The important agro-ecological sub-regions are the arid and semi-arid tropics, the tropical highlands, and Madagascar.

Two groups of countries have been designated for special efforts. In the first group, eight priority emphasis countries will complete natural resource assessments and management action programs in 1988. A second group will consider addressing special problems specific to those countries.

A.I.D.'s strategy is to develop the capacity of African countries to manage their own natural resources. This includes the formulation of agricultural and rural development policies which encourage improved natural resource management practices.

Training, developing information bases, decentralization of decision-making, and creating financial incentives for conservation are all elements of A.I.D.'s strategy. In addition, because of the magnitude of environmental degradation in Africa, A.I.D. will encourage other donor agencies to collaborate in assisting African countries address the problem.

Under the PNRM, a number of successful pilot activities are being reviewed for replication in other countries—for example, Niger

Forestry and Land Use Planning and the West Africa Environmental Training and Management projects. In August 1987 a new regional project was authorized. It provides services to missions to help formulate natural resource management action plans.

Among the concrete accomplishments to date:

— In Gambia, the Soil and Water Resources Management Project has reduced salt water intrusion and sedimentation for over 1300 hectares of land in more than fifteen villages. This project has a rate of return of 42%.

— In Cape Verde, the Watershed Development Project has planted 650,000 trees over 1,500 hectares and built dams and embankment groins protecting an additional 144 hectares.

As part of a multi-donor effort in the Sahel, natural resource management assessments are being completed in Mali, Niger, Gambia, and Senegal. Thirteen other countries are candidates for assessments and action plans.

Activities responding to the loss of biodiversity and tropical forest have been or will soon be undertaken in Malawi, Mali, Uganda, and Cameroon. To address the problem of vegetation loss, the African Locust/Grasshoper Project supports the use of "greeness maps" in six Sahelian countries in order to track areas where infestation may likely occur.

Over the next year, the Bureau will collaborate with organizations that have special expertise in natural resources management--such as the World Wildlife Federation, the International Institute for Environment and Development, the International Union for the Conservation of Nature, and the United Nations Environmental Programme (UNEP) to identify satisfactory indicators for environmental activities and to define the parameters and methods for the collection of information needed for management decisions.

In FY 1989, the Africa Bureau may begin to implement six or more country action plans. Several pending proposals for biodiversity activities will get underway. The Bureau will consider a number of bilateral natural resource management projects as action plans are approved.

d) Famine preparedness

Though agriculture gets the lion's share of our attention, we know that Africa is not yet self-reliant in food production. The occurrence of famine remains sufficiently frequent and its impact widespread.

To minimize the scourge of famine, early warning and response systems to deal with drought are needed . There must be an early alert to the threat before traditional coping mechanisms are exhausted. Thus, A.I.D must continue to collaborate with other

donors and African governments to set up and maintain such systems.

With some other donors and selected African countries, A.I.D. has begun this task. Africa's prototype is called FEWS (Famine Early Warning System). Implementation of the FEWS started in 1985, on the heels of the last severe drought. It has been under continuing review and refinement over three years. FEWS has already demonstrated its value:

— in Western Sudan in July/August 1987, the system identified the potential for food shortages in time to prepare cost effective response versus a high cost crisis;

— in Niger, Burkina Faso, and Mali, FEWS spotted pockets of potential famine, afforded the government and donors adequate lead time to respond, thus avoiding migration and refugee support problems;

— in Chad, FEWS has helped the Ministries of Agriculture and Health upgrade their survey/information techniques to forecast famine.

The FEWS enables potential victims of drought and famine to get timely help. It can allow them to remain at their homes rather than migrate to and gather in camps. It helps avoid the health problems rampant in refugee camps. The early warning system should provide governments and donors the time to consider the broadest possible range of options. The system should help to limit human suffering and to contain emergency aid expenditures.

The FEWS represents significant advances in early warning methodology. First, it recognizes drought and famine as recurrent phenomena. Second, it treats famine as a slowly occuring precursor to disaster, and therefore as amenable to a range of possible interventions. Third, it is the first system to examine the behavior of afflicted individuals as indicative of the magnitute of the threat, in addition to the standard crop forecasting. Finally, FEWS has emphasized the value of regionally targeting populations at-risk, rather than viewing local food shortages as isolated and unconnected.

The success of FEWS has led the Africa Bureau to move ahead with a second three-year program beginning in FY 1989. The program will focus on famine-prone countries and will (1) see a comprehensive and reliable information system fully established; (2) integrate the information system with other donor data networks; and (3) provide the impetus for establishment of wholly African FEWS programs.

In the most vunerable countries, famine early warning and preparedness will be an integral part of A.I.D. field programs.

5. Population and Family Planning

Africa's population is growing faster than that of any other region. Landlessness, increasing cropping intensity, shorter fallow periods, and reduced forest cover are all symptoms of the growing pressure of population on a fragile resource base. The momentum of current fertility patterns are such that even were fertility rates to decline to Asian levels (a dramatic reduction likely to take a generation to achieve) the momentum of existing growth of females of reproductive age, means Africa's births will be triple current levels in 2025. Without substantial improvement in economic performance, deaths will more than triple. In other words, current efforts will not lead to any defusing of the population bomb for 25 years. Our efforts in this area must concentrate on beginning the long term process of reducing fertility rates and helping Africans deal with the problems spawned by a burgeoning population.

Reducing fertility rates depends as much on actions on the demand side as on the supply side. While it is vital to expand family planning information and services, it is critical to create the conditions whereby families desire fewer births. Most studies show that increased income, increased urbanization, improved health care, increased labor participation by females, and increased female education are all factors which can reduce the demand for new children. Most, if not all, of these demand factors are linked to broad-based economic growth.

In the next 35 years the inexorable increase in population will continue to put pressure on land resources, to strain government budgets providing services for a youthful population, and dump an increasing number of job seekers on a slack labor market. The employment problem may be the most severe as it threatens the very political stability of many governments. Indeed, the increasing violence in many African cities seems to be related to the growing number of unemployed and disaffected youth.

The Africa Bureau now funds bilateral population and family planning programs in 16 countries. Regional and centrally-funded projects provide population assistance to virtually all other sub-Saharan countries. A.I.D. has been a major contributor to the heighened awareness in Africa of the impact of population growth upon social and economic development. Much has been accomplished. Tens of thousands of Africans have participated in U.S. sponsored population orientation and training. Many African governments now realize the importance of addressing population growth to speed social and economic development, and to enhance maternal and child health. As a result, at least in part, of A.I.D.'s efforts, Sub-Saharan Africa's attitudes toward family planning have changed dramatically over the past seven years.

Prior to 1980, only four African nations—Ghana, Kenya, Rwanda, Mauritius--had national policies favoring lower population growth. Nine countries now have explicit policies—the four above plus

Nigeria, Uganda, Liberia, Burundi, the Gambia. Thirteen other nations are completing national population policies.

A.I.D. has played a large role in this important change and can also claim some responsibility for other no less important achievements. For example, recent surveys provide governments with striking information. There is hard evidence of unmet needs for family planning. The number of children desired has declined on the order of 20% over measurements in the 1970s. Studies executed where family planning services were available, as in parts of Kenya, Nigeria, Zaire and Zimbabwe, report dramatic increases in the prevalence of the use of modern methods of contraception. Where national programs for improved reproductive health and family planning have been underway for several years, the prevalence of use of effective methods has risen markedly. In Kenya, for example, the prevalence rose from 7% to 17% in only six and one-half years (1978-84), and in Zimbabwe from 14% to 35% between 1979 and 1984.

To support these efforts, the Africa Bureau has drafted a new strategy and plan to direct our assistance. Building on A.I.D.'s existing policies, the draft plan puts program focus foremost on government policies, contraceptive supply and family planning services, particularly from the private sector. Secondarily, demographic information, training, operations research, and evaluation will get our support.

Two new national programs demonstrate our new approaches. In Nigeria, a nation with one quarter of Sub-Saharan Africa's population, we will implement a $67 million bilateral family planning program. The design of the project was completed under a collaborative arrangement with four organizations who will be responsible for implementation. The program has four major components: private sector services; public sector services; information, education and communications; and policy formulation.

In Botswana, a nation with one of the larger population growth rates in Africa, we are providing a sector grant to help make contraceptives available, refine or develop policy and procedures, and communicate the benefits of family planning. The Botswana government currently provides family planning services through national health clinics, but demand is higher than supply. The flexibility built into the project will allow Botswana health planners to direct support to the most cost effective means of service delivery, including private clinics.

In FY 1989 we expect to be supporting bilateral and regional population programs in most of the countries of Africa. Priority among bilateral recipients will be based on numbers of people, population growth rate, unmet demand for services, host government commitment, other donor support, infant mortality rates, and other factors such as the threat of AIDS.

6. Conclusions

All of these activities are designed to bring about a resurgence of economic growth in sub-Saharan Africa. But they represent only half of what is needed. Development in Africa will not be self-sustaining until Africans have developed the capacity to deal with their own problems. This requires continued efforts to help realize the enormous human resource potential that Africa holds. This is the subject of the next section.

B. Building the Capacity of People and Institutions

Almost all of A.I.D.'s activities have some form of capacity-building component. Major efforts in training, education, institution-building and health care are still necessary. Because the needs are so much greater than our resources, we must concentrate on those areas most complementary to our areas of emphasis. A.I.D. is also committed to actively supporting the involvement of women. PVOs will figure prominently in our programs. Their expertise will in fact help us in both the planning and execution of U.S. assistance to Africa.

1. Institutional Building

In the past, A.I.D. has worked closely with African governments to strengthen institutions to provide key services. We have had signal success in universities and agricultural research organizations. Increasingly, however, central governmental institutions are being rendered ineffective by lack of finance. Therefore, we are shifting our focus to three sets of institutions: (1) those aimed at improving government capacity to analyze and implement economic policy changes; (2) private sector institutions such as cooperatives, chambers of congress and NGOs so as to increase the private sector's capacity to provide social services and to carry out development activities; and (3) local governmental organizations as part of the process of shifting the locus of decisionmaking to institutions closer to the affected communities.

Policy Analysis Capacity: Almost all of the AEPRPs have training and technical assistance connected to them. For example, in Mali we have been working with the Government to improve budgeting procedures. Policy analysis is central to two programs in Zambia, the Zambia Agricultural Training, Planning and Institutional Development Project, and the Human Resources and Institutional Development Project. This policy analysis capacity building is also the centerpiece of a program we are jointly funding with other donors and which will be managed by the International Development Research Centre of Canada to improve African economic research.

Private Sector Capacity: A number of A.I.D. programs concentrate on improving private capacity to undertake development activities. In Zaire we have been using NGOs and church groups to provide health care and agricultural extension services. In Kenya we are strengthening the capacity of over forty Kenyan NGOs to provide

credit to small and microenterprises. In Liberia we are helping church groups provide educational services. Technical assistance to business and farmer associations help local leaders articulate to governments the difficulties private companies face in starting up and expanding businesses, identify changes required in legislation, regulations or government policies that stymie business, and present well documented cases for policy reform.

Decentralization: While central governments in Africa are incapable of providing the broad range of governmental activities needed, they siphon off almost all of the finances and most of the manpower from local governments. The empowering of local governmental units, which, we hope, are more responsive to local needs, is an important component of our long-range strategy. The regional finance project in Sudan is an example of such an activity. In FY 1989 A.I.D. intends to develop a rural markets project in Kenya which will focus on market towns and municipal finance. This is an area where the imaginative use of Housing Investment Guarantee programs (HIGs) might be very effective.

2. Health and Child Survival

The health problems of the African people continue to be a barrier to economic development. Now AIDS worsens the burden. Though our resources do not allow us to address all Africa's health problems, we play a vital role in the health sector. For instance, while we are not the major donor attacking AIDS, we provide the technical leadership.

The Africa Bureau strategy is to direct the limited resources available for the health sector to a few important programs: health care policy, child survival, control of AIDS, and control of tropical diseases such as river blindness (onchocerciasis).

Health Care Policy. To assure the sustainability of our efforts, many of our health sector programs promote sectoral policy development, health care financing, and management training. Countries are encouraged to drop the idea of providing free health care and to adopt some form of consumer participation in financing both preventive and curative services. The ACSI-CCCD project features health care financing studies and assistance in support of this major policy change. Other areas of policy change have to do with correcting the maldistribution of health resources, use of allied health manpower and organizing consumers advocates of health and nutrition issues. Development of the private sector remains an unmet policy challenge.

A key objective is to develop in-country capacity for managing the health sector. This involves specialized training for leaders and technical training for field staff and village volunteers. We have made special efforts to institutionalize the capacity to control diseases in Africa by Africans.

Child Survival: The Africa Bureau Child Survival Action Plan was approved in February 1987. It is based on the Agency-wide strategy, but adapted to the African context. It includes malaria control and a stronger emphasis on nutrition for victims of famine, undernutrition, and Vitamin A deficiency.

The key project helping to implement the Plan is the Africa Child Survival Initiative - Combatting Childhood Communicable Diseases (ACSI-CCCD) is funded at $92 million for eight years. By the start of 1988, the Africa Bureau was supporting Child Survival activities in 29 countries. Among these are 8 CSI emphasis countries and 10 ACSI-CCCD countries which account for 52% of the population of sub-Saharan Africa. Immunization and oral rehydration therapy are key programs in these countries. Anti-malarial, birth spacing, and nutrition activities are components in many of them.

Controlling Tropical Diseases: A number of communicable diseases severely restrict the productive capacity of large numbers of people in Sub-Saharan Africa. Part of A.I.D.'s health sector resources go to attacking these maladies. For example, in addition to our continuing support to control onchocerciasis, we provide leadership in malaria vaccine development and operational studies on how best to apply our existing technologies under most adverse conditions. Field research is an small but important part of our capacity development in nearly all service delivery and institution building projects.

A.I.D.'s assistance to the health sector is closely coordinated with other donors. We work with UNICEF on child survival activities in eight countries. As mentioned, WHO provides the leadership for coordination of our efforts to control AIDS. The onchocerciasis program operates in 11 countries. For this, the World Bank manages the Control Fund and the World Health Organization acts as the lead implementing donor organization. A.I.D.'s role has been one of technical leadership and financial support.

In FY 1989 the Africa Bureau will continue our support for better health in Africa. We will continue to emphasize sustainability. For example, 16 of the 18 ACSI-CCCD countries will contain health financing components. In addition, nutrition, so important to maternal and child health, will receive more attention than it has in the recent past. The onchocerciasis control program will continue. Centrally-funded activities will focus on improving clean water supplies and sanitation. Finally, Bureau support for the higher health education programs at universities in Zaire and Nigeria will be maintained.

3. Combatting AIDS

Of all the health concerns to surface in recent years, the AIDS pandemic in Africa is perhaps the most serious. The disease has the potential to reach dangerously high prevalency rates in a large number of African countries. It strikes hard at urbanized, educated, and skilled people. Left unchecked, AIDS could erode the

human resource base and eliminate many of the development gains that Africa has made.

Although further research is required, the immediate need is for action programs employing available technology to slow the spread of the disease. At the same time, campaigns by African governments to inform their citzens of the threat and means to prevent AIDS are essential.

The Bureau strategy to combat AIDS is to pursue a region-wide approach, undertake preventive measures, conduct surveillance tomeasure spread and monitor impact of interventions, provide project assistance in communications and technical services, and to support the World Health Organization's Special Programme on AIDS.

In 1987, A.I.D. provided direct support to 7 countries. In 1988, support for AIDS prevention and control activities expands to as many as 16 countries. In FY 1989 we expect to continue our strong support to check the spread of AIDS.

4. Basic Education

One of the important constraints to development in Africa is low levels of literacy. The impact between levels of schooling and development as a whole is enormous. Studies show that farmers who have completed four years of schooling produce more than their unschooled counterparts. The addition of one year to a mother's schooling reduces child mortality substantially.

Expansion of the educational system is threatened by stagnating economies and population increase. Consider the following: one in three persons is of primary or secondary school age in Africa. The school-age population is projected to increase by 3.3% per year over the next ten years. To achieve universal primary education by the year 2000, Africa would have to add 131.8 million pupils to the system, a 157% increase over current enrollment limits.

Yet many countries are financially unable to maintain even current enrollments or instructional quality. The recurrent cost of simply retaining current levels through the year 2000 is about $45 billion (using 1983 figures). New classrooms and the maintenance of existing structures and equipment would require an estimated $11 billion.

Given the enormous costs of expanding and improving basic education, A.I.D.'s interventions must focus on a few key problems. Bureau emphasis has been to offer assistance in the strengths the U.S. traditionally brings to the education sector: planning, management, and administration.

The Africa Bureau now supports six major primary and secondary education projects in Cameroon, Liberia, Swaziland, Botswana, Lesotho, and Zimbabwe. Authorized funding is $103.7 million.

Examples of these include the $27.6 million Support to Primary Education project in Cameroon. This will increase the number and quality of teachers in the northern provinces. It finances technical assistance, training for both support personnel and teachers, construction and rehabilitation of training colleges. The Liberia Primary Education project, funded at $12.7 million, develops instructional materials and texts to help teachers become more efficient. The $11.6 million Botswana Primary Education Improvement project helps produce trained managers, planners, and teachers for the country's primary educational system.

An A.I.D. centrally funded activity, called Improving the Efficiencies of Educational Systems, furnishes technical assistanceto several countries to enhance the planning, management and implementation of educational services.

The Bureau has recently revised its 1984 Education Assistance Strategy. The revision, titled The Africa Primary Education Initiative, is now undergoing review. It sets forth a new approach for A.I.D. Besides the focus on our traditional strengths, it stresses the need for comprehensive reform of the educational sector. Support for the decentralization of decision-making, diversifying the sources of school finances, and greater community involvement in the planning and provision of education are cited as priority areas for A.I.D. assistance.

The new strategy also calls for better donor collaboration and coordination in the educational sector. With this in mind, the Bureau is consulting regularly with officials of the World Bank, which has recently drafted a major policy paper on education sub-Saharan Africa.

5. Participant Training

Participant training in the U.S. and in Africa is an important part of A.I.D.'s support to human resources development and is essential to the establishment of a cadre of capable African leaders.

The Africa Bureau's participant training program seeks to improve the skills and the productivity of people. Training is seen as a cross-sectoral effort. Whether it is focused on institution building, technology generation or adaptation, or policy change, training is viewed as a means to achieve strategic objectives and not as an end in itself.

By the start of FY 1988, there were 2,902 African participants in training in the U.S. under A.I.D. sponsorship. Of these, 1,013 are in technical training programs and 1,889 are in long-term academic programs. There are 650 women (22.5%) and 2,239 men being sponsored in the U.S.

The Bureau also provides support to participant through its regional program and projects. Two on-going projects are of special importance: the Human Resources Development Assistance (HRDA) and

the African Graduate Fellowship Program III (AFGRAD III).

The HRDA project is a $65 million training project for Africa. The objective is to assist thirty-two African countries in meeting human resource requirements through in-country, third country and U.S. academic and technical training. People from the private sector are targeted for 50% of the training. Women are to account for 35% of all trainees.

The AFGRAD III is a $42 million project that provides scholarships for African graduate students at American universities. Under this program the U.S. Government will save approximately $8,000,000 in training costs as the colleges and universities participating in AFGRAD III are waiving tuition fees for all qualifying students. The project will fund graduate study for about 750 students through 1994. Of these, 320 have already started their degree programs. AFGRAD III builds upon two previous regoinal projects, AGRAD I and II, which covered the period 1963-85 and funded the graduate training in the U.S. for approximately 2,000 students from 43 African countries.

A study of AFGRAD alumni for the period 1963-1983 demonstrated the importance of their AFGRAD training for career advancement. Forty-four percent of those alumni now hold managerial or administrative positions. Those that achieved the level of chancellor, registrar, or principal of their academic institutions represented a 333% increase over the number holding those positions prior to training. Eight percent of AFGRAD alumni have achieved such high levels of responsibility as minister, bank governor, or managing director of a firm. Education and research institutions employ more than half of the AFGRAD alumni, thereby placing them in a strategic position to transfer their knowledge and skills to the next generation.

6. Integrating Women

A.I.D. recognizes the important role that women play in all development efforts in Africa. We will continue the strong emphasis we place on the importance of integrating women into all of our assistance.

There are a number of important achievements in integrating women's interests into our program:

— In Togo's Agricultural and Extension Training Project, 36% of trainees in 1987 were women. The target for 1988 is 50% of the training slots for women.

— In the Gambia, the Oil Seeds Promotion Project has helped 20,000 women grow sesame, substantially increasing their incomes and reducing malnutrition among mothers and children.

— In Mali, the A.I.D. Mission has just concluded a portfolio review with the help of a team provided by the International

Center for Research on Women. Following the team's recommendations, three major projects in the design stage are being examined to better integrate women in the activities.

— In Tanzania, women are targeted for 50% of the participant training sponsored by the Mission.

— Agricultural research projects in Malawi, Rwanda, Mali, Lesotho, Niger, and Sierra Leone aim to involve women in the process of technology generation and testing. In some instances, targets for the participation of women in on-farm trials have been set.

— In natural resource management, projects in Lesotho and Malawi are designed to include women in agroforestry components. In Senegal and Mali, renewable resource projects surveyed the energy use and needs of women for cooking before starting a training program to produce more efficient cookstoves. And in Cape Verde, 30% of the participnats in the Watershed management project are women.

In FY 1987 A.I.D.'s Africa Bureau established its WID Working Group.The group designed a Bureau WID Action Plan with that objective in mind. A.I.D. can count a number of accomplishments under the Action Plan.

— With the help of the agency's PPC/WID office, a workshop for project development and agricultural officers was held in September 1987. The overall intent was to make sure that the Bureau commitment was well understood. Specific objectives were to discuss the economic contribution that women make to development, particularly in agriculture; to identify the kinds of information needed for program planning, project, and monitoring and evaluation; and to sensitize responsible officers to see that women's concerns are incorporated in all their mission activities.

— Africa Bureau field missions have been asked to designate high-ranking officers to be responsible for integrating women's factors in country activities.

— Guidance has gone from Washington to the field with instructions to disaggregate development information at both the program and project level by gender. Country planning documents will be reviewed with this in mind. New program and project designs will be reviewed to ensure that analyses have properly included gender issues where appropriate.

— The evaluation process is being generally targeted to assess the impact of project activities on women. Guidance for evaluations stressing the assessment of impact on women and children is now being drafted.

In FY 1989 the Bureau WID Working Group will continue its activities. It will implement and refine the WID Action Plan. A research program aimed specifically at women will become operatioonal. The Working Group will monitor the Bureau commitment to WID. And a key objective will be to strengthen the review process for program and project documents, both in Washington and the field.

IV. IMPLEMENTING THE DEVELOPMENT FUND FOR AFRICA

A. The Fiscal Year 1989 Request for Africa

Africa confronts more development problems than any one donor can help address. In an era of budgetary constraints, A.I.D funds must be used ever more efficiently.

For Fiscal Year 1989 A.I.D. is requesting $510 million for the Development Fund for Africa. In addition, $81.5 million in Economic Support Funds are requested to support strategic interests justified on political and security grounds. To the extent possible, these resources will be utilized so as to maximize their developmental impact. Finally, the Administration requests $147 million in PL 480. The latter figure does not include the U.S. contribution to World Food Programme operations in Africa.

By our estimates, these amounts will mean that U.S. assistance is less than 8% of total assistance to Africa. We have gone from being the second largest bilateral donor in sub-Saharan Africa to being the fourth largest.

B. Concentration on Priorities

It is clear that our resources do not allow us to deal with the full range of development problems and issues most countries face. Thus, we need to concentrate on what we can do best and on what most effectively complements the efforts of recipient governments, other donors, and the private sector.

The U.S. role centers not on the amount of our assistance resources but on the three clear advantages we have—the presence and quality of our professional staff in-country, our experience with designing and implementing development assistance in Africa, and our influence as the leader of the Western community.

We must increasingly employ our local knowledge and expertise (including that of U.S. PVOs), our willingness to innovate, and our influence with other donors, to dialogue with host governments on the respective roles of the individual, the private sector, and the state in the development process. In more and more instances, A.I.D. acts as a catalyst to marshall and direct momentum rather than simply finance activities. A.I.D.'s approach, therefore, is to identify problems of highest priority and concentrate our resources on what the U.S. is best able to address.

As part of the process of prioritizing and concentrating, we have begun to reallocate our assistance among countries to better meet our development objectives. This will continue. For FY 89 this will mean a further shift in resources toward the more populous countries, toward the poorer countries, and toward those countries most committed to creating an environment in which growth and development can take place.

C. Problem Orientation and Program Integration

A.I.D. will also continue to narrow our programs in each country to focus on a few key problem areas.

The End Hunger Initiative and the Development Fund for Africa will enable us to concentrate on a small set of priority problems. Further, we expect to provide sustained country-level support to address these problems over an extended period of time. A.I.D.'s new programming latitude will allow us to employ the full range of appropriate assistance tools available. Thus, for instance, both non-project and project assistance, dollars and local currencies, as well as food aid can be targeted to a specific and limited set of development problems.

By way of illustration, long-term alleviation of hunger in a particular country may involve simultaneously addressing policy, technological, institutional, and social issues. Program assistance, for example, may support a change of policies to encourage domestic investments. Projectized assistance may be employed in a complementary role to help resolve technical questions—by providing technical advisors or special equipment like vehicles or computers. Local currency can be channelled to organizational revitalization—by helping with operating expenses. And food aid may well reduce the risks of innovation for people at both the farm and national levels.

Our program in Gambia exemplifies this integrated approach. It combines technical assistance, local currencies generated from the Gambia Economic Reform Program, PVO expertise, and Title II Section 206 food aid to attack a series of related problems in the agricultural sector. Similarly, in Madagascar we are using regional assistance to the International Rice Research Institute (IRRI), an African Economic Policy Reform Program, and Food for Progress assistance to seek an increase in rice production and marketing.

Our intent will be to insure that policies and institutions support individual and private sector development activities. A.I.D. will engage in dialogue with both government and representatives of the private sector—including those in financial instutitions, producer cooperatives, and indigenous PVOs—to be sure that our efforts are broadbased and participatory.

D. New Emphasis on Donor Collaboration and Coordination

Many African aid recipients lack the administrative and technical skills to lead successful coordination of their donor partners. Yet without skillful and effective recipient leadership, coordination in its true sense will not succeed.

Among the donor agencies, A.I.D. has a special commitment to collaboration and coordination. Our overseas staff enables A.I.D to play a strong role in improving coordination. Considerable effort by A.I.D. in working with colleagues in other donor agencies is achieving results.

We are seeking ways to get other donors to join us in reform programs and are beginning to harvest the first fruits. In Cameroon, the EEC is joining with A.I.D. in supporting liberalization of the fertilizer distribution system, while in Tanzania the Japanese have agreed to work with us in transport sector reforms.

Good progress is being made in policy and program planning, in particular in the planning of structural adjustment programs. The World Bank and IMF on one hand and the bilateral donors on the other are working together much more closely than before through the Consultative Group (CG) and Policy Framework Paper (PFP) processes on the design and funding of such programs.

More progress is needed, in particular in joint participation in program design, but recent steps are encouraging. For instance, A.I.D. staff recently participated with the World Bank in preparation of an Industrial Sector Program for Malawi, a first for us.

Attitudes about coordination on the part of both donors and recipients are becoming more positive. In Senegal, for example, our USAID Mission, DAC and Arab/OPEC donors recently met with Government of Senegal officials over two days to review the record of coordination there and suggest procedures for improving and strengthening the process. Senegal is one of the few countries in Africa where a sustained effort is being made on the part of the Government to coordinate the activities of the forty donors providing assistance.

The World Bank and the UNDP are both heavily involved in collaborating with and assisting recipients in leading local coordination groups. The Bank in particular, with the encouragement of A.I.D. and other donors, is taking an even greater leadership role through its CG process in mobilizing coordinated donor response to the design and funding of complex structural adjustment programs.

The recently designed program in Ghana, for instance, was a well prepared one, reflected serious Ghanaian commitment and planning, and generated such confidence among the donors that its funding was oversubscribed.

E. Greater Reliance on Private Voluntary Organizations (PVOs)

A.I.D. is seeking to strengthen the already important role played by both US and indigenous African PVOs. PVO understanding of the needs of local communities can help us design and implement more appropriate, effective, and sustainable development activities.

Our field missions will consult regularly with PVOs as we prepare our development strategies and policy reform programs. This will be especially important where PVOs have broad knowledge of specific sectors, for example, agriculture and natural resources management.

25% of A.I.D.-funded forestry activities are being implemented by PVOs. And under A.I.D.'s Plan for Supporting Natural Resources Management in Africa, a study will identify all U.S. and indigenous PVOs working on environmental problems. The objectives will be to support and strengthen those PVOs through the provision of a range of technical and training services to them. There has been an extensive ongoing dialogue between A.I.D. staff and the PVO community in formulating strategies for sustainable agriculture and natural resource managment. This collaboration will continue. Further, we expect PVOs and NGOs to contribute actively to Natural Resources Management country assessments and in the formulation of country action plans.

PVOs are being given increasing responsibility for management of A.I.D. projects and selection of subprojects. In attempting both to more effectively reach the poor majority and to reduce the administrative burden of mission staff, several missions have created so-called "umbrella projects". Under this funding mechanism, major (generally U.S.) PVOs are given grants to be implemented through subprojects, often by indigenous PVOs. These "umbrellas" allow the incorporation of smaller, viable PVO projects which might otherwise not be directly fundable, and encourage the development of partnership relationships between A.I.D., U.S. PVOs and indigenous PVOs. Many have as a main objective the development of local institutional capacity.

Examples of such umbrella projects include the PVO Economic Support Project focussing on health, infrastructure, and energy in Zaire; the Community and Enterprise Development Project promoting village level agriculture and health development in Senegal; and the Rural Private Enterprise Project in Kenya. Sudan's Regional Finance and Planning Project will be primarily implemented by PVOs and makes explicit its requirement that PVOs must work directly through local organizations and base their subproject proposals on local peoples' priorities. Liberia will soon have a PVO Support Project which will be run by a US PVO and will provide subgrants as well as training and technical assistance to local PVOs working in health, education and small enterprise development.

A.I.D. will monitor closely the progress of these efforts and hopefully expand their scope. In some small countries, PVOs may be invited to take over the responsibilities for day-to-day project

management as A.I.D. reduces its own staff presence. Exemplary of this approach, CARE-US is implementing A.I.D.-financed activities in the Comoros. The National Cooperative Business Association (formerly CLUSA) is funded by A.I.D. in Equatorial Guinea. In neither country does A.I.D. have any direct hire staff.

F. Evaluation

We are taking steps to improve our evaluation process. Our objective is improved measurement of the effectiveness of our programs to give Congress and others a better sense of our results. We have reoriented our program of evaluation to parallel the introduction of the Development Fund for Africa.

Effective use of the Development Fund requires the Bureau to strengthen its monitoring, evaluation and reporting system to provide an on-going stream of information for decision-making. We plan to concentrate more on measuring progress and impact at three levels: implementation of the Bureau's strategy in Africa, country program performance, and individual project and program activities.

Among our specific actions is the negotiation of an agreement with Cornell University to analyze the effects of economic policy change on the poor. We plan to examine this issue in six countries over the next three years. Coordination with the IBRD, UNICEF, and other groups engaged in similar studies has been built into the design of the A.I.D. study. We are also planning a series of impact evaluations to assess the impact of our programs in the agriculture sector. In the areas of family planning and child survival, we will continue efforts to develop and maintain data bases on the impacts of these programs on contraceptive acceptor rates and on infant and child mortality.

The Africa Bureau will utilize the existing review process for Country Development Strategy Statements, Action Plans, and Project Implementation Reports, both to monitor better integration of program and project objectives, and to identify and measure country-level impacts. Special evaluations focusing on crosscutting issues such as employing PVOs as development intermediaries, privatization, and the integration of women in A.I.D.'s activities are being considered.

The new flexibility of the Development Fund will lend added importance to the findings of evaluations in a learn-as-we-go process. Evaluations will play a larger role in our programming decisions across sectors and across countries. Our intention is to be able, in next year's Congressional Presentation, to state with much more specificity what the impact of our programs has been.

G. Management Improvements

We will make three major management changes in FY 1988 and FY 1989. First, we are streamlining our regional portfolio by giving the field more responsibility for country programs, thereby reducing

duplication. Second, we have re-established our office to deal with the special problem of drought in Africa, recognizing that this is going to be an on-going problem. Third, we are conducting a Bureau-wide review for our small country programs. During the past year, A.I.D. has given particular attention to making its field operations more efficient. Small country programs have been one major area of concern. We have noted that the costs for program administration have in some cases been a disproportionally high percentage of the total operating year budget for the recipient country, and have conducted an initial review of our programs in seven small African nations. We are currently in the process of reviewing field operations in another nine countries.

As a result of the review, A.I.D. is considering a reduction of U.S. direct-hire staff in some countries. These modifications may also parallel a change in bilateral assistance levels or portfolio configuration. They could involve a shift in administrative control to American PVOs. A.I.D.'s experience with successful CARE management of development activities in Comoros, as noted above, has made this an attractive option.

H. Local Currency Use

In the last few years we have made good progress in improving the development impact of local currency funds generated by our food aid and commodity import programs. Given the magnitude of local currencies derived from ESF, DA, and PL 480 sources, we intend to further ensure that these funds are effectively used, properly tracked, and adequately accounted for.

Starting with the FY 1990 Annual Budget Submission, Missions will be submitting a Local Currency Programming Plan to relate total local currency programming to Mission assistance strategies. With this exercise, the Bureau expects to encourage strategic programming of and improved accountability for local currency resources.

I. The Southern Africa Development Coordinating Conference (SADCC)

The Administration continues to support a comprehensive program of economic assistance for the countries of SADCC. We believe that this is vital to protect stability in the region and to show clearly that we oppose attempts by internal or external forces to disrupt the economies of SADCC members.

A.I.D. assistance to southern Africa is aimed at speeding economic development by helping the countries of the region improve transport and expand trade and private investment. Specifically, we aim to:

— ensure that economic reform measures can be sustained or enhanced;

— provide more efficient, cost effective transport routes for vital imports and exports by restoring the regional transport system to its former status;

— save on import bills (through reduced transport costs and cheaper imports from the regional market), thereby making scarce foreign exchange available for other needs;

— maintain employment and income levels during a period of economic crisis;

— develop productive local industries and promote competitive exports; and

— help expand export marketing.

These objectives will remain unchanged in FY 1989. Implementation of programs underway will continue. Support for this program will come out of the Development Fund for Africa.

J. The Sahel

Support for the Sahel program will continue in FY 1989. However, instead of having a separate account, the Sahel program has been subsumed within the Development Fund for Africa.

The A.I.D. program in the Sahel concentrates on achieving food security, famine early warning, and natural resource management.

Major policy reform programs in the Gambia, Mali, Senegal, and Niger have helped to cut food deficits, liberlize agricultural marketing, and open up the economies to private sector investment.

A.I.D. plays a key role in donor coordination in the region. This has been enhanced recently by new support grants for the planning units of the Club du Sahel (OECD) and the Permanent Interstate Committee for Drought Control (CILSS). We have also provided additional funding for agrometeorology monitoring and research (for AGRHYMET) and to the CILSS demographic policy and planning unit (CERPODD).

Special attention to natural resource management will mean that the assessments completed in FY 1987 and FY 1988 will results in NRM Action Plans in four of the Sahelian countries. These will integrated to the extent possible with agricultural development activities in each instance.

K. Regional Budget Attribution

Many countries receive direct bilateral benefits from a number of regional activities. For management efficiency—particularly where the specific country activities are too limited to justify the assignment of in-country U.S. personnel—these have been conceived, allocated, and managed as regional activities, usually out of Washington.

Precisely because these activities have always been shown as regional, we have not tracked their country levels and focus as part of specific country activities.

Congress has requested more information about how regional programs benefit specific countries. To respond to this, A.I.D. is modifying its manner of presentation of country budgets. Thus, for regional projects where it is possible to identify discrete country participation, we are presenting the proposed country-specific activities in the respective country budgets in this volume. These will include activities such as the Human Resources Development project, Family Health Initiatives, Child Survival, and Peace Corps activities. However, as in the past, these funds will be committed under regional projects and, therefore, will at the end of the fiscal year be reflected in obligation levels for the regional programs.

V. CONCLUSION

Fiscal Year 1989 represents an important turning point in U.S. development assistance to Africa. Both Africa and its donors are increasingly focusing on the continent's long-term needs, and especially the requirement for sustained progress on policy reform. Programs are in place and evolving to meet those needs. Congress has given A.I.D. the flexibility needed to provide appropriate and effective aid. It is our responsibility to use it wisely.

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

REGION: BUREAU FOR AFRICA

COUNTRY	TOTAL	AGRICULTURE, RURAL DEV. AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEV.	SELECTED DEV. ACTIVITIES	SAHEL DEV. PROGRAM	DEVELOPMENT FUND FOR AFRICA	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
BOTSWANA												
1986	11,654	312	---	---	---	---	383	---	---	---	10,459	---
1987	5,471	---	---	---	---	---	---	---	---	---	5,471	---
1988	9,500	---	---	---	---	---	---	---	---	9,500	---	---
1989	8,000	---	---	---	---	---	---	---	---	8,000	---	---
BURKINA												
1986	6,778	---	---	---	---	---	527	---	6,251	---	---	---
1987	1,581	---	---	---	---	---	---	---	1,581	---	---	---
1988	2,500	---	---	---	---	---	---	---	---	2,500	---	---
1989	2,500	---	---	---	---	---	---	---	---	2,500	---	---
BURUNDI												
1986	2,019	1,350	---	---	---	---	---	669	---	---	---	---
1987	1,760	750	---	---	---	---	1,010	---	---	---	---	---
1988	2,500	---	---	---	---	---	---	---	---	2,500	---	---
1989	2,500	---	---	---	---	---	---	---	---	2,500	---	---
CAMEROON												
1986	23,014	12,147	---	400	---	---	10,467	---	---	---	---	---
1987	29,255	12,000	---	2,195	805	---	5,255	---	---	---	9,000	---
1988	20,000	---	---	---	---	---	---	---	---	20,000	---	---
1989	18,000	---	---	---	---	---	---	---	---	18,000	---	---
CAPE VERDE												
1986	2,587	---	---	---	---	---	---	---	2,587	---	---	---
1987	1,000	---	---	---	---	---	---	---	1,000	---	---	---
1988	2,500	---	---	---	---	---	---	---	---	2,500	---	---
1989	2,500	---	---	---	---	---	---	---	---	2,500	---	---
CENTRAL AFR REPUBLIC												
1986	1,940	1,940	---	---	---	---	---	---	---	---	---	---
1987	1,050	1,050	---	---	---	---	---	---	---	---	---	---
1988	2,000	---	---	---	---	---	---	---	---	2,000	---	---
1989	2,000	---	---	---	---	---	---	---	---	2,000	---	---

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

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REGION: BUREAU FOR AFRICA

COUNTRY	TOTAL	AGRICULTURE, RURAL DEV. AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEV.	SELECTED DEV. ACTIVITIES	SAHEL DEV. PROGRAM	DEVELOPMENT FUND FOR AFRICA	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
CHAD												
1986	13,519	---	---	---	---	---	---	---	4,000	---	9,519	---
1987	9,000	---	---	---	---	---	---	---	4,000	---	5,000	---
1988	16,040	---	---	---	---	---	---	---	40	6,000	10,000	---
1989	16,000	---	---	---	---	---	---	---	---	6,000	10,000	---
COMOROS												
1986	750	750	---	---	---	---	---	---	---	---	---	---
1987	600	600	---	---	---	---	---	---	---	---	---	---
1988	700	---	---	---	---	---	---	---	---	700	---	---
1989	700	---	---	---	---	---	---	---	---	700	---	---
CONGO												
1986	475	475	---	---	---	---	---	---	---	---	---	---
1987	500	188	---	---	---	---	312	---	---	---	---	---
1988	500	---	---	---	---	---	---	---	---	500	---	---
1989	500	---	---	---	---	---	---	---	---	500	---	---
COTE D'IVOIRE												
1986	---	---	---	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---	---	---	---
1988	500	---	---	---	---	---	---	---	---	500	---	---
1989	500	---	---	---	---	---	---	---	---	500	---	---
DJIBOUTI												
1986	2,950	---	---	---	---	---	---	---	---	---	2,950	---
1987	2,033	---	---	---	---	---	---	---	---	---	2,033	---
1988	3,415	---	---	---	---	---	---	---	---	---	3,415	---
1989	3,200	---	---	---	---	---	---	---	---	---	3,200	---
EQUATORIAL GUINEA												
1986	1,000	1,000	---	---	---	---	---	---	---	---	---	---
1987	500	500	---	---	---	---	---	---	---	---	---	---
1988	850	---	---	---	---	---	---	---	---	850	---	---
1989	1,000	---	---	---	---	---	---	---	---	1,000	---	---

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

REGION: BUREAU FOR AFRICA

COUNTRY	TOTAL	AGRICULTURE, RURAL DEV. AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEV.	SELECTED DEV. ACTIVITIES	SAHEL DEV. PROGRAM	DEVELOPMENT FUND FOR AFRICA	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
GAMBIA												
1986	4,000	---	---	---	---	---	---	---	4,000	---	---	---
1987	8,499	---	---	---	---	---	---	---	2,499	---	6,000	---
1988	3,500	---	---	---	---	---	---	---	---	3,500	---	---
1989	3,500	---	---	---	---	---	---	---	---	3,500	---	---
GHANA												
1986	3,000	---	3,000	---	---	---	---	---	---	---	---	---
1987	1,820	---	1,820	---	---	---	---	---	---	---	---	---
1988	5,000	---	---	---	---	---	---	---	---	5,000	---	---
1989	8,000	---	---	---	---	---	---	---	---	8,000	---	---
GUINEA												
1986	11,715	1,715	---	---	---	---	---	---	---	---	10,000	---
1987	935	935	---	---	---	---	---	---	---	---	---	---
1988	10,000	---	---	---	---	---	---	---	---	10,000	---	---
1989	12,000	---	---	---	---	---	---	---	---	12,000	---	---
GUINEA-BISSAU												
1986	2,000	2,000	---	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---	---	---	---
1988	2,000	---	---	---	---	---	---	---	---	2,000	---	---
1989	2,000	---	---	---	---	---	---	---	---	2,000	---	---
KENYA												
1986	40,985	14,009	9,472	2,499	---	---	315	248	---	---	14,442	---
1987	35,085	9,542	2,039	1,559	1,285	---	---	5,660	---	---	15,000	---
1988	40,000	---	---	---	---	---	---	---	---	30,000	10,000	---
1989	40,000	---	---	---	---	---	---	---	---	30,000	10,000	---
LESOTHO												
1986	9,660	4,522	---	---	---	---	5,138	---	---	---	---	---
1987	10,580	6,361	---	---	---	---	4,219	---	---	---	---	---
1988	10,000	---	---	---	---	---	---	---	---	10,000	---	---
1989	10,000	---	---	---	---	---	---	---	---	10,000	---	---

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

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REGION: BUREAU FOR AFRICA

COUNTRY	TOTAL	AGRICULTURE, RURAL DEV. AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEV.	SELECTED DEV. ACTIVITIES	SAHEL DEV. PROGRAM	DEVELOPMENT FUND FOR AFRICA	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
LIBERIA												
1986	41,925	5,633	50	3,640	---	---	3,448	951	---	---	23,203	---
1987	26,657	2,501	---	3,327	---	---	2,300	3,529	---	---	15,000	---
1988	21,000	---	---	---	---	---	---	---	---	10,000	11,000	---
1989	17,000	---	---	---	---	---	---	---	---	10,000	7,000	---
MADAGASCAR												
1986	2,844	---	---	---	---	---	---	---	---	---	2,844	---
1987	6,416	5,416	---	---	---	---	---	---	---	---	1,000	---
1988	9,500	---	---	---	---	---	---	---	---	9,500	---	---
1989	11,000	---	---	---	---	---	---	---	---	11,000	---	---
MALAWI												
1986	24,000	20,900	880	1,920	---	---	---	300	---	---	---	---
1987	11,479	8,670	1,500	1,309	---	---	---	---	---	---	---	---
1988	15,000	---	---	---	---	---	---	---	---	15,000	---	---
1989	15,000	---	---	---	---	---	---	---	---	15,000	---	---
MALI												
1986	9,000	---	---	---	---	---	---	---	9,000	---	---	---
1987	7,350	---	---	---	---	---	---	---	7,350	---	---	---
1988	13,000	---	---	---	---	---	---	---	---	13,000	---	---
1989	12,000	---	---	---	---	---	---	---	---	12,000	---	---
MAURITANIA												
1986	3,000	---	---	---	---	---	---	---	3,000	---	---	---
1987	1,800	---	---	---	---	---	---	---	1,800	---	---	---
1988	3,000	---	---	---	---	---	---	---	---	3,000	---	---
1989	3,000	---	---	---	---	---	---	---	---	3,000	---	---
MAURITIUS												
1986	1,914	---	---	---	---	---	---	---	---	---	1,914	---
1987	1,000	---	---	---	---	---	---	---	---	---	1,000	---
1988	1,600	---	---	---	---	---	---	---	---	1,600	---	---
1989	1,500	---	---	---	---	---	---	---	---	1,500	---	---

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

REGION: BUREAU FOR AFRICA

COUNTRY	TOTAL	AGRICULTURE, RURAL DEV. AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEV.	SELECTED DEV. ACTIVITIES	SAHEL DEV. PROGRAM	DEVELOPMENT FUND FOR AFRICA	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
MOZAMBIQUE												
1986	9,570	---	---	---	---	---	---	---	---	---	9,570	---
1987	10,000	---	---	---	---	---	---	---	---	---	10,000	---
1988	15,000	---	---	---	---	---	---	---	---	15,000	---	---
1989	15,000	---	---	---	---	---	---	---	---	15,000	---	---
NIGER												
1986	20,373	---	---	---	---	---	---	---	16,000	---	4,373	---
1987	21,510	---	---	---	1,500	---	---	---	18,010	---	2,000	---
1988	20,924	---	---	---	---	---	---	---	2,924	18,000	---	---
1989	18,000	---	---	---	---	---	---	---	---	18,000	---	---
NIGERIA												
1986	---	---	---	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---	---	---	---
1988	11,430	---	---	---	---	---	---	---	---	11,430	---	---
1989	11,500	---	---	---	---	---	---	---	---	11,500	---	---
RWANDA												
1986	6,000	6,000	---	---	---	---	---	---	---	---	---	---
1987	6,400	6,000	400	---	---	---	---	---	---	---	---	---
1988	8,000	---	---	---	---	---	---	---	---	8,000	---	---
1989	8,000	---	---	---	---	---	---	---	---	8,000	---	---
SAO TOME/PRINCIPE												
1986	600	600	---	---	---	---	---	---	---	---	---	---
1987	300	300	---	---	---	---	---	---	---	---	---	---
1988	300	---	---	---	---	---	---	---	---	300	---	---
1989	300	---	---	---	---	---	---	---	---	300	---	---
SENEGAL												
1986	46,859	---	---	---	---	---	---	---	19,375	---	27,484	---
1987	29,808	---	---	---	---	---	---	---	17,808	---	12,000	---
1988	32,654	---	---	---	---	---	---	---	654	22,000	10,000	---
1989	32,000	---	---	---	---	---	---	---	---	22,000	10,000	---

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

REGION: BUREAU FOR AFRICA

COUNTRY	TOTAL	AGRICULTURE, RURAL DEV. AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEV.	SELECTED DEV. ACTIVITIES	SAHEL DEV. PROGRAM	DEVELOPMENT FUND FOR AFRICA	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
SEYCHELLES												
1986	1,914	---	---	---	---	---	---	---	---	---	1,914	---
1987	2,375	---	---	---	---	---	---	---	---	---	2,375	---
1988	3,000	---	---	---	---	---	---	---	---	---	3,000	---
1989	3,000	---	---	---	---	---	---	---	---	---	3,000	---
SIERRA LEONE												
1986	---	---	---	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---	---	---	---
1988	500	---	---	---	---	---	---	---	---	500	---	---
1989	500	---	---	---	---	---	---	---	---	500	---	---
SOMALIA												
1986	44,155	9,934	5,610	4,600	---	---	2,000	---	---	---	22,011	---
1987	35,404	10,164	---	1,100	---	---	3,000	15	---	---	17,125	4,000
1988	31,000	---	---	---	---	---	---	---	---	6,000	25,000	---
1989	27,000	---	---	---	---	---	---	---	---	4,000	23,000	---
SOUTH AFRICA												
1986	5,522	---	---	---	---	---	550	---	---	---	4,972	---
1987	10,405	---	---	---	---	---	1,500	5,351	---	---	3,054	---
1988	25,000	---	---	---	---	---	---	---	---	21,600	3,400	---
1989	24,900	---	---	---	---	---	---	---	---	21,600	3,300	---
SUDAN												
1986	41,538	29,525	---	---	---	---	---	1,363	---	---	10,000	600
1987	20,407	16,398	---	4	2,000	---	---	1,505	---	---	---	---
1988	29,350	---	---	---	---	---	---	---	---	15,000	14,350	---
1989	27,000	---	---	---	---	---	---	---	---	15,000	12,000	---
SWAZILAND												
1986	9,756	1,699	35	1,983	---	---	5,428	600	---	---	11	---
1987	8,373	500	---	2,000	---	---	5,393	340	---	---	140	---
1988	7,000	---	---	---	---	---	---	---	---	7,000	---	---
1989	6,500	---	---	---	---	---	---	---	---	6,500	---	---

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

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REGION: BUREAU FOR AFRICA

COUNTRY	TOTAL	AGRICULTURE, RURAL DEV. AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEV.	SELECTED DEV. ACTIVITIES	SAHEL DEV. PROGRAM	DEVELOPMENT FUND FOR AFRICA	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
TANZANIA												
1986	---	---	---	---	---	---	---	---	---	---	---	---
1987	12,000	---	---	---	---	---	---	---	---	---	12,000	---
1988	8,000	---	---	---	---	---	---	---	---	8,000	---	---
1989	10,000	---	---	---	---	---	---	---	---	10,000	---	---
TOGO												
1986	10,910	3,060	---	---	---	---	---	---	---	---	7,850	---
1987	3,045	1,384	---	1,661	---	---	---	---	---	---	---	---
1988	3,750	---	---	---	---	---	---	---	---	3,750	---	---
1989	3,750	---	---	---	---	---	---	---	---	3,750	---	---
UGANDA												
1986	13,394	8,482	---	550	---	---	---	---	---	---	---	4,362
1987	5,550	5,350	---	---	200	---	---	---	---	---	---	---
1988	8,000	---	---	---	---	---	---	---	---	8,000	---	---
1989	8,000	---	---	---	---	---	---	---	---	8,000	---	---
ZAIRE												
1986	45,777	13,000	2,080	5,570	---	---	100	---	---	---	24,527	500
1987	30,879	13,680	1,060	4,140	500	---	---	170	---	---	10,000	1,329
1988	33,000	---	---	---	---	---	---	---	---	33,000	---	---
1989	33,000	---	---	---	---	---	---	---	---	33,000	---	---
ZAMBIA												
1986	19,149	2,149	---	---	---	---	---	---	---	---	17,000	---
1987	16,756	4,149	---	---	---	---	---	---	---	---	12,607	---
1988	10,000	---	---	---	---	---	---	---	---	10,000	---	---
1989	7,000	---	---	---	---	---	---	---	---	7,000	---	---
ZIMBABWE												
1986	7,000	---	---	---	---	---	2,000	---	---	---	5,000	---
1987	---	---	---	---	---	---	---	---	---	---	---	---
1988	---	---	---	---	---	---	---	---	---	---	---	---
1989	---	---	---	---	---	---	---	---	---	---	---	---

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

REGION: BUREAU FOR AFRICA

COUNTRY	TOTAL	AGRICULTURE, RURAL DEV. AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEV.	SELECTED DEV. ACTIVITIES	SAHEL DEV. PROGRAM	DEVELOPMENT FUND FOR AFRICA	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
SOUTHERN AFR REG												
1986	31,386	---	---	---	---	---	3,000	---	---	---	28,386	---
1987	61,537	---	---	---	---	---	---	37,500	---	---	24,037	---
1988	50,000	---	---	---	---	---	---	---	---	50,000	---	---
1989	50,000	---	---	---	---	---	---	---	---	50,000	---	---
AFRICA REGIONAL												
1986	165,280	24,175	4,951	15,634	4,000	---	15,764	8,087	20,433	---	1,655	70,581
1987	120,222	34,565	27,004	9,566	8,194	---	10,549	5,793	24,551	---	---	---
1988	101,438	---	---	---	---	3,000	---	---	1,168	97,270	---	---
1989	63,650	---	---	---	---	---	---	---	---	63,650	---	---
AFRICA ECONOMIC POLICY REFORM PROGRAM												
1986	---	---	---	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---	---	---	---
1988	55,000	---	---	---	---	---	---	---	---	55,000	---	---
1989	50,000	---	---	---	---	---	---	---	---	50,000	---	---
TOTAL												
1986	699,962	165,977	26,073	36,796	4,000	---	49,120	12,213	84,646	---	245,084	76,043
1987	559,342 a/	141,503	33,323	26,361	14,484	---	33,538	60,363	78,599	---	164,342 b/	5,329 c/
1988	647,951	---	---	---	---	3,000	---	---	4,786	550,000 d/	90,165 e/	---
1989	591,500	---	---	---	---	---	---	---	---	510,000	81,500	---

a/ Totals for Development Assistance do not include $7.482 million in Local Cost Support. Includes $6.121 million in deobligations reobligated in FY 1987. In addition, total includes $50.0 million in Supplemental Funds for FY 1987.

b/ Total for ESF includes $2.865 million in Local Cost Support. Includes $2.127 million in deobligations reobligated in FY 1987.

c/ Includes $5.329 million for Migration and Refugee Assistance funding (P.L. 97-121).

d/ Includes $50.0 million earmark for Southern African Development Coordinating Committee.

e/ Includes $165,000 in prior year deobligations. Reobligated in FY 1988.

REGIONAL OVERVIEW

For more than 25 years, A.I.D. has played a central role in the economic development of countries in Asia and the Near East. During this period, many of these countries have made remarkable progress in controlling the worst effects of poverty and establishing a base for future growth. As economies have changed, A.I.D.'s field programs have also changed, evolving from direct transfers of capital and food to activities designed to help countries better manage their own resources. The program proposed for Asia and the Near East for FY 1989 reflects the continuing evolution of these vital relationships.

The United States has diverse interests in Asia and the Near East. Many of our most important strategic foreign policy concerns are served by A.I.D. programs in the region, from support for peace in the Middle East, to assisting Pakistan and Afghanistan in thwarting Soviet aggression, to helping the transition to democracy in the Philippines. These interests have appropriately been given funding priority. However, other countries in the region, especially those funded exclusively from Development Assistance, have absorbed substantial budget reductions. For example, unprotected development assistance programs in the region fell by more than 40% between FY 1985 and FY 1988. As a result, A.I.D. has reduced programs which serve by far the greatest number of poor people in the world. Many of the affected countries also have the potential to become major export markets for the United States.

In recognition of the many U.S. interests in the region, the proposed FY 1989 budget recommends modest development assistance budget increases or a continuation of FY 1988 levels for most countries. This reversal of recent budget trends is important not only to sustain successful A.I.D. programs but also to serve the long term interests of the United States.

There is every prospect of significantly increased economic interdependency between the United States and the Asian economies, in particular. Asia is an increasingly important part of the external environment facing the U.S. The more favorable this environment--in particular the greater the demand for U.S. exports--the better the outlook for reduction of the U.S. trade deficit without painful impacts on output and employment. Given their size, their relative freedom from debt, and their market orientation, and their relatively bright growth outlook, the economies of Asia offer the best prospects for significant expansion of U.S. markets in developing countries.

The key to U.S. success in such markets--and the challenge to A.I.D.--is to find ways to break the constraints to increased growth in these economies, including fostering increased openness and a more market-oriented policy environment, thereby increasing demand for our exports. It is important also that increased growth provides the best hope for widespread relief

from the poverty which still afflicts too many people in these countries. To meet this important challenge, the proposed FY 1989 program for Asia and the Near East will accelerate the introduction of new approaches to promoting economic growth and development.

U.S. Interests and Objectives

The proposed FY 1989 programs for Asia and the Near East attempt to balance a wide range of important and interdependent U.S. objectives. The total funding request for FY 1989 is $347.9 million for Development Assistance, $2.6 billion for ESF, and $523.1 million for P.L. 480.

U.S. Foreign Policy and National Security Objectives

In Asia and the Near East, A.I.D.'s programs directly serve many of the United States' most important foreign policy objectives, including:

-- Middle East Peace. A.I.D. programs throughout the region support equitable development and a moderate approach to the resolution of problems. In furtherance of the objectives of the Camp David accords, Israel and Egypt are the largest recipients of U.S. economic assistance. Programs for the West Bank and Gaza demonstrate U.S. concern for the quality of life of Palestinians living in those areas, while the Middle East Regional Cooperation Program promotes improved relations between Israel and surrounding Arab nations. Assistance to Jordan, Morocco, Tunisia, Oman and Yemen supports the development of moderate Arab nations and encourages their participation in the peace process.

-- Southern NATO Economic Stability. Turkey and Portugal are members of the NATO alliance. A.I.D. provides assistance to these countries in conjunction with agreements to provide access to bases and other facilities for the U.S. military.

-- Freedom for Afghanistan. The Soviet invasion has failed to defeat the Afghan freedom fighters. A.I.D. support for the development of Pakistan, which is now provided in the context of a new six-year agreement begun in FY 1988, encourages Pakistan's courageous policies in support of a free Afghanistan. A.I.D. also manages a program of cross-border, humanitarian assistance directly to the Afghan people.

-- South Asian Peace and Recovery. The recent Peace Accord in Sri Lanka, supported by the Government of India, provides new hope that four years of internecine strife in Sri Lanka will soon come to an end. The United States has joined other donors in pledging increased aid flows to Sri Lanka over the next three years for reconstruction and economic recovery in the areas affected by the fighting.

-- Philippine Democracy. The Aquino government continues to make steady progress toward institutionalizing democracy in the Philippines. It is a fragile process, however, threatened by the need for major adjustment in the economy and the violence of a communist insurgency. The United States also maintains strategic bases at Subic Bay and Clark field which are essential to the U.S. military position in East Asia.

-- Southeast Asia and Pacific Security, including assistance to Thailand, Indonesia, and the South Pacific. The Philippines is an integral part, along with the islands of the South Pacific, of U.S. efforts to promote peace and economic prosperity among fellow Pacific rim nations. The United States supports the Association of Southeast Asian Nations' attempts to check expanding Soviet influence and presence in the region. The United States also provides political and financial support to non-communist resistance efforts to displace Vietnamese occupation forces in Cambodia.

U.S. Economic Objectives

In the long run, the ability of the United States to achieve its foreign policy objectives depends on a strong U.S. economy and a willingness to provide the resources necessary to serve our interests. President Reagan, in his National Security Report to Congress, has stated that a prosperous and growing U.S. economy is the very foundation of our national security. This foundation can be best preserved if we compete effectively for international markets--especially to meet the challange of the U.S. trade balance.

The prospects for significantly increased U.S. trade and investment in the developing economies of South and East Asia appear far better than in other regions of the developing world. If the economies in South and East Asia more fully realize their potential for growth, then they will need to substantially increase imports. As the U.S. competitive position improves, we will be in position to capture a growing share of a growing market.

-- Five countries--Philippines, Thailand, Indonesia, India, and Pakistan--have economies with a total GDP of over $400 billion. Their populations total over 1.1 billion. By both measures, these countries are larger than all U.S. aid recipients in Latin America and Africa combined.

-- The countries of South and East Asia are largely free of the overwhelming debt burden which will constrain growth in most of Africa and Latin America. Except for the Philippines, debt to GDP ratios are relatively low--below 50 percent for the most part. As a result, imports of needed capital goods are less constrained by debt-service considerations than in other regions.

-- All have at least a tacit commitment to market oriented growth. To be sure, all currently confront constraints to growth, some more difficult than others. However, the political leadership and human resource base is essentially stable, there is a willingness to introduce needed reforms and to rely on the private sector and, with assistance, the final elements of an appropriate policy structure can be put in place. Thus, U.S. foreign aid programs which assist these economies to grow can also contribute to future growth in the U.S. economy.

In the next few years, these countries can be:

Providing new markets for U.S. manufacturing exports. Even excluding the European countries, recipients of U.S. assistance in Asia and the Near East currently import over $8 billion of U.S. manufactured goods. As their economies grow, they will import substantial additional manufactures, particularly capital goods which embody advanced technologies and energy and power generating equipment in which the U.S. has traditionally been competitive. The scientific and technological expertise of the United States in both our industrial and educational institutions is widely respected in these countries. If these economies increase rates of growth to an average of 7%--and through improved competitiveness the United States increases its share of their manufactured imports from 11% to 20%-- then our exports will more than triple to $25 billion by 1995. However, the competition for these markets will be intense. In assessing their own interests, the Japanese and European donors are substantially increasing their assistance to these countries. AID resources are important in several respects. First, they are generally aimed at removing constraints to growth and promoting market forces. Second, some AID activities, such as promotion of private sector power generation, have more directly positive implications for U.S. exports. AID is also providing technical assistance to facilitate exchanges of trade and tariff data with the U.S., and ultimately to facilitate trade negotiations.

Providing new markets for U.S. agricultural exports. As these economies expand and rural incomes begin to grow, the demand for additional agricultural commodities will also grow. In part, this will result from poor people using additional income to increase substandard consumption levels. India, for example, is self-reliant in foodgrain, but levels of consumption for many of its poorest people are below minimally desirable nutrition levels. As the incomes of the rural poor increase, so will the demand for basic grains. In addition, demand for a broad variety of agricultural commodities will grow as consumers who now have minimally satisfactory nutrition levels use additional income to diversify their diets.

Thus, growth can result both in additional domestic production and additional agricultural imports. As a model example, Korea now imports nearly $1.8 billion of U.S. agricultural commodities, even though its own agricultural output has also expanded as its economy has grown. In total,

the A.I.D.-assisted countries of Asia and the Near East already take over $2 billion of U.S. agricultural commodities, with potential for substantial expansion, especially in basic grains. However, the competition for this market is also growing, with exports from the European Economic Community slightly higher than U.S. exports.

U.S. Development and Humanitarian Objectives

The economic growth in Asia and the Near East which can ultimately prove so important for the U.S. economy also offers the best prospect for freeing large numbers of people from the worst aspects of poverty. This is especially important, because the development need is unquestionably greatest in this region.

-- The A.I.D. - assisted countries in Asia and the Near East, excluding Europe, have a total population of over 1.4 billion, with an average per capita income less than $370 per year. 60% of all the people who live in the ten poorest countries in the world live in three Asian countries--Bangladesh, Burma and Nepal.

-- According to the UN Food and Agriculture Organization's definition, over 500 million people in the region receive less than enough calories to sustain an active working life. This accounts for over 80% of all the hungry, malnourished people in the world. There are over 100 million malnourished children in the Asia and Near East region, accounting for over 75% of all the malnourished children in the world.

-- Over 7 million children under 5 years of age die each year in the region, accounting for more than 55% of all infant and child deaths in the world. Most of these deaths are due to diseases which can be readily prevented.

-- Many countries in the region have literacy rates below 30% and literacy rates for young women in rural areas below 15%. While strides have been made in primary school enrollments, female enrollments remain under 60% and primary completion rates under 40% in the lower income countries.

A.I.D.'s development programs in the region are making real progress in helping to alleviate Asian poverty through:

-- Increased economic growth as the surest way to reduce poverty.

-- Improved access to family planning services to enable couples who so desire to control the size of their families.

-- Reduced child and infant mortality.

-- Improved literacy and educational opportunities, especially for women and girls.

-- Improved systems for generating and using energy for agricultural and industrial growth.

-- Preservation and improved management of the environment and natural resource base.

A.I.D. Strategy and Programs

To achieve critical U.S. objectives in Asia and the Near East, A.I.D. must implement an overall strategy which is effective in a broad range of countries. The region includes comparatively advanced economies such as Thailand, Jordan and Tunisia. It includes economies with some sectors in the process of rapid modernization and with comparatively sophisticated human resources, but also with substantial numbers of poor people such as India, Morocco, Sri Lanka and Indonesia. It also includes some of the poorest countries in the world such as Bangladesh, Burma, Nepal and Yemen.

This economic diversity and the progress already made by several countries in the region suggest a rapid pace of social and economic change. A.I.D.'s programs have adapted to these changes and will continue to do so. In the 1960's, A.I.D. provided capital to build factories and power plants, helped construct major road networks and dams, and provided massive quantities of food. A.I.D. achieved its development objectives by directly providing resources to help establish the foundations for development. In the 1970's, A.I.D. evolved to emphasize transfer of technologies and the development of human resources necessary to support these countries' efforts to satisfy the basic needs of their people. Agricultural research and extension programs were developed, family planning supplies and rural health delivery systems were introduced, and widespread training was begun to develop a human resources base. A.I.D.'s programs are still evolving to respond to the needs of changing economies and to ensure the continued impact of U.S. assistance.

In the late 1980's, most countries in Asia and the Near East are able to raise their capital requirements through internal resources, the multilateral banks, private borrowing and through direct foreign investment. Many of the countries now have health and education systems which provide basic social services as well as institutions managing agricultural research and extension systems which can adapt and deliver new technologies necessary for continued expansion of agricultural output. A few countries have developed diverse production and marketing systems and sophisticated human resources. However, these are still developing countries, and many structural and institutional weaknesses remain. In response, the focus of A.I.D. assistance has evolved to emphasize more efficient allocation of resources supplied by others, to identification of new or improved systems for ensuring that development benefits the poor.

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The unifying theme in a development strategy for the varied countries of Asia and the Near East is the need for more rapid economic growth.

Economic growth will lead to the further diversification of production and expanded participation in international markets by the more advanced economies of the region. Growth will enable the countries which have just begun the process of modernization to begin to break down the dualism in their economies and to spread the benefits of development more widely among the poor. Economic growth is also the only way the poorest countries can provide the additional services necessary to raise a significant number of their people above subsistence.

A.I.D.'s strategy in Asia and the Near East focuses on policies designed to improve the efficiency of resource use and the introduction of systems which ensure the poor benefit from the services the society offers. This strategy will be implemented through programs which:

-- Promote market-oriented, outward looking trade and investment regimes. Trade has been the stimulus to growth for many countries, particularly in Asia. The World Bank Annual Report of 1987 documents the positive impact on growth which outward looking trade policies have had during this decade. As the U.S. economy becomes more competitive, the ancillary benefits of such programs to our own economy increase. In Indonesia, A.I.D. is beginning a new project to improve capital markets. In Jordan, the A.I.D. program is focused on improving private sector production and marketing opportunities.

-- Encourage the introduction of advanced scientific research and technological innovation in support of development. Sustained increases in productivity and output in both agriculture and industry will depend on the introduction of new technologies. In countries such as India and Thailand which already have a sophisticated science establishment and the capacity to adapt new technologies, the United States has a reputation for leadership which derives from the excellence of our industrial and academic research institutions and A.I.D.'s prior training programs. As new programs using U.S. technical consultants and U.S. equipment are introduced to assist with the commercialization and dissemination of new technologies, U.S. services and products are also introduced. Assuming U.S. prices are competitive, this can have positive implications for U.S. exports of intermediate capital goods and manufactures which embody more sophisticated technologies. In Thailand, A.I.D. is helping strengthen the sophisticated scientific and technological institutions which already exist in-country. In India, A.I.D. is assisting with biomedical research on improved vaccines to protect against diseases which most affect the poor.

-- Increase rural incomes. For many countries in the region, the greatest promise for improvement in the lives of the most people lies with more productive employment and resulting higher rural incomes. This will mean increased effective demand for domestic agricultural output. As an important corollary, it will also mean growing demand for agricultural exports of the United States. The key to increasing rural incomes must lie with the private sector, and new employment must come both in agriculture and in labor intensive enterprise. In agriculture, crop diversification and intensification of land use offer the best promise for increasing the incomes of marginal farmers. Micro and small enterprises appear to offer good prospects for expanding employment and off-farm incomes. In Bangladesh, A.I.D. is working on new farming systems for corn and vegetables which can be double cropped with rice on small plots irrigated by tubewells. In Egypt, agricultural production credit is being expanded to encourage greater output and related processing, storage and marketing by the private sector.

-- Ensure availability of family planning and child survival services. Simple, inexpensive means already exist for preventing unwanted births and for saving the lives of millions of children threatened by childhood diseases and diarrhea. In many countries, however, delivery systems do not exist to ensure pills and condoms, oral rehydration salts, and immunizations are widely available in rural areas. A.I.D. has helped develop social marketing systems--use of private distributors and shopkeepers--as a cost-effective means for delivering family planning and child survival supplies. In Bangladesh, the private sector contraceptive social marketing program now markets oral rehydration salts through a nation-wide distribution network. In both Indonesia and Pakistan, social marketing programs are expanding contraceptive availability through private sector outlets.

-- Enhance the effectiveness of development institutions. In most countries of the region, development progress has been hindered by ineffective performance of critical institutions from agricultural research institutions to government ministries. Frequently, inefficient, overextended and underfunded basic education systems fail to furnish the human resources which are essential for development. Failure to provide educational opportunities for females is a critical constraint to development progress, in part because women are responsible for much of the basic agricultural production and marketing system in many of these countries and in part because they represent a potential resource which is not being developed to support more sophisticated enterprise. In Pakistan, A.I.D. will begin a new primary education project aimed at improving educational systems designed to increase literacy rates, especially for women. In Yemen, A.I.D. will continue

support for the governmental and research institutions which help guide diversification and modernization of a very rudimentary agricultural system.

-- Improve the availability and efficiency of energy production and distribution. For most countries in the region, energy imports are the largest deficit item in the balance of payments. Dependable, correctly priced and efficiently distributed energy supplies are essential to expanding agricultural production, since energy is the most costly ingredient in fertilizer production and in the operation of irrigation systems. Adequate energy is also a prerequisite for industrial development. In Bangladesh, A.I.D. is working with the World Bank to establish a financially viable system of cooperative societies to expand the distribution of electricity for irrigation, agricultural processing and other village and household needs. In Morocco, improved energy sector policy analysis, planning and demand management will help reduce Morocco's heavy dependence on imported fuels.

-- Conserve natural resources and protect the environment. Economic growth and population expansion will combine to create ever increasing demands on resources. The ability of countries in the region to sustain development progress and to maintain an acceptable quality of life for their people will depend in large measure on their ability to manage their natural resources effectively and protect the environment. A.I.D. is helping countries address specific problems such as water resources management, tropical deforestation and biological diversity and is providing assistance for institutional development and training in natural resources and environmental management. In Thailand, A.I.D. is developing a comprehensive project to support improved natural resources management at the national level, including special focus on forestry, coastal zone management and control of industrial pollution.

-- A.I.D. is also concerned with the narcotics problem as it affects countries in the region, especially illicit production and drug abuse. A.I.D. continues to support crop substitution programs where production is a serious problem, e.g., in Pakistan, and is emphasizing narcotics education and public awareness in countries such as Thailand where narcotics addiction threatens economic and social development.

Program Management Requirements

To be effective in developing and implementing strategies which help shape how countries utilize their own resources, A.I.D. must have influence. As foreign assistance programs in Asia and the Near East have evolved from ones stressing resource transfers to ones stressing resource management, A.I.D. has developed such influence. It derives from a variety of sources:

-- A.I.D. works closely with representatives of other Departments and Agencies such as State, Commerce, the Department of Agriculture, the U.S. Trade Representative, and the Export-Import Bank. A.I.D.'s programs are reviewed extensively by Congress. As a result, A.I.D. brings the authority and expertise of the U.S. government to discussions with host-country officials.

-- As an agency of the U.S. government, A.I.D. has established and maintains close working relationships with the multilateral banks and other donors. The technical expertise which field missions are able to bring to bear on critical problems greatly enhances A.I.D.'s influence with other donors. In some cases, A.I.D. also works closely with U.S. private banks and with private corporations. As a result, the Agency helps to shape the opinions, programs and resource allocation decisions of others.

-- A.I.D. has well established field missions which have developed and maintain expertise on the countries in which they work. In addition, A.I.D. can draw on the technical expertise of premier American scientists and scholars.

-- Many national leaders and an even larger number of technicians in host countries have been trained in the U.S. and maintain a preference for U.S. institutions and technologies.

-- A.I.D. has the personnel resources and programmatic expertise to demonstrate the important developmental impact which can result from appropriate policies and resource management systems.

However, as discretionary foreign assistance levels are reduced, the positive influence which A.I.D. is able to bring to bear is also reduced. In part, this is the logical result of budget reductions which inevitably fall disproportionately on some countries. Loss of influence also results when reduced budget levels do not permit A.I.D. to mount the projects and programs necessary to engage host country officials and to demonstrate the potential impact of appropriate policies and resource management systems. Quality technical expertise, training and sector activities which point the way to reform all require adequate funding. These FY 1989 proposals will help ensure the United States is able to maintain its influence as A.I.D.'s programs in Asia and the Near East continue to evolve in response to the changing economies and societies of the countries themselves.

New Approaches to Program Management

As the countries of Asia and the Near East develop socially and economically and A.I.D.'s programs evolve to respond to this changing environment, it is reasonable to expect new management modes to evolve as well.

The United States will continue to have important foreign policy interests in even the most advanced of these countries. If anything, our economic interests will grow as the countries themselves grow. The United States will also continue to have development interests in countries in the process of modernization, in part because growth does not provide uniform relief from poverty and in part because these countries are affected by and contribute to international issues like environmental problems. As a result of our continuing interests, the United States will want to maintain bilateral influence, and foreign assistance programs will continue to be instrumental in exercise of that influence.

A.I.D.'s goal in those countries with potential for continued rapid modernization will be to create a series of mature institutions on both sides to ensure continued development in bilateral relations. A traditional A.I.D. mission may no longer be necessary for purposes of management of such a program, but we envision continued need for some official bilateral representation. Adjustments in staffing will also be necessary as the United States transfers much of the responsibility of exercising U.S. influence to a broad series of private sector institutions and individuals.

While it is too soon to provide detailed recommendations on new modes of program management, A.I.D. is currently reviewing options. How quickly the transition will take place still remains to be determined. It is apparent, however, that it will be important to U.S. interests in these countries that any new program management mode be capable of sustaining an ongoing bilateral relationship. In Asia and the Near East, Thailand seems to be the country where new program modes will be first introduced, and preliminary proposals are expected to be ready for review with Congress in FY 1989.

Progress and Accomplishments

In many ways, the countries of Asia and the Near East have made remarkable development progress, and U.S. foreign assistance programs have made important contributions to this record of accomplishment.

-- Most countries in the region have introduced high-yielding crop varieties and irrigated agriculture and as a result have greatly expanded production. India's ability to manage a crippling drought in 1987 without starvation is an example of improved food security throughout the region.

-- Most countries now recognize the importance of providing opportunities for couples to space children and limit family size. As a result, birth rates in Thailand and Indonesia have dropped by more than 20% and densely populated countries such as Egypt, Bangladesh and Nepal have introduced major programs to distribute contraceptive supplies though commercial channels.

-- A.I.D. plans to train over 7,000 participants from Asia and the Near East in FY 1988. Manpower development has been one of A.I.D.'s most influential programs in the region and has encouraged large numbers of private students to come to the U.S. to study. For example, there are over 9,000 Indonesian students sponsored by the private sector or the Government of Indonesia who are now enrolled in U.S. colleges and universities--a significant export of U.S. services.

-- Eight countries in the region have been designated child survival priority countries--Bangladesh, India, Pakistan, Nepal, Indonesia, Egypt, Yemen and Morocco--and all have begun programs which will have a near term impact in reducing infant and child mortality.

In addition to successful service programs in sectoral areas, many countries in the region have made steady progress in introducing activities which liberalize the policy environment in specific sectors. This helps to "get the prices right" so resources are allocated as efficiently as possible.

-- Bangladesh has privatized the retail distribution of fertilizer, has eliminated officially administered retail prices and is closing a large number of government fertilizer sales centers.

-- Egypt increased electricity tariffs by 33% in mid-1985 and by 27% in 1987 and plans further increases as part of its new economic reform program.

-- In Burma, where U.S. influence is indirect, the Government has begun to decontrol production, transportation and marketing of major food crops.

A.I.D. has also been successful in encouraging countries to introduce reforms and programs which encourage market-oriented growth, support for outward looking trade regimes, and introduction of advanced new technologies.

-- In Jordan, management capacity in the private sector is being upgraded through projects that are establishing an MBA program at the University of Jordan and are improving the quality and availability of services such as accounting, audit and computer technology provided by Jordanian private sector firms to Jordanian entrepreneurs.

-- In Indonesia, A.I.D. supports intermediaries who serve as brokers between joint venture partners. U.S. investors are expected to make investments on the order of $10 million, creating approximately 5,000 jobs.

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-- In India, A.I.D. is financing environmental studies for a possible refinery in Mangalore which may result in several hundred million dollars worth of U.S. equipment exports.

There are also promising political and economic changes in several countries in the region which could have a profound impact on their economic development.

-- In Sri Lanka, a peace settlement has been reached which is being followed by a multi-donor, three year reconstruction program. The U.S. plans to contribute $75 million during this period.

-- In Tunisia, the transition to democracy has begun and a reform program to restore economic vitality is in place.

-- In the Philippines, the Aquino government faces a very fragile political and economic situation, but is making the difficult decisions necessary to institutionalize democracy. At the same time it must create the confidence in private sector entrepreneurs and foreign investors which will be necessary for economic restoration.

In summary, vital U.S. interests are at stake in Asia and the Near East. Our emerging interests in expanded trade and economic growth will become particularly important in the coming years. A.I.D. has already played an influential role in the developmental progress of the region, and A.I.D.'s programs will continue to evolve in response to the changing economic environment. Enactment of the proposed FY 1989 budget is vital to achievement of our objectives.

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

REGION: BUREAU FOR ASIA AND NEAR EAST

COUNTRY	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
AFGHANISTAN										
1986	13,308	---	---	---	---	---	---	---	13,308	---
1987	31,952	4,255	6,923	6,280	---	---	390	---	12,104	2,000
1988	47,500	5,000	8,000	6,500	---	---	3,000	---	22,500	2,500
1989	47,500	7,000	---	9,000	---	---	6,500	---	22,500	2,500
BANGLADESH										
1986	73,000	40,700	29,000	2,000	2,000	---	300	1,000	---	---
1987	84,235	34,125	41,110	2,000	2,500	---	3,000	1,500	---	---
1988	53,500	20,200	29,000	1,500	2,000	---	4,300	1,500	---	---
1989	54,500	21,200	25,000	2,000	2,000	---	3,000	1,300	---	---
BURMA										
1986	9,704	9,180	---	---	---	---	500	---	---	24
1987	8,000	5,500	---	1,500	---	---	1,000	---	---	---
1988	7,000	3,675	---	1,850	---	---	1,475	---	---	---
1989	7,000	5,985	---	---	---	---	1,015	---	---	---
CAMBODIAN RESISTANCE										
1986	3,350	---	---	---	---	---	---	---	3,350	---
1987	3,850	---	---	---	---	---	---	---	3,350	500
1988	3,500	---	---	---	---	---	---	---	3,500	---
1989	5,000	---	---	---	---	---	---	---	5,000	---
CYPRUS										
1986	14,355	---	---	---	---	---	---	---	14,355	---
1987	15,000	---	---	---	---	---	---	---	15,000	---
1988	15,000	---	---	---	---	---	---	---	15,000	---
1989	3,000	---	---	---	---	---	---	---	3,000	---
EGYPT										
1986	1,068,434	---	---	---	---	---	---	---	1,068,434	---
1987	819,558	---	---	---	---	---	---	---	819,558	---
1988	820,000	---	---	---	---	---	---	---	820,000	---
1989	815,000	---	---	---	---	---	---	---	815,000	---

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

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REGION: BUREAU FOR ASIA AND NEAR EAST

COUNTRY	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
FIJI										
1986	1,397	---	---	400	---	---	---	---	957	40
1987	75	---	---	---	---	---	---	---	75	---
1988	---	---	---	---	---	---	---	---	---	---
1989	---	---	---	---	---	---	---	---	---	---
INDIA										
1986	86,611	56,300	---	19,700	6,000	---	---	4,576	---	35
1987	57,600	29,350	10,600	8,000	3,500	---	---	6,150	---	---
1988	24,000	6,200	3,500	10,300	---	---	---	4,000	---	---
1989	35,500	17,300	2,000	7,900	3,000	---	1,500	3,800	---	---
INDONESIA										
1986	64,355	45,522	---	9,400	---	---	5,880	3,553	---	---
1987	35,735	59,002	13,000	7,200	---	---	2,583	4,000	---	---
1988	40,000	16,352	---	9,900	---	---	6,071	7,647	---	---
1989	45,000	29,764	5,300	1,410	---	---	3,040	5,486	---	---
INTERNATIONAL FUND-NO. IRELAND & IRELAND										
1986	50,000	---	---	---	---	---	---	---	50,000	---
1987	35,000	---	---	---	---	---	---	---	35,000	---
1988	35,000	---	---	---	---	---	---	---	35,000	---
1989	---	---	---	---	---	---	---	---	---	---
ISRAEL										
1986	1,898,400	---	---	---	---	---	---	---	1,898,400	---
1987	1,200,000	---	---	---	---	---	---	---	1,200,000	---
1988	1,200,000	---	---	---	---	---	---	---	1,200,000	---
1989	1,200,000	---	---	---	---	---	---	---	1,200,000	---
JORDAN										
1986	95,022	---	---	---	---	---	---	---	95,022	---
1987	111,000	---	---	---	---	---	---	---	111,000	---
1988	18,000	---	---	---	---	---	---	---	18,000	---
1989	18,000	---	---	---	---	---	---	---	18,000	---

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

CP-89

REGION: BUREAU FOR ASIA AND NEAR EAST

COUNTRY	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
LEBANON										
1986	15,901	---	---	---	---	---	---	---	15,901	---
1987	12,714	---	---	---	---	---	---	---	12,564	150
1988	---	---	---	---	---	---	---	---	---	---
1989	300	---	---	---	---	---	---	---	300	---
MOROCCO										
1986	37,957	10,400	4,200	---	2,000	---	2,373	2,500	16,484	---
1987	28,376	9,945	4,400	---	1,500	---	1,161	1,370	10,000	---
1988	32,500	7,500	3,500	---	1,500	---	---	---	20,000	---
1989	27,500	9,000	2,000	---	---	---	1,500	---	15,000	---
NEPAL										
1986	16,139	9,251	2,100	1,825	---	---	744	2,219	---	---
1987	15,034	9,445	1,228	3,399	---	---	962	---	---	---
1988	12,000	8,650	1,000	1,585	---	---	765	---	---	---
1989	12,000	8,000	2,000	1,500	---	---	500	---	---	---
OMAN										
1986	19,556	---	---	---	---	---	---	---	19,556	---
1987	14,982	---	---	---	---	---	---	---	14,982	---
1988	13,000	---	---	---	---	---	---	---	13,000	---
1989	15,000	---	---	---	---	---	---	---	15,000	---
PAKISTAN										
1986	263,250	11,000	5,500	6,500	---	---	---	---	239,250	---
1987	275,500	5,500	9,500	5,000	5,000	---	---	---	250,500	---
1988	270,000	33,500	6,500	---	10,000	---	---	---	220,000	---
1989	300,000	15,000	10,000	5,000	10,000	---	10,000	---	250,000	---
PHILIPPINES										
1986	339,004	19,304	713	12,553	---	---	3,766	2,313	300,000	355
1987	247,000	5,799	---	4,901	---	---	1,300	---	235,000	---
1988	229,000	28,350	2,000	6,422	---	---	300	2,928	189,000	---
1989	139,000	3,500	5,000	2,300	---	---	800	3,400	124,000	---

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

REGION: BUREAU FOR ASIA AND NEAR EAST

COUNTRY	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
POLAND										
1986	4,000	---	---	---	---	---	---	---	4,000	---
1987	1,000	---	---	---	---	---	---	---	1,000	---
1988	6,775	5,775	---	---	---	---	---	---	1,000	---
1989	3,225	3,225	---	---	---	---	---	---	---	---
PORTUGAL										
1986	76,487	---	---	---	---	---	---	---	76,487	---
1987	64,799	---	---	---	---	---	---	---	64,799	---
1988	32,000	---	---	---	---	---	---	---	32,000	---
1989	60,500	---	---	---	---	---	---	---	60,500	---
SPAIN										
1986	11,484	---	---	---	---	---	---	---	11,484	---
1987	5,000	---	---	---	---	---	---	---	5,000	---
1988	3,000	---	---	---	---	---	---	---	3,000	---
1989	---	---	---	---	---	---	---	---	---	---
SRI LANKA										
1986	24,521	20,446	---	3,200	---	---	100	750	---	25
1987	23,504	21,354	---	250	---	---	---	1,	---	---
1988	26,800	22,800	---	---	---	---	---	4,000	---	---
1989	26,800	22,800	---	---	---	---	---	4,0	---	---
THAILAND										
1986	28,313	16,443	900	1,700	---	---	---	4,270	5,000	---
1987	21,525	13,125	---	700	---	---	---	2,700	5,000	---
1988	20,300	14,000	---	200	---	---	---	1,100	5,000	---
1989	21,000	11,600	---	200	---	---	---	4,200	5,000	---
TUNISIA										
1986	22,664	---	---	---	---	---	---	40	22,624	---
1987	17,511	439	---	285	---	---	---	---	15,787	---
1988	10,000	---	---	---	---	---	---	---	10,000	---
1989	12,500	---	---	---	---	---	---	---	12,500	---

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

CP-89

REGION: BUREAU FOR ASIA AND NEAR EAST

COUNTRY	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
TURKEY										
1986	119,625	---	---	---	---	---	---	---	119,625	---
1987	100,000	---	---	---	---	---	---	---	100,000	---
1988	32,000	---	---	---	---	---	---	---	32,000	---
1989	70,000	---	---	---	---	---	---	---	70,000	---
YEMEN										
1986	23,549	11,550	---	4,459	---	---	7,500	40	---	---
1987	23,300	10,100	---	4,100	---	---	9,100	---	---	---
1988	20,725	11,040	---	1,210	---	---	8,325	150	---	---
1989	21,500	9,500	---	3,000	---	---	9,000	---	---	---
SO PACIFIC REGIONAL										
1986	6,398	2,400	446	400	---	---	1,000	700	957	495
1987	6,121	2,330	---	1,008	---	---	800	308	1,675	---
1988	14,000	2,200	---	400	---	---	800	600	10,000	---
1989	15,200	2,200	---	400	---	---	800	600	11,200	---
ASIA AND NEAR EAST REGIONAL										
1986	55,655	11,473	2,976	4,206	---	---	6,101	4,733	26,166	---
1987	41,672	11,332	2,534	2,798	---	---	7,018	3,435	14,555	---
1988	30,063	8,368	2,159	1,710	---	---	6,687	3,639	7,000	---
1989	34,863	8,193	2,064	2,727	---	---	5,982	3,397	12,500	---
TOTAL										
1986	4,449,439	263,969	46,835	66,343	10,000	---	28,264	26,694	4,006,360	974
1987	3,350,093	222,101	39,295	47,421	12,500	---	27,314	20,863	2,927,949	2,650
1988	3,020,663	194,140	55,659	41,577	13,500	---	31,723	25,364	2,656,000	2,500
1989	2,989,888	174,267	53,364	35,437	15,000	---	43,637	26,123	2,639,500	2,500

1/ The FY 1986 total includes the following:
- $84.917 million of FY 1985 deobligated funds and $99.013 of FY 1986 deobligated funds, for a total of $183.930 million reobligated in FY 1986.
- $1.362 million ESF local costs support and $3.961 million DA local costs support for a total of $5.323 million.
- $1,198.899 million of FY 1983, FY 1985 and FY 1986 ESF Supplemental Appropriation.
- $974 thousand International Disaster Assistance.

2/ The FY 1987 total includes the following:
- $6.643 million ESF local costs support.
- $6.467 million no-year funds from the FY 1983 Supplemental Appropriation for Lebanon.
- $90.0 million from the FY 1985 Supplemental A-propriation for Jordan.
- $1.0 million from the FY 1987 Supplemental Appropriation for Poland.
- $96.2 million of FY 1987 deobligated funds reobligated in FY 1987.
- $8.2 million of no-year funds reobligated in FY 1987.
- $2.65 million International Disaster Assistance.
- The FY 1987 total does not include $8.427 million DA local costs support.

LATIN AMERICA AND THE CARIBBEAN

Regional Profile

The Latin American and Caribbean (LAC) region continued to make encouraging progress during 1987 in the areas of democratization, economic policy reform, and broader participation of the poor in the benefits of economic growth. Democratic institutions and processes were strengthened in most countries, although Haiti's failure to hold free elections was a major disappointment. Reductions in fiscal and external deficits have enabled a number of countries to place less emphasis on economic stabilization and turn their attention more to long-term economic growth and to a wider participation in the creation of new economic resources -- and thus in the benefits of economic growth. The region as a whole experienced its fourth consecutive year of positive per capita economic growth.

Economic Recovery

This encouraging progress occurred in an economic environment that remains weakened by the severe depression of the early 1980s. Between 1980 and 1983, the region's per capita gross domestic product (GDP) fell by 10%; export earnings leveled off; capital flight was a major problem in some countries; external debt servicing requirements increased sharply as world interest rates rose to unexpectedly high levels; and the region's major source of external capital, new loans from private commercial banks, began to dry up.

A strong recovery in the world economy, combined with policy improvements in many LAC countries, began to reverse these trends in 1984. The regional GDP grew that year by 3.7%, or 1.4% per capita. Further progress has been made since then, as continued economic policy reforms have helped the regional GDP increase by 3.4% in 1985, 3.7% in 1986, and 2.6% in 1987 (1.1%, 1.4%, and 0.5%, respectively, in per capita terms).

The present pace of economic growth, however, remains well below that of the 1960s (6.1%) and 1970s (5.8%), and pre-crisis per capita income levels will not be regained until the 1990s. Economic recovery has been constrained by a slowdown in the growth of world production and trade since 1984, continued low prices for major commodity exports, external debt problems which have not been fully resolved, and the continuing armed conflicts in Central America.

Current projections of commodity prices and of economic growth in the industrial countries for the balance of this decade, as well as likely levels of external capital flows, suggest that significant improvements in the LAC countries' GDP growth rates will be difficult to achieve in the medium term and will depend largely on continued improvements in economic policies. At the same time, increasing constraints on ESF availability are seriously limiting A.I.D.'s capacity to support economic reforms and sustainable stabilization programs in the A.I.D. recipient countries,

especially in the Caribbean and Andean nations where ESF funds are virtually eliminated in FY 1988. These budgetary factors are discussed in greater detail later in this overview.

Social and Political Concerns

The intensity and duration of the economic crisis have resulted in slower-than-anticipated improvements in the quality of life, particularly among the rural and urban poor. High rates of infant mortality, childhood disease, and malnutrition, while generally falling throughout the region, continue to reflect the very poor living conditions endured by much of the region's population. Indeed, the ability of governments in the region to produce demonstrable achievements in health care, basic education, housing, and access to land and credit is linked inextricably to the success or failure of reforms in the political and economic spheres.

The depth and duration of the regional economic crisis have also caused serious social and political strains throughout the region. These tensions continue to threaten the encouraging progress that has been made this decade in the process of democratization. Although free elections have become the norm for the region, and no democratically elected government has been overthrown for a number of years, Panama suffered a further erosion of political freedoms, and hopes for movement toward democracy in Haiti were dashed when violence resulted in a cancellation of the November elections and the substitution of seriously tainted elections in January 1988. These developments led to a termination of our assistance to the Governments of Panama and Haiti, with continuing assistance channeled only through nongovernmental organizations.

Backsliding from progress in democratization has occurred before in recent Latin American and Caribbean history, and it will take a major commitment on the part of the countries themselves and sustained support from the United States to minimize the chances of this happening again, particularly in countries where democratic traditions and processes are fragile. In addition to the challenges to democracy resulting from sluggish economic performance, several countries -- including El Salvador and the Andean countries -- still face serious threats to democratic processes and institutions from the operation of guerrilla forces and/or narcotics traffickers.

U.S. Interests

The United States has major economic interests in the LAC region, whose geographic proximity also makes it of key importance to our security. Latin America and the Caribbean constitute a major market for our exports. In 1981, at the onset of the region's economic crisis, the countries of the region spent $42 billion to acquire U.S. products, accounting for 18% of our total exports. But as the crisis deepened and foreign exchange availabilities declined, LAC purchases of U.S. goods fell sharply to $26 billion in 1983. This cost the United States an estimated 400,000 jobs in export industries. Although U.S. exports to the region recovered to $31 billion in both 1985 and 1986, and an estimated $33 billion in 1987, these figures are still well below the 1981 peak, particularly after adjusting for inflation. The loss of export opportunities in the region has been an important factor in the persistence of high trade deficits in the United States.

The United States also has significant investments in Latin America and the Caribbean, amounting in 1986 to $29.5 billion, or 54% of all U.S. direct investment in developing countries. The economic crisis in the region has lowered returns on this investment. In addition, it has threatened the financial position of many U.S. banks with loans to LAC countries which have been unable to keep current on debt servicing. Some of these banks have already begun to write down their loans to the more debt-plagued LAC countries. Other major impacts of the economic difficulties in the region have been an increase in illegal migration to the United States and a greater temptation for many persons to turn to narcotics production and trafficking.

Our primary strategic objective in the region is to support an environment of stable, friendly, democratic governments, providing political and economic freedoms of opportunity for citizens regardless of current status, in which our major security interests as well as theirs can be protected. These interests include access to petroleum, to other industrial raw materials, and to the unimpeded use of sea lanes adjacent to North America and the Panama Canal. Thus we have strong reasons for seeking to prevent the seizure of power by anti-democratic forces anywhere in the region. The LAC region is also important to our efforts to limit the spread of nuclear weapons, the flow of illegal drugs into the United States, and the operations of international terrorist groups. A.I.D. is actively involved in cooperating with the LAC countries in the narcotics control effort through such programs as drug awareness education and area development programs.

The LAC region is a major focus of our worldwide concern for improving respect for human rights and strengthening democratic institutions. The United States has played an active role in supporting civilian, democratically elected governments, which are now found in most LAC countries. A.I.D.'s democratic initiatives program, discussed below, is providing assistance to LAC countries to strengthen democratic processes in many dimensions. The prolonged economic crisis in the region, as noted above, is a serious threat to the expansion and consolidation of democratic processes. Our interests and theirs will be secure only if they grow economically and people see prospects for broad participation in that growth. A.I.D.'s economic assistance program seeks to help preserve and strengthen democratic gains by stimulating a private sector-led economic recovery whose benefits will extend to the entire population. This weakens the appeal of radical, undemocratic elements, including the guerrilla groups now seeking to destabilize the governments of a number of LAC countries.

A.I.D.'s Strategy and Goals

A.I.D.'s strategy for addressing the LAC region's development problems focuses on achievement of four broad goals: (1) short-term economic stabilization, (2) basic economic policy reforms leading to rapid, sustained economic growth, (3) a wider sharing of the benefits of growth, and (4) the strengthening of democratic institutions and respect for human rights. This strategy for broad-based economic growth emphasizes productive employment opportunities for all as well as greater access to health care, education, and social services. The strategy stresses the

role of the private sector as the main engine of development, but it also seeks, through policy dialogue, to improve the role of the public sector by encouraging reforms which increase economic and political freedoms, as well as management improvements which reduce the costs of public services. A.I.D. stresses the importance of institution building and training in the development process, and strives to apply advances in science and technology to all its programs.

A.I.D. uses a broad array of assistance instruments, including ESF, DA, food assistance, and housing guaranties, all closely linked through a Management-by-Objectives system in support of A.I.D.'s goals and objectives. Host government-owned local currencies associated with our ESF assistance and food aid also contribute significantly to progress under our country development strategies.

Implementing the A.I.D. Strategy

1. Stabilization. Economic stabilization has been a necessary part of the LAC countries' adjustment to the economic crisis of the 1980s. Reducing fiscal and balance-of-payments deficits and bringing inflation under control are prerequisites to the establishment of an economic environment conducive to long-run, private sector-led growth. Stabilization policies may be unpopular in the short run, but inaction will only lead to even greater economic hardships over the long run, with particularly severe effects on the poor.

A.I.D. has encouraged LAC countries to adopt stabilization programs when they are needed. The Economic Support Fund (ESF) resources we have provided in support of such programs have helped cushion declines in economic activity and have facilitated the adoption of policy reforms which stimulate economic activity. Since the international economic environment has not been supportive of strong economic recovery in the LAC region, the need for stabilization programs has persisted longer than we expected.

One of the first LAC countries to implement a successful stabilization program was Costa Rica. From 1981 to 1983 Costa Rica's fiscal deficit was reduced from 13.7% of GDP to 3.6%, and the deficit in the current account of the balance of payments was cut from $420 million to $300 million (excluding official transfers). Consumer prices, which increased by 90% in 1982, rose by only 12% in 1984. Costa Rica continues to make progress in these areas: averages for 1985-87 were less than 2% for the fiscal deficit, $275 million for the current account deficit, and 14% for the inflation rate. A recent evaluation of A.I.D.'s balance-of-payments assistance program in Costa Rica concluded that A.I.D. assistance played an important role in the success of the stabilization effort.

During 1987 good progress toward stabilization was made in a number of other countries. Guatemala's inflation rate fell from 37% in 1986 to 9% in 1987. Ecuador, which suffered a large fiscal deficit in 1987 because of lost revenues from petroleum exports (which were suspended for six months due to earthquake damage to the pipeline), has undertaken fiscal measures which should result in only a modest deficit in 1988. In Bolivia, the inflation rate has been reduced from nearly 12,000% in 1985 to just over 10% in 1987, and the fiscal deficit over this same period has fallen from

12.4% of GDP to approximately 3%, very impressive accomplishments in both cases. Haiti continued to make significant progress in policy reform in 1987, but recent political disturbances have adversely affected economic performance.

Support for sound economic stabilization programs will continue to be a critical element of A.I.D.'s development assistance strategy in LAC countries. However, overall FY 1988 reductions in ESF and maintenance of traditional earmarks, particularly for non-LAC countries, virtually eliminated ESF assistance to most Caribbean and South American countries. The abrupt cutbacks have greatly diminished A.I.D.'s capacity to continue influencing macroeconomic policy reforms and contributing to multidonor stabilization programs in these two subregions. Further, these countries are doubly handicapped by the reduced availability of local currency resources associated with our ESF balance-of-payments assistance, which over the past few years have played a vital role in financing high-priority development activities.

If these ESF constraints continue through FY 1989, many of the Caribbean and South America countries will not be able to sustain economic reform efforts which have made good progress but are not yet completed. They have relied on A.I.D.'s ESF support to help meet financial stability criteria of the IMF and World Bank, cushion their population against the short-term effects of austerity programs, and sustain productive activity which relies on imports. In Bolivia, the reduction of U.S. assistance may mean that the government will simply not have the financial capacity to proceed forcefully with its narcotics control program.

ESF constraints also affect how we approach the issue of resuming economic assistance to Haiti and Panama, should substantial progress toward democracy be made in those countries and the conditions giving rise to Congressional prohibitions be removed. At this point we are not requesting FY 1989 ESF funds for Haiti and Panama. Should they become eligible for such assistance, however, we would want to be in a position to adjust our FY 1989 ESF budget, in consultation with the Congress, to permit us to support major progress toward democracy in these countries.

2. Achieving Long-Term Economic Growth. Rapid and sustained economic growth over the long run will depend not only on a healthier world economy but also on economic policy reforms and efforts to improve institutional effectiveness and develop human resources. Policy reforms will reduce price distortions in the economy, strengthen the role of the private sector, and encourage export expansion and diversification. Market-oriented reforms are central to sustainable productive employment generation which enables broader participation in the benefits of growth. In contrast, the absence of sound monetary and fiscal policies contributes to inflation with negative impact on the poor and middle class. However, improvements in institutional and human resources are also needed to create the foundation needed for sustainable development.

A number of countries in the region have taken major steps to reorient their economic policies in these directions. Bolivia, Haiti, and Dominica signed three-year Structural Adjustment Facility (SAF) agreements with the International Monetary Fund (IMF). Costa Rica has been negotiating with

the World Bank for a second Structural Adjustment Loan (SAL). Jamaica, Haiti, Belize, Costa Rica, Honduras, and Bolivia have all divested government enterprises. For example, Jamaica is privatizing the National Commercial Bank and a major cement company, and most of the government-owned hotels, now under private contract, are soon to be fully divested. A.I.D. has encouraged and supported many of these reforms with ESF programs and the conditionality associated with them. It has played the leading role among the international donors in encouraging and supporting divestiture and other privatization actions.

Progress in export diversification continues to be encouraging. U.S. imports of manufactured goods from the Caribbean Basin countries have increased at an average annual rate of 15% over the last four years, reflecting in part the opportunities made available to them under President Reagan's Caribbean Basin Initiative (CBI). Growth of nontraditional exports has been particularly rapid in Costa Rica, the Dominican Republic, Jamaica, Guatemala, and Belize, countries in which significant policy reforms have been undertaken. In the past, A.I.D. has played a major role in facilitating this growth through both ESF and Development Assistance (DA) programs which support policy reforms, provide technical and financial assistance to private sector organizations, and encourage small and micro business development. The elimination in FY 1988 of ESF for the Caribbean island countries and the sharp reduction in DA resources available to support private enterprise development will greatly diminish A.I.D.'s ability to continue such efforts.

Each of the 12 LAC country missions has assisted in the creation of private investment and export promotion centers or units. These centers encourage local and foreign investors and exporters by providing a range of business services, e.g., feasibility studies, marketing studies, financial analysis, and joint venture brokering. In Costa Rica, Honduras, and El Salvador these organization have been instrumental in the passage of legislation to stimulate investment and exports, the establishment of export processing zones, and the adoption of other measures aimed at the development of a favorable business climate. They provide private sector leadership under the CBI that is reflected in the positive trend in the growth of nontraditional manufactured exports from A.I.D.-assisted countries to the United States (an estimated 104% increase between 1983 and 1987).

A.I.D. has also supported microenterprise development in the region. With A.I.D. assistance the Institute for Liberty and Democracy has shed light on the formidable constraints faced by the informal sector. This information has important implications for microenterprise development not only in Peru but also in the other countries of the region. A.I.D. also is continuing its support for microenterprise development projects through dollars or local currency in countries such as Guatemala, Belize, the Dominican Republic, El Salvador, and Honduras.

These efforts are beginning to have an impact on economic growth performance. The Central American countries of Costa Rica, El Salvador, Guatemala and Honduras, for example, had a combined GDP growth rate of 2.6% in 1987, up from 1.8% in 1986. Jamaica's GDP, which fell 4.0% in Jamaica fiscal year 1985/86, increased by 3.5% in 1986/87, and a growth rate of 5.0% is projected for 1987/88.

The likelihood that policy reforms will have a positive impact over the long term will be greatly enhanced by the development of the institutional and human bases for continued growth. The expanded availability and efficiency of basic education is equipping the rural poor with the essential skills they need to participate in national development. Training activities for managers of small and medium-size businesses are creating a cadre of entrepreneurs who will lead a reinvigorated private sector into the 1990s. Meanwhile, A.I.D. is helping to strengthen indigenous institutions which can develop and adapt technologies to be responsive to the specific needs of the region. Examples include a private agricultural research foundation in Honduras, the Regional Agricultural College of the Humid Tropics (EARTH) in Costa Rica, and several PVOs carrying out natural resource management and conservation activities throughout the region. In addition, A.I.D. is supporting sound environmental and natural resource practices through responsible management of land and water resources, protection of ecological systems, and preservation of biological diversity.

3. Spreading the Benefits of Growth. Throughout the LAC region, inadequate development of institutional and human resources represents a prime constraint not only to sustained economic growth but also to the quality of life. Widespread hunger and malnutrition, illiteracy, poor educational and training opportunities, poor health conditions, and inadequate housing threaten to erode the foundations of the region's fragile democratic institutions.

An export-oriented growth strategy can help promote more equitable participation and broad-based income growth through job creation, encouragement of small businesses, and the generation of revenues needed to extend the coverage of health, education, and other social services. Services can also be extended through greater efficiency and the use of cost-recovery measures, both of which are particularly important in countries where real budgetary resources have fallen because of the economic crisis. Nevertheless, targeted programs to improve the conditions of the poor will still be needed to ensure that the benefits of growth will be widespread and to develop the institutional and human resources needed to sustain economic and political development. Opportunities for small farmers and other poor rural families can be increased through greater access to land, credit, and other productive resources; technical assistance; and the elimination of price controls and other disincentives to production.

A.I.D. will continue to promote more equitable patterns of development in the LAC region by supporting programs that:

-- increase access to primary education in countries such as Haiti, El Salvador, and Guatemala, where fewer than 90% of school-age children, male and female, have access to schooling, and improve the quality and efficiency of primary education services delivered;

-- expand access to family planning, particularly through private and commercial institutions, so that 80% of couples of fertile age have the information and services to make informed, voluntary decisions concerning family size;

-- improve health status through oral rehydration therapy, immunization, improved nutrition, water supply and sanitation, and other programs responsive to A.I.D.'s new Child Survival Strategy;

-- improve the access of poor rural families to land and other resources through support for settlement programs, legal reforms to provide secure land titles, and financing for land purchases;

-- increase the availability of credit and technical assistance to microenterprises and small business operators;

-- provide better housing for low- and moderate-income families through technical assistance, ongoing Housing Guaranty loans and other activities; and

-- assist displaced persons through provision of health services, educational opportunities, and productive employment.

A number of countries have been making substantial progress in spreading the benefits of growth despite the lingering effects of the economic crisis. In Honduras, for example, the infant mortality rate fell from 88/1,000 in 1980 to 70/1,000 in 1985, and well over 80% of all children under five have been immunized against major childhood diseases; primary school enrollments rose by 29% over this five-year period and continue to expand rapidly; and contraceptive prevalence is up from 34% in 1984 to an estimated 40% in 1987. In the Dominican Republic, second and third-degree malnutrition was reduced by 43% between 1983 and 1986 in communities covered by the Applied Nutrition Education project. In Peru, five communities of Amuesha Indians are receiving training to enable them to increase their productivity and income from ownership of a sawmill and active management of 5,000 hectares of fragile tropical lowlands. In Guatemala, approximately 500,000 additional persons were provided with water supply and sanitation coverage during the period 1980-86.

4. Democratic Institutions and Human Rights. Economic growth will best benefit the citizens of the LAC region and support U.S. interests if it occurs in an environment in which governments permit their people to participate freely in local and national political processes; to form labor unions, cooperatives, and other voluntary organizations; and to have recourse to a judicial system that will administer justice fairly and speedily. Therefore, a key element in U.S. economic assistance decisions in each LAC country is the degree of commitment of that country to free, periodic elections, independence of the judiciary, and respect for individual rights, and the degree of progress each country is making toward these objectives.

A.I.D. is providing direct support and assistance to countries in these and other aspects of the process of democratization. Specific activities include those which strengthen the administration of justice through technical assistance, training, and material support for court systems, criminal investigative agencies, public prosecutors and defenders, justice ministries, law schools, and bar associations. These programs are beginning to produce significant results, particularly in El Salvador, where the A.I.D.-financed Special Investigative Unit has played an important role in

obtaining evidence on several major human rights crimes. Support for the enhancement of legislative capabilities is being provided in Honduras and Guatemala. Technical assistance to improve the administration of elections is another key area. In addition, A.I.D. activities with a large number of private and voluntary organizations (PVOs) will support the development of democratic institutions and processes by providing assistance to labor unions, voluntary cooperatives, women's organizations, and other participatory groups.

A.I.D. will give increased emphasis to supporting democratic initiatives in FY 1988 and FY 1989 by integrating its Administration of Justice Program with new activities under its Democracy Strengthening Program. The two programs, up to now implemented independently, will be brought together in a five-year assistance strategy, which is now being formulated, for democratic development in the LAC region. Improvements in the administration of justice will focus increasingly on bilateral projects to complement well-established regional projects in Central America and the Caribbean. New projects were begun in Guatemala and Honduras, with additional projects planned for FY 1988 in Costa Rica, Bolivia, and the Dominican Republic. Several of these new projects integrate administration of justice activities with electoral assistance and legislative enhancement programs. A.I.D. will also support professionalization of the news media and leadership training. A major $12 million project for Central American journalists has recently been approved, and a major leadership training project is under development. We will continue to expand the democratic initiatives program beyond its original Central American focus in order to provide greater assistance to the Andean countries and the Caribbean Basin. Management of the International Criminal Investigative Training Assistance Program (ICITAP) is being transferred to the State Department in FY 1988.

The process of democratization in the LAC region is being further supported by a major training initiative which will provide scholarships for study in the United States and in the region itself for disadvantaged individuals who previously have lacked access to such training. Despite overall reductions in ESF availability in FY 1988 and constraints on EHRD funding, the two principal sources of financing for Peace Scholarships, A.I.D. will continue to give the highest priority to sustaining the momentum of these important training programs. Under the Central American Peace Scholarships project (CAPS), an estimated 8,500 Peace Scholars will be trained between FY 1985 and FY 1989 in response to a recommendation of the National Bipartisan Commission on Central America (NBCCA). Implementation of CAPS is ahead of schedule, with more than 6,200 Peace Scholars having begun their training programs through FY 1987.

The Presidential Training Initiative for the Island Caribbean, implemented in late FY 1986, will support a projected total of 1,500 students, more than 700 of whom had begun their training through the end of FY 1987. Under the Andean Peace Scholarship program, initiated in FY 1987, 40 of a projected total of 1,740 students began their training in the project's first year.

A.I.D. Support of Narcotics Awareness and Control Efforts

A.I.D. activities to help control narcotics production and trafficking also support U.S. efforts to promote the rule of law and reduce the corrupting

influence that narcotics traffickers exercise. Throughout the Andes drug traffickers threaten the integrity of government authority and hinder balanced economic growth and the development of legitimate private enterprise. A.I.D. is reinforcing the commitment of governments to take more aggressive narcotics enforcement and control measures and to carry out drug awareness and education activities. Projects in Peru and Bolivia have documented the harmful consequences of drug production and trafficking on their own societies and have led to greater public support for coca eradication programs. The Government of Bolivia has taken courageous action against narcotics production and the trafficking. During the past year, the GOB began a voluntary program of coca eradication in August 1987, the largest program in the Western Hemisphere. A.I.D. activities include the development of alternative income and employment opportunities so that coca farmers will have a safety net of services and alternatives after destruction of their drug crops.

FY 1989 Highlights

A program level of $1.137 billion in Economic Support Funds, Development Assistance, and P.L. 480 resources is proposed for FY 1989 in support of our strategy for achieving economic, social, and political progress in the LAC region. Of this total, $736.2 million (65%) is for programs in Central America, $217.3 million (19%) for the Caribbean, $146.4 million (13%) for South America, and $37.4 million (3%) for LAC Regional programs. The distribution of these resources among functional categories of assistance, and examples of new initiatives for FY 1989, are presented below.

To support our goals of economic stabilization and policy reforms to stimulate faster economic growth, ESF resources of $547.5 million are proposed, primarily as balance-of-payments assistance to help LAC countries maintain the import levels they need to accelerate their economic recovery. These resources encourage governments to undertake necessary but politically difficult stabilization measures and provide them the means to mitigate the adverse effects of some of these policy changes. Now that substantial progress is being made toward stabilization, a growing proportion of ESF resources is being used to support policy reforms and other actions that directly promote economic growth.

The countries of the LAC region still require significant ESF balance-of-payments assistance because the prices for their primary exports remain low and public and private capital flows from other sources remain at disappointingly low levels. The ESF assistance level we are proposing is essential for achieving minimum acceptable progress toward the target rates of economic growth that now seem unlikely to be achieved until the 1990s. Local currency associated with ESF programs plays a vital role in our balanced strategy. It will continue to support the productive credit requirements of private enterprises, finance key public services and infrastructure projects, help governments spread the benefits of growth, and support efforts of PVOs and other groups to meet basic needs.

ESF will also finance the expanded democratic development initiatives discussed above, and it will provide a significant share of the funding for the Peace Scholarship programs in Central America, the Caribbean and South America. In addition, projectized ESF will support infrastructure restoration and development and private sector programs.

In the Development Assistance (DA) category, for which a total of $371.6 million is proposed, agriculture, rural development, and nutrition programs account for $144.5 million, or 39% of the total. Our strategy in this sector seeks primarily to increase the income needed by poor rural families to meet their basic requirements for food and other needs. A.I.D. will also support agribusiness and agricultural export development programs. New activities in FY 1989 include an agribusiness training project in the Dominican Republic, an export promotion initiative in Bolivia, and a project to improve traditional export crops in Guatemala.

The population planning portfolio ($20.9 million, or 6% of the DA program) emphasizes the use of private sector mechanisms through a new private sector population program in Honduras and through ongoing projects in other countries.

A.I.D.'s health programs ($64.4 million, or 17% of the DA program, including $25.1 million for child survival programs and $3.0 million for programs to combat AIDS) emphasize improved efficiency of delivery systems for public health services and the development of private-sector delivery mechanisms. New activities include an LAC Regional project to provide health technical services support to the LAC Missions and a health care financing program in Belize.

Our activities in education and human resource development ($73.3 million, or 20% of the DA program) include support for training under the CAPS program for Central America, the Presidential Training Initiative for the Island Caribbean, and an Andean Peace Scholarship program as well as management, labor and vocational training programs. While the lack of basic education services is not as widespread as in other regions of the world, basic education programs have priority in countries where literacy rates remain low. The FY 1989 program includes significant support for the scholarship programs mentioned above as well as new projects to improve the education sector in Guatemala and to carry out employment-related training in the Dominican Republic.

The selected development activities portfolio ($68.5 million, or 18% of the DA program) is particularly important in the LAC region. It emphasizes a variety of private-sector initiatives and supports other important development activities. Tight funding restrictions for this account are not commensurate with its strategic importance in supporting programs in private sector development, assistance to small and medium-size enterprises, privatization, improvements in public administration, and efficient use and development of energy resources. New projects will support export promotion in Bolivia and Honduras, small business assistance and privatization in El Salvador, assistance to private enterprises by the International Executive Service Corps in Guatemala, and improved production technologies in the Dominican Republic.

Additional U.S. resources which provide critical support for our objectives in the LAC region will be made available under the P.L. 480 program, which will provide much-needed foreign exchange to help the balance of payments. Local currency generations from the sale of P.L. 480-financed foodstuffs are integrated with our overall DA activities and are used as tools in our policy dialogue on macroeconomic and sector policies. Donated food

addresses important nutritional needs by targeting the poorest and most vulnerable segments of the population. The FY 1989 request for P.L. 480 resources is $218.1 million, of which $172.0 million is for Title I/III and $46.1 million is for Title II.

Management Improvements

1. Management by Objectives (MBO). The MBO system established two years ago by the LAC Bureau has achieved several important management results. Most A.I.D. Missions have concluded that the MBO system, centered around the annual Action Plan, has helped to focus program decisions on Bureau goals and objectives, fostered better Mission-wide communications and consensus on program directions, and provided a useful basis for Mission-A.I.D./W discussion and decision-making on country programs. The Bureau plans further improvements in the MBO system in FYs 1988-1989: additional emphasis on past performance in judging the feasibility of future plans; use of performance indicators which facilitate realistic measurement of the development impact of A.I.D.-financed programs; more effective integration of food aid with DA and ESF resources to achieve program objectives; and closer linkage between workforce planning and decisions on program size and scope.

2. Delegation of Authority to the Field. The LAC Bureau continues its emphasis on delegating authority to field missions in order to improve program implementation and encourage initiative and accountability on the part of field managers. Within the approved country strategy and program, approval authority was delegated to the field in FY 1987 for 33 of 49 projects (66%). At the same time, to assure that country programs adhere to the highest management standards, during FYs 1987-1988 the LAC Bureau issued supplementary guidance on salary supplements, conflict of interest regulations, and use of PD&S funds, and A.I.D. issued worldwide guidance on local currency programming and management.

3. Portfolio Management. A.I.D.'s performance in implementing ongoing projects in the LAC region continued to improve in FY 1987. For the first time since FY 1982, project expenditures exceeded prior-year project obligations. The project portfolio liquidation rate of 41.4% also exceeded the 1980s norm of 31% to 39%, although it dropped from the FY 1986 high of 46.8%. The end-of-year pipeline in FY 1987 increased by $263 million from FY 1986, but this was due primarily to appropriation of the Central America Supplemental very late in FY 1987.

4. Financial Management. To strengthen financial management in our country programs, the LAC Bureau has reinforced the importance of financial audits and, in FY 1988, will initiate a financial management improvement project. The Bureau sent a directive to all field Missions requiring them to assure audit coverage of all projects. Given staff limitations, the LAC Bureau, working with the IG, authorized Missions to use CPA firms to perform audits, with funding for such audits to be incorporated in project budgets. In addition, the Bureau is designing a regional project -- the initial phase of which is now under way -- to assist Missions to strengthen host country financial management and audit capability.

5. Management Information System (LAC/MIS). Work on the Bureau's management information system is nearing completion. Automation procedures and computer programs supporting two of the system's major components are completed and are now being tested prior to coming on-line during the first half of FY 1988. One of these components tracks the production, clearance, and delivery of key project documents. The other supports the financial data contained in the LAC Missions' annual Action Plans and tracks progress against these plans during the operating year. A third major component, which will provide Bureau managers selected economic and social data, is in the advanced stages of development and is expected to be in operation by the end of the fiscal year.

6. Reducing Project Costs. A.I.D. has implemented several measures to contain or reduce the costs of development assistance programs. A new Training Cost Analysis (TCA) system is helping to assess and contain the costs of LAC training programs by providing closer and more systematic comparisons of the costs and services proposed by potential contractors. In addition, A.I.D. continues to promote cost-sharing arrangements with U.S. universities and has distributed to missions and contractors a directory of universities, including historically black colleges and universities (HBCUs), which are known for their cost effectiveness in training and their willingness to negotiate costs with A.I.D.

In the health area, A.I.D. is developing a standard methodology for cost analysis of technical assistance. This effort will identify areas where cost reductions or containment may be achieved without negatively affecting the quality of the technical services being provided. The increased utilization of micro-computers in population programs has reduced the administrative costs of logistics and record-keeping systems.

Special Concerns

1. Women in Development (WID). A.I.D.'s assistance programming strives to ensure that women are more fully integrated into all activities, that they more efficiently benefit from projects, and that they more completely participate in development programs at all levels. To further strengthen this commitment, A.I.D. has initiated a series of mission-specific WID workshops. Two workshops, in Bolivia and Guatemala, were held in October/November 1987, and a third is being planned for the Dominican Republic. This follow-up to the 1986 manual, Gender Issues in Latin America and the Caribbean, will support LAC staff in carrying out A.I.D.'s WID responsibilities more effectively.

2. Evaluation. Evaluation is a critical element in A.I.D.'s effort to ensure that project objectives are being met and to determine the impact of the overall program. In FY 1987 A.I.D. field missions in the LAC region completed 39 evaluations. In addition, three regional evaluations were prepared. Missions have planned 111 evaluations for FY 1988 and 89 for FY 1989.

A major thrust of A.I.D.'s evaluation program during FYs 1988 and 1989 will be the design and implementation of a series of comparative, cross-cutting evaluations to measure the impact of similar programs in two or more countries, as well as to identify lessons learned for future program

development. One of these is an evaluation, now under way, of the effectiveness of A.I.D.'s ESF cash transfer programs in Costa Rica, the Dominican Republic, Honduras, and Jamaica. In addition, field missions have planned a significant number of "program" evaluations to assess progress towards specific objectives set out in annual Action Plans.

Training will continue to be an important element in A.I.D.'s efforts to improve its evaluation work. Two regional evaluation workshops have been held by the LAC Bureau, one in Costa Rica in June 1986 and a second in Ecuador in October 1987. A third is planned for the spring of 1988. These workshops are designed to demonstrate the importance of evaluation in effective decision making and the use of evaluation as a management tool. They help to sharpen skills and assist in creating a mutually supportive network of A.I.D. and host country officers in the region involved in evaluation.

3. Private and Voluntary Organizations (PVOs). PVOs represent an essential resource in the implementation of A.I.D.'s development strategy throughout the LAC region. Their unique capabilities for mobilizing private resources and strengthening community participation in the furtherance of grassroots and microeconomic development serve to complement A.I.D. bilateral assistance. A.I.D. continues to give priority to PVO activities in child survival, small-scale enterprises, vocational training, innovative credit programs, agricultural production, human rights, and extension of health and education services in both urban and rural locations. During the past few years, DA and ESF resources devoted to PVO activities have averaged between $70 million and $80 million annually.

A.I.D. will continue to assist individual LAC missions to improve and expand their working relationships with PVOs. During this past year, the Guatemala Mission held a one-day workshop to permit an information exchange between the Mission and interested PVOs. The Mission and the PVOs agreed that it contributed to improved working relations and provided an excellent arena in which to share information about current and future activities. Given the success of this first workshop, A.I.D. intends to hold similar workshops in other LAC missions.

Because of growing staffing constraints, A.I.D. will explore the extent to which PVO umbrella organizations can serve as an efficient and effective mechanism for implementation, management, and evaluation of PVO activities. During FY 1988 A.I.D. intends to conduct an evaluation of PVO umbrella groups operating in the LAC region to extend this experience and lessons learned to other missions interested in funding umbrella organizations and strengthening those already established.

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

CP-89

REGION: BUREAU FOR LATIN AMERICA AND CARIBBEAN

COUNTRY	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	TOTAL FDAP	ECONOMIC SUPPORT FUND	INTERNAT. DISASTER ASSIST.
CENTRAL AMERICA											
BELIZE											
1986	8,764	2,150	50	2,250	---	---	650	1,750	6,850	1,914	---
1987	12,690	1,963	64	1,373	725	---	1,870	1,300	7,295	5,395	---
1988	7,400	3,400	20	1,000	530	100	850	1,500	7,400	---	---
1989	9,400	3,075	20	890	530	100	1,617	1,168	7,400	2,000	---
COSTA RICA											
1986	131,531	2,850	25	100	---	---	580	7,394	10,949	120,582	---
1987	159,570	8,922	230	306	---	---	2,032	5,614	17,104	142,466	---
1988	101,614	7,914	3,500	---	---	---	---	200	11,614	90,000	---
1989	82,000	9,693	850	---	---	---	980	477	12,000	70,000	---
EL SALVADOR											
1986	260,925	29,470	6,673	19,250	---	---	16,455	12,032	83,880	177,045	---
1987	413,927	40,345	1,286	12,166	3,932	---	13,452	11,249	82,430	281,497	50,000
1988	280,796	29,866	1,016	17,359	1,625	---	7,025	8,905	65,796	215,000	---
1989	252,700	27,719	1,200	17,370	1,100	---	7,360	12,951	67,700	185,000	---
GUATEMALA											
1986	84,746	19,165	2,867	5,098	1,600	---	6,704	1,447	36,881	47,850	15
1987	149,889	11,876	3,758	298	4,144	---	7,994	6,799	34,869	115,020	---
1988	108,072	14,750	5,135	300	2,810	---	587	4,490	28,072	80,000	---
1989	114,000	14,540	4,010	305	2,000	---	5,739	7,406	34,000	80,000	---
HONDURAS											
1986	105,556	26,678	5,236	5,847	---	---	4,529	2,018	44,308	61,248	---
1987	173,457	21,637	2,907	1,109	1,450	---	7,068	7,500	41,671	131,786	---
1988	125,000	22,450	3,040	1,951	4,000	---	4,541	4,018	40,000	85,000	---
1989	127,000	16,453	3,275	1,677	4,700	---	6,026	7,869	40,000	87,000	---
PANAMA											
1986	24,540	7,950	100	---	---	---	946	9,802	18,798	5,742	---
1987	8,385	2,481	219	438	---	---	4,486	761	8,385	---	---
1988	2,212	---	---	---	---	---	2,000	212	2,212	---	---
1989	---	---	---	---	---	---	---	---	---	---	---

COUNTRY	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	TOTAL FDAP	ECONOMIC SUPPORT FUND	INTERNAT. DISASTER ASSIST.
ROCAP											
1986	25,039	15,215	---	2,425	---	---	2,400	3,799	23,839	1,200	---
1987	36,527	12,951	---	1,112	50	---	3,048	14,106	31,267	5,260	---
1988	28,656	15,893	---	538	400	---	825	11,000	28,656	---	---
1989	24,500	15,120	---	102	---	---	2,009	7,269	24,500	---	---
CENTRAL AMERICAN REGIONAL											
1986	71,678	1,794	1,439	7,197	2,500	---	13,766	2,751	29,447	42,231	---
1987	19,949	1,277	1,035	2,028	693	---	11,816	582	17,431	2,518	---
1988	31,349	3,550	1,620	2,520	450	---	17,000	4,200	29,340	2,009	---
1989	33,600	2,044	2,500	559	350	---	16,148	1,999	23,600	10,000	---
SUBTOTAL CENTRAL AMERICA											
1986	712,779	105,272	16,390	42,167	4,100	---	46,030	40,993	254,952	457,812	15
1987	974,394	101,452	9,499	18,830	10,994	---	51,766	47,911	240,452	683,942	50,000
1988	685,099	97,823	14,331	23,668	9,815	100	32,828	34,525	213,090	472,009	---
1989	643,200	88,644	11,855	20,903	8,680	100	39,879	39,139	209,200	434,000	---
CARIBBEAN											
DOMINICAN REPUBLIC											
1986	66,501	9,097	2,449	1,249	---	---	6,531	7,175	26,501	40,000	---
1987	19,637	10,093	1,825	4,355	---	---	2,400	799	19,472	165	---
1988	32,526	7,470	1,496	1,907	500	300	2,525	4,493	18,691	13,835	---
1989	45,318	6,850	700	4,855	1,452	500	1,990	3,971	20,318	25,000	---
HAITI											
1986	46,059	10,226	3,454	4,142	2,400	---	2,250	2,100	24,572	21,321	166
1987	74,504	16,079	3,541	5,510	3,000	---	4,640	5,774	38,544	35,960	---
1988	19,800	9,260	---	1,420	1,000	200	5,900	2,020	19,800	---	---
1989	25,150	11,000	1,500	3,273	1,400	150	4,974	2,853	25,150	---	---
JAMAICA											
1986	83,550	7,720	1,030	2,109	---	---	3,691	10,950	25,500	58,000	50
1987	42,280	6,935	1,700	250	---	---	3,900	4,570	17,355	24,925	---
1988	17,389	8,000	950	410	---	250	3,633	4,146	17,389	---	---
1989	42,589	7,650	490	518	---	250	3,683	4,998	17,589	25,000	---
CARIBBEAN REGIONAL											
1986	49,275	8,900	1,700	1,400	---	---	2,700	9,000	23,700	25,575	---
1987	51,520	3,201	700	1,200	---	---	7,028	12,616	29,745	21,775	---
1988	22,346	8,154	1,050	890	---	300	6,588	5,364	22,346	---	---
1989	35,230	7,645	1,500	1,220	---	800	5,828	3,237	20,230	15,000	---
SUBTOTAL CARIBBEAN											
1986	245,385	35,943	8,633	8,900	2,400	---	15,172	29,225	100,273	144,896	216
1987	187,941	41,308	7,766	11,315	3,000	---	17,968	23,759	105,116	82,825	---
1988	92,061	32,884	3,496	4,627	1,500	1,050	18,646	16,023	78,226	13,835	---
1989	148,287	33,145	4,190	9,866	2,852	1,700	16,475	15,059	83,287	65,000	---

COUNTRY	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	TOTAL FOAP	ECONOMIC SUPPORT FUND	INTERNAT. DISASTER ASSIST.
SOUTH AMERICA											
BOLIVIA											
1986	32,284	13,714	30	2,348	500	---	4,520	3,850	24,962	7,177	145
1987	27,999	12,150	60	600	3,000	---	1,470	3,219	20,499	7,500	---
1988	28,207	8,440	77	390	4,740	100	1,835	5,305	20,887	7,320	---
1989	47,270	9,150	100	202	4,250	200	2,280	6,088	22,270	25,000	---
ECUADOR											
1986	47,321	10,890	987	5,334	---	---	4,750	5,144	27,105	20,216	---
1987	36,524	7,357	2,281	1,038	1,000	---	2,795	2,719	17,190	19,334	---
1988	15,678	6,000	1,300	867	1,950	---	3,100	2,461	15,678	---	---
1989	25,720	6,244	1,156	1,323	1,650	---	3,348	2,999	16,720	9,000	---
PERU											
1986	24,780	7,125	1,800	3,289	---	---	2,500	2,873	17,587	7,000	193
1987	19,638	5,256	2,000	1,299	2,500	---	1,150	2,045	14,250	5,333	55
1988	13,262	3,600	1,600	433	3,427	100	2,600	1,502	13,262	---	---
1989	17,270	4,700	2,290	507	3,175	100	3,090	1,408	15,270	2,000	---
URUGUAY											
1986	14,355	---	---	---	---	---	---	---	---	14,355	---
1987	12,152	---	---	---	---	---	---	---	---	12,152	---
1988	---	---	---	---	---	---	---	---	---	---	---
1989	---	---	---	---	---	---	---	---	---	---	---
SUBTOTAL SOUTH AMERICA											
1986	118,740	31,729	2,817	10,971	500	---	11,770	11,867	69,654	48,748	338
1987	96,313	24,763	4,341	2,937	6,500	---	5,415	7,983	51,939	44,319	55
1988	57,147	18,040	2,977	1,690	10,117	200	7,535	9,268	49,827	7,320	---
1989	90,260	20,094	3,546	2,032	9,075	300	8,718	10,495	54,260	36,000	---
LAC REGIONAL											
1986	47,591	5,122	2,401	2,594	500	---	20,118	5,892	36,627	8,215	2,749
1987	38,128	4,508	3,032	2,558	3,500	---	13,259	3,897	30,754	7,374	---
1988	44,525	2,500	1,290	1,960	4,000	650	14,225	4,900	29,525	15,000	---
1989	37,353	2,575	1,353	3,483	4,487	900	8,250	3,805	24,853	12,500	---
GRAND TOTAL											
1986	1,124,495	178,066	30,241	64,632	7,500	---	93,090	87,977	461,506	659,671	3,318
1987	1,296,776 1/	172,031	24,638	35,640	23,994	---	88,408	83,550	428,261 2/	818,460 3/	50,055
1988	873,832	151,247	22,094	31,945	25,432	2,000	73,234	64,716	370,668	508,164 4/	---
1989	919,100	144,458	20,944	36,284	25,094	3,000	73,322	68,498	371,600	547,500	---

1/ Above total includes $26,385,853 of prior-year deobligated funds reobligated in FY 1987.

2/ The above total for Development Assistance does not include $8,486,267 in local cost support.

3/ The above total for ESF includes $5,079,987 in local cost support.

4/ Includes $45,844,000 appropriated in FY 1987.

CENTRAL AMERICA

The Central American Initiative

The framework for U.S. economic assistance to Central America is provided by the Central American Democracy, Peace and Development Initiative (CAI), which grew out of the recommendations of the National Bipartisan Commission on Central America (NBCCA). The Commission, headed by former Secretary of State Henry Kissinger and composed of distinguished Americans of both political parties, found that the Central American crisis had its roots in long-standing problems of poverty, injustice and closed political systems. The NBCCA called for a short-term program to stabilize the economies of the region and long-term efforts to restructure them for sustained growth, to broaden participation in and sharing of the benefits of growth, and to strengthen the institutions and practices of democracy.

The Commissioners concluded that though "there is an urgent need for action, no quick solutions can be expected. The United States must make a long-term commitment and stick to a coherent and bipartisan policy." They also noted that while U.S. aid can make a difference, "solutions will depend upon the efforts of Central Americans themselves." The NBCCA called for a $24 billion effort, half to be in the form of U.S. Government aid and guarantees, over a seven-year period. The CAI proposed beginning with a $8.4 million U.S. aid effort over the five-year period 1985-1989 ($6.4 billion in economic aid and $2 billion in guarantees).

The Overall Strategy

True to the NBCCA recommendations, the CAI has focused on arresting the disastrous economic decline of the early 1980s, putting in place the policies and institutions requisite to renewed and sustainable growth, ensuring that growth will be both a product of and contributor to broader participation in the economic and social gains, and strengthening democratic institutions and human rights. Initial funding for the CAI began in late 1984. In October 1986, the Congress asked for a report of the status of the program and the Administration's plan for fully funding the NBCCA's recommendations. The Full Funding Report (FFR), submitted to the Congress on March 3, 1987, showed that CAI implementation was making significant progress, but was behind the NBCCA schedule. Progress was slower than expected, and some of the positive assumptions on which the Commission's time and funding estimates were based have been eroded. In particular, the last few years have been characterized by:

-- sluggish world economic growth which has limited demand for Central America's products;

-- continued low world prices;

-- the continued violence and general unstable military/security climate;

-- delays by the region's governments in implementing economic reforms;

-- slow recovery of private domestic and foreign investment; and

-- little increase in international and bilateral aid.

On the positive side the FFR noted:

-- democratic governments well in place in the "core four" countries;

-- economic decline arrested everywhere except Nicaragua;

-- broad acceptance that a strong private sector was essential to renewed growth;

-- significant progress in organizing for export-led growth; and

-- significant gains in child survival, health, family planning and education.

The FFR concluded that, given the slower-than-expected progress and U.S. Government budgetary constraints, the time frame of the CAI should be extended three years to 1992 and total appropriated funding levels raised to $6.9 billion over the 1985-1992 period. It recommended that annual funding levels from 1988 onward be reduced substantially from the initial $1.2 billion level of the CAI, declining from $829 million in FY 1988 to $479 million in FY 1992.

Economic Stabilization

The NBCCA hoped to see economic stabilization accomplished by the end of 1986. Specifically, it was hoped that violence would have been greatly reduced, appropriate exchange rates adopted, balance-of-payments current account deficits lowered, government spending brought under control, and external arrears paid or rescheduled.

Stabilization has not been fully achieved. El Salvador's economy continues to face serious problems of internal and external balance. Panama's economy has become destabilized as a result of that country's political crisis. The disastrous policies of the Sandinistas have severely damaged the economy of Nicaragua and greatly diminished its role in the regional economy of Central America. However, stability was maintained or strengthened elsewhere in the region.

Fast-disbursing U.S. Economic Support Funds (ESF) and P.L. 480 assistance have played a major role in the region's success in reversing the decline in the gross domestic product (GDP) which characterized the early 1980s. Following declines of 4.3% in 1982 and 0.5% in 1983, regional (excluding Nicaragua and Panama) GDP grew by an average annual rate of 1.5% over the next three years. The estimated 1987 growth rate of 2.7%, an encouraging improvement, matches the region's population growth rate.

The strongest economic performers in 1987 were Belize (4.8%), Honduras (4.0%, aided by unusually favorable growing conditions in the agricultural sector), and Costa Rica (3.7%, where nontraditional exports continue to

grow rapidly). In Guatemala, where GDP declined by 0.2% annually during 1984-86, the economy grew by an encouraging 2.3% in 1987, with sound government policies and stronger private sector confidence both playing important roles. El Salvador's economy, still plagued by civil war, the aftermath of a severe earthquake, and serious government-business differences on economic policy grew by an estimated 1.5% in 1987, only marginally better than in 1986. In Panama, GDP fell by an estimated 2.0%. Nicaragua, in sharp contrast to the "core four" Central American countries and Belize, has been experiencing declining production, skyrocketing inflation, food shortages in urban areas, and large-scale emigration of skilled human resources.

Despite overall improvements in the region, GDP growth performance remains significantly below what the NBCCA hoped it would be by this time. The major reasons are the following:

-- The political and military situation remains unsettled. The NBCCA had projected that insurgency in El Salvador and the destabilization caused by the Sandinista government in Managua would largely be resolved by 1986. This has not happened. Though the Peace Accords may eventually lessen political tensions, they are likely to have only a modest effect on the economic and investment climate in the near term. Another factor--which the Commission could not have foreseen--was the reversal for democracy in Panama and its economic consequences.

-- Capital flows into the region, official and private, are lagging. The NBCCA estimated that total inflows of aid and investment of $24 billion would be required to achieve a 3% per capita growth rate by 1990. As noted earlier, U.S. aid has been slowed by our deficit problem. World Bank financing has been significantly lower than anticipated. Lack of viable rescheduling agreements between Honduras and Costa Rica and their foreign bank creditors has hampered flows from these sources, though debt swap mechanisms appear to hold promise for removing a small portion of the overhanging debt. El Salvador, however, is now receiving fairly substantial aid for its $1 billion-plus earthquake reconstruction effort. Repatriation of capital sent abroad earlier has been only a trickle. Inputs of new foreign investment have lagged considerably, while domestic investment is recovering somewhat.

-- World demand remains depressed. Though 1986 saw a brief recovery for coffee, international prices for the region's chief export fell in 1987 to the low levels of 1982-84. U.S. sugar quota cuts have forced continued declines in plantings for this historically major export earner and provider of employment. Cotton showed some resurgence during 1987, but the medium-term outlook is uncertain. While the growth of nontraditional exports has been impressive and holds real hope for the future, these products will not fill the income or employment gaps until they grow to represent a much larger portion of total exports, a process which will take a number of years of further progress.

-- Economic reforms have been slower than anticipated. Coherent economic programs are in place in Guatemala, Belize and Costa Rica. Honduras' internal program has improved significantly in the past year, but the

foreign exchange regime, while becoming more flexible, still limits export competitiveness, and the fiscal deficit remains large. El Salvador's economic decline was reversed in 1983, but economic recovery remains slow as the war continues and as President Duarte and the private sector remain at odds on economic policy. Panama is experiencing renewed fiscal problems, and policy reform has come to a halt during its political crisis.

Nevertheless, significant strides have been taken in several key areas:

-- Exchange rates have been effectively adjusted in Guatemala and Costa Rica, while a parallel rate partially compensates for an overvalued currency in Honduras. El Salvador's major adjustment of 1986 has been seriously eroded by the lack of subsequent adjustments. Panama, whose currency is the U.S. dollar, and Belize do not present problems.

-- Government deficits have been significantly cut in most of the region, and further steps are under way. In Belize the deficit (after grants) has been reduced from 6.0% of GDP in 1980-84 to 2.0% in 1985-87. Costa Rica has cut its deficit from close to 14% of GDP in 1981 to an average of just over 1% in 1986-87. In Honduras the fiscal deficit fell from nearly 12% of GDP in 1982-84 to about 7% in 1986-87. Guatemala is trying both to curb its fiscal deficit and to raise the added revenues needed for the Cerezo government's growth-with-equity program. War-torn El Salvador, attempting to hold down deficits, has adopted a series of rate hikes for government utilities and has pledged expenditure cuts and improved tax collections in 1988.

-- Foreign payment arrears. The debt problems of Costa Rica and Panama, both of which have external debts close to $4 billion, have continued to mount. Costa Rica, despite two reschedulings and resumption of partial interest payments on private debt, continues to fall further behind. Panama had been making significant progress with its debt, largely with the international banks, until 1987 when negative political events resulted in heavy capital outflows. In June, it ceased payments to its official creditors. Honduras, also with an arrearages problem, recently negotiated an agreement with its private bank creditors, but it now has significant arrearages in its obligations to several international financial institutions.

On the whole, however, progress is being made towards achieving our stabilization objective. Therefore, A.I.D. intends to shift the focus of economic assistance toward sectoral and institutional impediments to sustained growth and to a wider sharing of the benefits of growth. Similarly, the focus of A.I.D.'s policy dialogue with Central American governments will shift toward those issues and impediments whose resolution should have a substantial impact on agricultural production, the quality of educational systems, the efficiency and outreach of basic health care services, and other dimensions of growth and equity. We expect these shifts to occur first in those countries where progress in stabilization is most advanced, i.e., Costa Rica and Guatemala.

Policy Reforms to Bring About Sustained Growth

The CAI, as originally designed, foresaw Central America achieving sustainable per capita economic growth by the end of the 1980s. It was assumed that correct government policies, increased domestic and foreign private investment, substantially higher inflows of public and private capital, and accelerating nontraditional exports would generate an annual GDP growth rate of 6% beginning in the 1990s. Achievement of this target is doubtful. The FFR now projects that a more modest 5% growth rate is attainable by 1992. This rate of growth, however, would be well ahead of the population growth rate of 2.7%.

Private Investment: Private investment as a percent of regional GDP stood at 13.0% in 1980, fell to 7.6% in 1982 and 1983, and recovered to an estimated 10.6% in 1987. Costa Rica's private investment rate was 17% in 1980 and has held steady at about that rate throughout the 1980s. In El Salvador, the private investment rate has risen from 6%-7% during 1980-83 to 10% in 1986 and 1987. In Guatemala it rose from 7% in 1983 to 9% during 1984-86 and an estimated 10% in 1987. The private investment rate in Honduras, which had fallen to barely over 4% in 1982-83, recovered to nearly 9% in 1987. Panama's investment rate, which had begun to rise from its low of 10% in 1984, suffered a setback of a still undetermined amount in 1987.

Non-traditional exports: Progress is very encouraging. For years, lulled by strong world markets for their few traditional exports and protected at home by high tariffs against foreign competition for Central American markets, the entrepreneurs and investors of the region had little interest or need to compete in world markets. These attitudes have been changing during the 1980s. Confronted by depressed world prices and a devastated Central American Common Market, and encouraged by the provisions of the Caribbean Basin Initiative and higher levels of U.S. aid, the private sector has begun a transition. There is a growing consensus that Central America must and can compete in the world marketplace.

Increasingly, A.I.D.'s policy dialogue and program is shifting from the problems of stabilization to those which impede the export thrust. A.I.D. is working with governments and private sector leaders at both the country and regional level to streamline investment rules and regulations and to put in place new credit mechanisms for large, medium-size and small producers alike. Progress is being made. Costa Rica leads the way with nontraditional exports growing at 19% per year, from $142 million in 1982 to an estimated $350 million in 1987. In the region, nontraditionals as a portion of overall exports have grown from 21.6% in 1983 to 34.6% in 1987. We project that they will reach 40% of total exports by 1992 if current market trends continue and regional political and security conditions improve.

Privatization: Another aspect of improving the investment climate (and reducing government deficits) has been the divestment of costly government business enterprises to the private sector. Divestiture programs are well under way in Costa Rica and Honduras, where over 60 parastatal companies will be sold or liquidated. Panama and Belize have also begun to dispose

of several corporations, and El Salvador is planning to follow suit. Fortunately, the parastatal issue is not of major importance in Guatemala. An example of the impact privatization can have is Costa Rica, where losses of the parastatals, which accounted for 30% of the public sector deficit a few years ago ($64 million in 1984 alone) have been eliminated.

Spreading The Benefits of Growth

Rapid economic growth is the most important vehicle for achieving adequate standards of living for the people of Central America. The region has seen rapid growth in the past, most recently in the 1960s and 1970s, when social infrastructure was greatly expanded and indices of well-being significantly improved. Income gains, however, were not broadly distributed in some countries. The CAI attempts both to raise income by increasing the number of individuals involved in the growth process and to ensure that the benefits of this growth are widely shared.

Small Business

The NBCCA called small business the "backbone" of the Central American economies, with a key role to play in putting people to work and giving them a greater stake in their countries' economies. All A.I.D. Missions in Central America have undertaken projects to pursue this objective. The projects include a variety of activities to invigorate and expand small businesses by providing training, technical assistance, and special lines of credit and loan guarantees which are opening the doors of the private banking system to these small borrowers. In Honduras, for example, the National Development Foundation is providing technical assistance and loans and proving very successful. In a period of a year and a half, 430 loans were made, resulting in the creation of 623 new jobs while maintaining 1,319 jobs which might otherwise have disappeared. The beneficiaries in Honduras as well as in other countries are experiencing increases in production, sales and income.

Education

The NBCCA education goals include: scholarship training in the United States for 10,000 students, partially offsetting the large number of young men and women being trained in the Soviet Union and other Eastern Bloc countries; achieving universal access at the primary level by 1990; improving quality and efficiency of primary education services by improving teacher skills, providing adequate texts and didactic materials, and upgrading physical facilities at the primary level; improving and expanding vocational skills training; strengthening major universities; and initiating a Spanish-language textbook program at the university level.

Significant progress is being made in implementing these recommendations:

-- Over 6,200 Peace Scholars (22% long-term) have been trained or are in training under the Central American Peace Scholarships (CAPS) project. In addition to technical and professional training, they also have an opportunity to view firsthand the democratic institutions and processes functioning in a well established democracy, the United States.

-- A.I.D. Missions in El Salvador, Guatemala, Honduras and Costa Rica have initiated projects and activities responsive to NBCCA primary education objectives; four (Honduras, El Salvador, Costa Rica, and Belize) have initiated projects in vocational skills and management training; two (Guatemala and Honduras) are implementing adult education and literacy programs; and three (Guatemala, ROCAP, and CA Regional) have activities in higher education.

-- Since 1985, access to primary education in the region has increased from 90% to 92%; primary completion rates have risen from 56% to 61%; and the number of years to produce a sixth-grade graduate has declined from 10.5 to 9.5.

-- The availability and quality of primary education has improved; 43,000 teachers have been trained; over 5.3 million textbooks have been produced and distributed; and over 2,500 classrooms have been built or renovated.

-- Vocational skills and management training are being expanded; 3,500 individuals have been trained in vocational trades in Belize, Costa Rica, El Salvador, Guatemala, and Honduras; and 8,800 have received training in management in Belize, Costa Rica, El Salvador, and Honduras.

-- In the area of adult and nonformal education, four editions of a quarterly newspaper and 100,000 copies of a literacy primer were produced and distributed in rural Guatemala; in Honduras, sales of a weekly newspaper oriented toward the poor farmer and his family, who do not normally have access to farm information, have increased to 25,000.

-- In higher education, the first 36,000 textbooks were sold to university students in Costa Rica, Guatemala, and Honduras under the new Regional Technical Aids Center (RTAC) II project. In Guatemala 150 highlands Indian students received scholarships to study at a Guatemalan University. The ROCAP-managed Regional Export Management Training project has trained 50 university professors in the development of export promotion curricula. ROCAP and the A.I.D. Mission in Costa Rica are working together to establish a new regional undergraduate Agricultural College for the Humid Tropics (EARTH). Curriculum development is under way, construction will begin in 1988, and EARTH should open on schedule in 1989.

Health and Nutrition

The NBCCA called for the development of a sustainable capacity in each country to provide vulnerable populations with oral rehydration therapy, immunizations, and other important child survival interventions in nutrition and birth spacing. Malaria control, potable water and sanitation systems were also part of this comprehensive strategy.

A.I.D.'s major health and nutrition objective is the reduction of the infant mortality rate (IMR) from an estimated 65 per thousand live births in 1984 to 55 in 1990. Recent statistics demonstrate that the regional IMR trend is strongly downward; although care must be taken when attributing

these declining rates to improved health services, it is clear that real progress is being made.

Control of Diarrheal Disease

-- The Nutrition Institute for Central America and Panama (INCAP), with ROCAP funding, continues a major region-wide and country-specific initiative to increase the use of oral rehydration therapy (ORT), growth monitoring, and improved feeding practices. In Guatemala, Honduras, and El Salvador major programs are strengthening the capacities of Ministries of Health to provide information on the causes and effects of diarrhea as well as to promote the use of oral rehydration salts.

-- In Honduras, increased access to improved water and sanitation and the introduction of ORT appear to have been instrumental in reducing diarrhea mortality by 40% to an estimated 950 deaths annually.

-- In El Salvador, the Ministry of Health has launched a series of mass media campaigns to promote ORT use, prevention and treatment of respiratory infections, immunization programs and breastfeeding.

-- Guatemala will begin local production of ORT solutions, training of personnel, and establishment of ORT treatment and follow-up systems.

Immunizations

-- Through a $20.6 million regional agreement with the Pan American Health Organization (PAHO), A.I.D. is participating with the Inter-American Development Bank (IDB), United Nations International Children's Fund (UNICEF), and Rotary International in a five-year program of expanded immunization for critical diseases affecting children. One objective is to eradicate polio in the Americas by 1990.

-- In Honduras over 80% of children under five years of age have received the complete series of vaccinations.

-- El Salvador continues to consolidate and integrate multi-donor immunization programs. In 1987, of the 186,459 vaccinations of children under five years of age, 85% were provided through well-baby and immunization clinics and 15% through vaccination campaigns.

Nutrition

-- One of the largest A.I.D. nutrition programs is P.L.480 Title II, which in FY 1987 provided approximately $28.8 million in food assistance for maternal and child health, school feeding, Food-for-Work, emergency feeding and help to displaced persons through PVOs such as CARE and CRS.

-- INCAP, with ROCAP assistance, is working to maximize the beneficial impact of more than $90 million of food assistance received annually by Central America through bilateral and international programs, public and private.

-- Both regional and bilateral A.I.D. nutrition activities also focus on development of growth monitoring systems which complement ORT, immunization and supplementary feeding activities in each country.

Malaria

-- A Central America Regional project assists Central American countries to design and implement malaria control programs, conduct training and carry out operations research for cost-effective program interventions with technical expertise from PAHO.

-- The malaria prevalence rates and registered number of malaria cases continue to drop in El Salvador, in part due to A.I.D. technical assistance and supplies for malaria control. In Honduras malaria cases have been halved over the past five years.

Water Supply and Sanitation

-- An analysis of water supply and sanitation funding needs in Central America was completed in 1987. The assessment indicates that while considerable progress has been achieved in this sector since the CAI began, the percentage of the population with access to potable water will increase only from 57.5% to 60.8% by 1992. Sanitation coverage will increase from 52.5% to 56.1%. A.I.D. Missions in countries with low coverage are being encouraged to expand their efforts in this sector.

Family Planning: As Latin America's most densely settled region, Central America has recognized the need for reduced population growth. All Central American governments now provide access to voluntary family planning information and services. This right is formally recognized under national population policies and, in Guatemala, under the constitution. There is also recognition that longer intervals between births result in lower infant mortality.

-- Today, 43% of couples of reproductive age in Central America are practicing family planning. The number of family planning users will have increased from 1.3 million couples in 1984 to an estimated 1.7 million in 1988. By 1990 this figure should rise to two million.

-- Demand will grow even more rapidly over the next decade, with an estimated 5.2 million couples seeking access to family planning by 2000. Ensuring that at least 80% of those couples have easy access to a wide range of family planning services is now a common goal of Central American health and family planning agencies.

-- Most of A.I.D.'s population funding goes to private family planning agencies and includes contraceptive commercial sales programs in every country. These programs increase accessibility and affordability of contraceptives, provide greater choice to the consumer, allow for cost recovery, and reduce the burden on governments by having the commercial sector distribute contraceptives.

Agriculture, Rural Development, and Natural Resources

The NBCCA recommended a broad rural development effort aimed at raising rural income, employment, and production. Specifically, the NBCCA called for improved credit flows to small and medium-size producers, research and extension, measures to ensure equitable land distribution, rural infrastructure and support for the cooperative movement. The program in Central America touches all of these aspects of the Commission's report:

-- Increased agricultural productivity through technology continues to be a major objective of A.I.D. In Honduras, the Agricultural Research Foundation, an indigenous PVO, generates technology to support an agricultural export program. A ROCAP-managed project supports CATIE in the areas of natural resources and coffee tissue culture and pest control research. Innovative private extension systems, mainly through cooperatives, are being developed and implemented throughout the region, particularly to sustain small-farm production of coffee and cacao for export.

-- Agribusiness (Private Sector): Expansion of agribusiness and nontraditional exports is a common objective among the Central American countries. Each A.I.D. Mission has projects supporting research, transfer of technology, production, industrialization and marketing. ROCAP supports this bilateral effort by providing technical assistance and training in the areas of production, post-harvest handling, transportation, marketing and marketing information to the agricultural export associations in each of the Central American countries.

-- Human resource development and management training: Modernization of the rural sector in Central America and Panama has been hampered by a serious lack of professional and technical manpower. A joint ROCAP-USAID/Costa Rica Regional Agricultural Higher Education project will create a Regional Agricultural College for the Humid Tropics (EARTH) in Costa Rica while continuing to strengthen CATIE's graduate agricultural training program.

-- Access to land and infrastructure: A.I.D.'s objective of increased rural incomes and productivity depends heavily on facilitating small-farmer access to land and adequate infrastructure. Guatemala is pioneering in seeking alternatives to redistributive government programs by using the commercial land market. A.I.D. is providing funds to an indigenous PVO which purchases large farms on the commercial market and then resells them to smallholders or landless farmers in family-size plots.

-- Experience has shown that farmers who have a secure claim to their land are willing to invest in permanent crops or long-term improvements which increase productivity. In Honduras and Costa Rica, land titling activities are assisting many small farmers to secure fee simple titles to lands which in many cases they have been farming for many years.

-- Since 1980, A.I.D. has assisted the Government of El Salvador (GOES) to consolidate its agrarian reform by restructuring and improving the

efficiency of the land titling process, providing agricultural production and investment credit to cooperatives and individual small farmers, and providing technical assistance and extension services to the agrarian reform beneficiaries. In six years, over 87,500 Salvadoran peasants and their families (20% of the rural poor) have received and are farming approximately 22% of El Salvador's scarce agricultural land.

-- Expansion of secondary and farm-to-market roads continues to be an active program objective throughout the region. Belize, Guatemala, Honduras and Costa Rica, with A.I.D. financing, have built or refurbished 380 kilometers of these roads in the past three years.

Environment and Natural Resources

Environmental protection and wise management of the natural resource base is a necessary precondition for sustained development in Central America. A.I.D. has long recognized this precept, and environment and natural resource management activities are either ongoing or being planned throughout the region.

Examples of ongoing programs are the new $20 million forest management project in Honduras, to be implemented with the assistance of the U.S. Forest Service, and the ROCAP Regional Watershed Management and Integrated Pest Management projects, both being implemented by CATIE in Costa Rica. The latter projects provide assistance to and conduct research and trials in conjunction with national agencies concerned with agricultural development and the national management of key watersheds.

Our largest undertaking, the 10-year, $35.7 million Panama Natural Resources Management project, was not started in FY 1988 as originally planned due to the political situation in that country.

Democratic Initiatives

The U.S. goal in this area is to help the countries in their establishment and strengthening of participatory democracies throughout the region. Popularly elected civilian governments remain in place in Guatemala, El Salvador and Honduras -- countries long ruled by military regimes. Though facing multiple economic and social problems, these societies are moving steadily forward to strengthen the institutional and attitudinal underpinnings of their nascent democracies. The longstanding democracies of Belize and Costa Rica remain firm. Only in Panama has democracy been set back by continued strong-handed intervention of the military. As a result, we have terminated aid to the Government of Panama, though a small program with the private sector continues.

A.I.D. is currently developing a comprehensive, five-year democratic initiatives strategy for Latin America. The strategy, being developed in consultation with leading experts from Latin America and the United States, is intended to analyze the principal constraints to democratic development in the region, identify project areas for A.I.D. assistance to address these constraints where feasible, and establish specific objectives for

achievement by 1992. Primary responsibility for the program will be shifted progressively from A.I.D./W to embassies and A.I.D. missions in the field.

-- Most A.I.D. funding for democratization in Central America to date has been for projects aimed at strengthening the administration of justice. Since 1985, A.I.D. has obligated more than $36 million for these activities. These funds have provided over 60,000 student-days of training and 4,300 law books to Central American law libraries. Judicial sector assessments have been performed in all countries of the region. A special program, the International Criminal Investigative Training Assistance Program (ICITAP) is providing training in criminal investigation to judges, public defenders, and police acting under judicial or prosecutorial control. The program for police assistance is currently being administered by the U.S. Department of Justice under the policy guidance of the State Department. The overall Administration of Justice program is also concentrating on building a career judiciary based on merit pay.

-- Bilateral projects to strengthen legislatures, courts and election tribunals have been initiated in El Salvador, Guatemala and Honduras. A bilateral administration of justice project is now being designed in Costa Rica, while Belize (as a predominantly English-speaking country) participates in the Caribbean regional administration of justice project.

-- We are now moving to devote greater resources to strengthening the institutions of democracy and representative government, such as legislatures, election tribunals and the free press. In 1988, A.I.D. will begin a $12.28 million, seven-year project with Florida International University to upgrade and professionalize journalism in Central America.

-- We will continue to rely heavily upon Central American regional organizations (as opposed to U.S. institutions) for project implementation. The principal regional organizations involved in A.I.D. democratic initiatives projects have been the U.N. Latin American Institute for the Prevention of Crime and the Treatment of Offenders (ILANUD), the Inter-American Institute for Human Rights (IIHR), and the Inter-American Center for Election Assistance and Promotion (CAPEL), all based in Costa Rica. U.S. assistance is directed at strengthening the institutional base of these organizations while also financing specific program activities.

-- Although regional institutions are A.I.D.'s primary implementing agencies, U.S. and European institutions have been enlisted as well. Under A.I.D. auspices, Central American legislators have consulted with members of the U.S. Congress and the Massachusetts, Minnesota and Vermont legislatures and have participated in a conference conducted by the European Community (EC). The EC has also provided seed financing to the Central Americans as they move ahead with their plans to establish a Central American Parliament.

FY 1989 PROGRAM

The U.S. Government is requesting $736.2 million in economic assistance for Central America in FY 1989, including $434 million in ESF, $209.2 million in DA and $93 million in P.L.480 resources. The ESF program and attendant conditionality are concentrated on encouraging long-term growth and spreading the benefits of that growth, and on supporting democratic initiatives, including the administration of justice. The DA program includes sectoral programs in export development and agriculture. P.L.480 funding (along with local currency generations) will be focused on growth-with-equity issues and democratization, as described in the following country narratives.

THE CARIBBEAN

Overview

A.I.D.'s goals in the region are to assist the Caribbean countries to:

-- complete the process of economic stabilization in countries where this has not yet been accomplished;

-- undertake economic policy adjustments that will result in sustained economic growth led by private-sector investments, especially in agricultural diversification, other nontraditional export activities, and tourism;

-- achieve broad participation by low-income groups in the benefits of growth, especially through delivery systems that improve health status, promote child survival, and make family planning services more widely available; and

-- strengthen democratic institutions and respect for human rights, both by working directly with such institutions and by achieving a substantial increase and broader participation in training, especially in the United States.

These four goals are closely interrelated. For example, political stability, strengthening of democratic institutions and respect for human rights can best be achieved along with sustainable economic growth and social development, especially through the participation of the poor in the benefits of growth and development.

A.I.D. assistance programs in the Caribbean include Haiti, the Dominican Republic, Jamaica, and the Caribbean Regional program which covers Antigua-Barbuda, Dominica, Grenada, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines. All of these countries are democracies except for Haiti, the poorest country in the Western Hemisphere, where free elections -- scheduled to be held for the first time in over 30 years -- were cancelled on November 29, 1987 because of political violence perpetrated by opponents of democracy. The subsequent January 1988 elections in Haiti have not been accepted as democratic by the U.S. Government. As a result, the economic assistance program to the Government of Haiti was terminated. Assistance targeted to help the poor is being channeled through private and voluntary organizations, other nongovernmental organizations, and the private sector.

A.I.D.'s strategy for achieving the goals of economic stabilization and growth is to encourage economic adjustments and simultaneously to provide financial assistance to moderate their short-term negative impact, particularly on the poor. Over the medium and long term, prospects for sustained increases in economic growth and employment depend on measures to encourage capital inflows and to establish suitable environments for investment in agricultural diversification, nontraditional exports, and tourism. The role of the private sector in achieving these measures is crucial.

A.I.D.'s continuing policy dialogue, together with judiciously applied ESF budgetary support, has achieved economic policy reforms in a number of the countries in the region. In Jamaica, a comprehensive reform of the once steeply progressive personal and corporate income tax system was initiated, resulting in improved tax collections and a reduction in the overall public-sector deficit. The Dominican Republic, after prolonged policy dialogue and the withholding of A.I.D.'s budgetary support program in FY 1987, decided in November 1987 to unify the foreign exchange markets and remove exchange controls. In Haiti, A.I.D. budgetary support for the country's economic reform program in FY 1986 and FY 1987 facilitated a reduction in government expenditures, an improvement in financial controls over government expenditures through an anti-corruption effort, and a rewriting of the tax code to encourage investment. Finally, Dominica initiated an innovative and realistic tax reform program.

The Caribbean countries are making progress toward economic stabilization and recovery. Prospects for economic growth are good, provided that sound economic policies are maintained and adequate external financial assistance is available. For example, Jamaica's gross domestic product (GDP) which fell by 4.0% in Jamaica fiscal year 1985/86 rose by 3.7% in 1986/87, with further growth of 5.0% anticipated for 1987/88. In Haiti, a far-reaching program of economic policy reforms has been initiated, but now faces an uncertain future in the aftermath of the aborted elections of November 1987 and the subsequent flawed elections of January 1988. In the Dominican Republic, severe balance-of-payments problems continue, even though the Government of the Dominican Republic unified the exchange rate system in November 1987, and improved export competitiveness. The countries of the Eastern Caribbean, with Dominica in the lead, have begun economic policy adjustments supported by assistance from A.I.D., the World Bank, and the International Monetary Fund.

The United States is also seeking to promote the region's development through incentives for investment and nontraditional exports under the Caribbean Basin Initiative (CBI). While the level of exports to the United States during the first four years (1983-1987) has been lower than anticipated, a result of the drop in the price of bauxite and the shrinking market for sugar, nontraditional exports are expanding rapidly. For example, manufactured exports to the United States by Jamaica and the Dominican Republic grew at an annual rate of 76% and 25% respectively. Additionally, two new measures announced in 1986 have improved the future prospects for the CBI. One is a special program of guaranteed access levels for U.S. imports of textile products assembled in CBI countries from fabric formed and cut in the United States. To date, four countries (Dominican Republic, Haiti, Jamaica and Trinidad and Tobago) have signed agreements. A second is a revision of Section 936 of the U.S. Internal Revenue Code allowing qualifying CBI countries to be eligible as sites for investment using funds generated in Puerto Rico under the same law. To qualify, the CBI country must have in effect a Bilateral Tax Information Exchange Agreement. Jamaica and Barbados currently have such agreements.

The recent cuts in ESF availability to the Caribbean place severe restrictions on the A.I.D. program in the Caribbean. In effect, the elimination of ESF in FY 1988 to the Caribbean takes A.I.D. out of the

macroeconomic policy dialogue, A.I.D's highest priority in the Caribbean Region. Efforts designed to bolster the Caribbean Basin Initiative and achieve market-oriented economic policies will be greatly limited. Other programs which are dependent on ESF, such as the democratic initiatives, will be seriously undermined. In addition to the effects of the reduction in ESF will have on the region, the recently announced cut of 25% of the sugar quoted will heavily impact on the region. This reduction is on top of previous reductions totalling 40%.

FY 1989 Program Highlights

In pursuit of our goals, shared by all democratic countries in the Caribbean, we are requesting $65 million in FY 1989 Economic Support Fund (ESF) resources, $83.3 million in Development Assistance (DA), and P.L. 480 funding of $69 million.

-- ESF will provide balance-of-payments assistance in support of continuing economic policy reforms (Dominican Republic and Jamaica). In the smaller countries of the Eastern Caribbean the emphasis will be on continued development of productive infrastructure and economic policy reform measures.

-- DA projects will concentrate on private-sector activities in agricultural diversification, development and improvement of the production capabilities of small industries, improvement in efficiency of the delivery of social services, and training.

-- DA projects in Haiti, channelled through private voluntary and nongovernmental organizations and the private sector, will continue to expand basic education opportunities, improve the health and nutritional status of the rural and urban poor, especially children, and create employment opportunities.

-- Training programs throughout the Caribbean will be continued with emphasis on training in the United States, particularly through the Presidential Training Initiatives for the Island Caribbean program.

SOUTH AMERICA

Overview

The United States has an important stake in the survival of democracy and renewed economic growth in the Andean countries of Ecuador, Peru and Bolivia. Severe poverty, high debt levels, continued low prices for primary exports and natural disasters have plagued each of these countries. In Peru and Ecuador terrorism and armed insurgents threaten constitutional order, and in all three countries narcotics traffickers exercise a destabilizing influence. In spite of these problems, respect for the democratic process and the rule of law continues within the region. However, the democratic tradition is not strong, and a failure of the Andean countries to promote economic growth and equity could lead to a return to more authoritarian rule, costly economic policies and increased narcotics flows to the United States.

The Andean countries are important because of their geographic location, their natural resources, their leadership in Latin America, and their participation in the fight against illegal drugs. Trade relations between these countries and the United States are significant, and U.S. companies have large investments in the region. The countries are favorably oriented to the United States and share common western values. However, this commitment to democratic values is being challenged, both by narcotics traffickers and by leftist extremists. In the case of Peru, Soviet penetration, combined with the fanatical and violent Sendero Luminoso movement, could alter Peru's traditionally pro-Western orientation and imperil U.S. strategic interests.

Objectives

A.I.D.'s objectives in the region are to:

-- halt economic decline and achieve positive annual economic growth rates;

-- expand the contribution of the private sector to development;

-- increase agricultural production for domestic consumption and agroindustrial export;

-- improve health conditions in the region, with special emphasis on child survival;

-- develop alternative employment and income opportunities for former narcotics producers, and develop greater awareness of the problems of narcotics production and trafficking;

-- expand participation of low-income groups in the benefits of economic growth;

-- increase the number of potential leaders trained in the United States;

-- strengthen democratic institutions, including the judicial systems.

Economic Overview

Extreme poverty is pervasive throughout the Andean region. Per capita GDP in Bolivia is little more than $500 per year, and skewed income distribution is a major problem in Ecuador and Peru. Per capita gross domestic product (GDP) in Peru and Bolivia has fallen to the level of 1960. The provision of health services has not kept up with the growing population, which is increasing at a rate of over 2.5% in the region. The infant mortality rate exceeds 120 per 1000 in Bolivia and 90 in Peru. In Ecuador only 50% of the people have access to potable water, and that is the highest rate in the Andes. All three countries need to accelerate their efforts to provide basic immunization and other preventive services to reduce high rates of infant mortality. Malnutrition and hunger are also continuing problems in the Andean countries. In addition, illiteracy continues at an unacceptably high level, and declining government revenues in all three countries reduce their ability to address this fundamental development constraint.

In the early 1980s the Andean countries suffered a severe economic downturn from which they have not yet recovered. The decline was caused by: (a) a sharp fall in prices for primary mineral and agricultural exports, (b) devastating floods and drought wrought by the El Nino ocean current, (c) the burden of external debt and rising interest rates, and (d) inappropriate economic policies.

Program Accomplishments and Progress in Recent Years

The responses to these economic challenges by the governments of Bolivia, Ecuador and Peru have varied. Bolivia has implemented a very courageous reform program which it has sustained for the past two years. While the adjustment program has stabilized the economy, short-term growth prospects are not good without continued outside help. ESF and P.L. 480 resources have enabled the government to continue its market-based economic reform program in the face of severe unemployment, social and political tension, and unfavorable markets for its primary exports. A.I.D.-financed agricultural credit has helped over 10,000 farmers to maintain and increase farm production, and the country has remained self-sufficient in all food commodities except wheat. Some 20,000 female artisans under an A.I.D. handicraft project are producing goods for the export market and earning foreign exchange from nontraditional sources.

The market-oriented, private sector approach of the Ecuadorean Government has not been sufficient to offset declining revenues due to a major drop in world oil prices and a severe earthquake in March 1987, which halted oil production for six months. Nevertheless, Ecuador has continued a dialogue with international creditors and recently entered into a new IMF standby agreement. ESF assistance has been important in reinforcing the Government's economic adjustment program, which includes the introduction of market-determined foreign exchange and interest rates and agricultural policies leading to the elimination of price controls. A.I.D. has supported the establishment of an agricultural commodities exchange, has helped increase the income of many small sheep farmers by 50% through

improved breeding stock, and has assisted in the reforestation of indigenous communities and establishment of a forest protection system. Assistance in the health sector has reduced the prevalence of malaria by 50%, and the number of children provided with basic immunization has increased from 46% to 80% in the past 18 months. Over 54,000 campesinos have benefited from potable water activities.

Peru's demand-led growth program boosted the Peruvian economy by 8.5% in 1986, but resulted in an unsustainable balance-of-payments position. Sustained economic growth will require major policy reforms. In spite of these difficulties, A.I.D. has been able to continue its effort to increase agricultural production by helping to improve the agricultural planning, research and extension system. This system, now beginning to function, will serve over 1.2 million farmers in the coast, highlands and jungle. In health, A.I.D. has supported a rural water and sanitation project that will build over 1,200 water systems for about 5% of the rural population. Progress in helping farmers adopt alternatives to coca production has been hampered by unsettled security conditions in the Upper Huallaga Valley, but narcotics awareness activities continue to develop a constituency supporting more effective drug enforcement action.

In the late 1970s A.I.D. was instrumental in helping Peru to develop the first government-articulated family planning policy in South America. This policy is now being vigorously implemented with the active support of the Peruvian President and cabinet members. A.I.D. continues to support both the public and private sector in this endeavor.

Advanced Developing Countries

A.I.D. is carrying out a modest program to promote increased cooperation and an expanded partnership among U.S. public and private institutions in some of the more advanced developing countries (ADCs) in Latin America. This involves Mexico, Brazil, Colombia and Paraguay, in which resource transfers and traditional technical assistance are no longer appropriate. A.I.D. activities in the ADCs are designed to acquaint potential leaders with our societal and cultural values, develop trade and investment relations between the United States and the host country private sector, and increase the utilization of U.S. technology. In these countries, selected A.I.D. training, science and technology, and population activities complement public and private sector efforts to expand access to U.S. technology and further develop their human resource base. A.I.D. funding is provided for these ADC activities from the Intercountry Technology Transfer project (598-0616) in the LAC Regional Program, and from centrally funded programs.

In Mexico, A.I.D. is assisting private family planning organizations and providing modest training, technical assistance and seed grants needed for development of micro- and small enterprises. A.I.D. is also helping to develop Mexican institutional capacity to provide third-country training and technical assistance in critical development areas. A large Section 416 program provides food commodities to support a variety of development programs in agriculture and health.

In Colombia, A.I.D. is assisting the country's largest private family planning program, providing training in the United States under the Andean Peace Scholarship Program; and facilitating training, technical assistance and collaborative research in micro-enterprise development and the administration of justice.

In Brazil, A.I.D. supports activities only through PVOs. Activities include support for the large and effective private-sector family planning program, which reaches some 65% of fertile couples. A.I.D. is also assisting in agricultural research and in reducing infant mortality. Training in science and technology is a major element of this program.

The A.I.D. bilateral program in Paraguay was phased out in FY 1984. Under the ADC program, cooperation with that country emphasizes human resource development and private sector technology transfer. It also incorporates centrally funded resources for small-scale programs in family planning, the environment (in conjunction with the Peace Corps), and women-in-development activities.

FY 1989 Program Highlights

-- A.I.D. is requesting $36 million of ESF assistance to support continued economic policy reforms in Ecuador and Bolivia and to finance anti-narcotics programs and human resource development in Peru, and administration of justice projects in the three countries.

-- A.I.D. is requesting $54.3 million in Development Assistance to support efforts to improve agricultural production and marketing, promote the role of the private sector in economic development, and improve health conditions, with special priority for child survival activities.

-- ESF and DA resources will be complemented by $33 million in P.L. 480 Title I/III resources, which will promote economic policy reforms, particularly in the agricultural sector, while easing balance-of-payments deficits. A.I.D. also proposes to provide $23.1 million in Title II resources for child feeding and MCH programs in the region.

-- A.I.D. objectives in South America complement A.I.D. strategy worldwide by emphasizing private-sector participation in the development process, encouraging greater reliance on market forces and competition as promoters of economic efficiency, and furthering overall U.S. efforts to halt illegal drug production at the source.

PROGRAM SUMMARY (In millions of dollars)		
FY 87 Actual	FY 88 Estimated	FY 89 Request
468.6	470.6	463.1

CENTRALLY-FUNDED PROGRAMS OVERVIEW

Centrally-funded programs provide essential technical support to A.I.D.'s economic assistance programs and development objectives through basic and applied research, development and testing of appropriate technology, private enterprise activities, cooperative development, development activities directed through private and voluntary organizations, international disaster assistance and coordination and guidance for the Agency's participant training programs.

Addressing cross-cutting developmental problems, these programs are utilized by A.I.D. programs in all geographic regions. They strengthen A.I.D.'s ability to confront difficult constraints to economic and social progress in the developing world, such as: inadequate agricultural technologies, which stymies agricultural sector growth sufficient to keep up with basic nutrition levels and high population growth rates, population pressures and lack of institutionalized training, education and health services.

In addition to the innovative, adaptive approaches channeled through bilateral country programs, funds are made available to centrally-funded programs involved on the "cutting edge" of new technologies and efforts to adapt them to developing countries' political, social and economic realities. This is especially true for activities under the Science and Technology Bureau and the Bureau for Private Enterprise. Some programs are also centrally funded because of their global focus, and because of the efficiencies of consolidated central management. They:

-- Supply technical expertise to A.I.D. regional bureaus and field missions worldwide to assist developing countries in specialized fields such as agricultural production and rural development, population planning, nutrition, renewable and conventional energy, disaster preparedness, environmental activities, privatization, financial market development, and the utilization of private enterprise to achieve development objectives;

-- Seek new solutions to development problems by financing experimental projects and pilot programs, developing and exploring new applications of science and technology and private enterprise, and evaluating the success of past initiatives;

-- Provide guidance and impetus to the Agency's private sector development initiative which seeks to make a vital contribution to

economic growth and social development through job creation, the transfer of technology and management skills, and increased productivity.

-- Support non-governmental development activities through assistance to cooperatives, private voluntary organizations and other private sector intermediaries;

-- Provide emergency relief and rehabilitation assistance to countries stricken by natural disasters and other emergencies;

-- Support schools, libraries and hospitals abroad funded or sponsored by private U.S. non-profit organizations.

-- Provide support the Agency's participant training activities, which grew to almost 17,500 participants in FY 1987.

Funding Solutions to Development Problems

Centrally-funded research and development programs concentrate on generic problems that cut across countries and regions, and that impede economic growth and social progress in developing countries. These activities fall into the following broad categories:

-- The transfer of existing scientific and technological knowledge to meet the special requirements of Third World development;

-- Basic and applied scientific research by cooperating institutions and individuals in the United States and in developing countries to address technological and social problems afflicting the rural and urban poor, including management and institutional constraints;

-- The development of innovative private sector program approaches that have a demonstration effect in recipient countries;and,

-- Evaluation programs to determine the impact on the poor of past and current development efforts, to improve policy planning, project design and implementation methodologies.

Applying Expertise to Selected Global Problems

A.I.D.'s centrally-funded activities help to increase the effectiveness and efficiency of bilaterally-funded field operations by providing support services in key technical areas to assist missions and regional bureaus in carrying out their country programs.

-- By managing contracts and other arrangements with universities, private firms and U.S. Government agencies to provide specialized technical assistance to missions and host governments in high priority development sectors such as agriculture, financial markets, forestry and fuelwood, education, health, child survival, privatization, financial markets, and family planning;

-- By initiating pilot projects that address key problems that field missions can replicate in other countries and regions;

-- By maintaining a core staff of multi-disciplinary specialists who can advise and assist missions and developing countries in planning, designing and implementing their programs; and,

-- By providing technical logistical support services that can best be performed centrally, such as the administration of the Agency's participant training program, contraceptive procurement, and the collection and dissemination of development information and statistical data.

Development through Private Enterprise

The private sector makes a vital contribution to economic and social development through job creation, the transfer of technology and management skills, and increased productivity to help developing countries achieve sustainable economic growth.

Through the central Bureau for Private Enterprise (PRE), A.I.D. carries out activities in support of enterprise initiatives and housing and urban development. Emphasis is on small/medium sized indigenous enterprises which have considerable impact on the achievement objectives:

-- PRE serves as a laboratory for innovative and experimental programs that capitalize on available business expertise, and utilize private enterprise, both LDC and U.S., to the maximum extent possible to achieve development objectives.

-- The Bureau works closely with field missions to develop country strategies and projects designed to utilize private enterprise as the mechanism for delivering assistance.

-- PRE focuses its efforts on removing impediments to private business growth; on financial market development; transfer, adaptation, and commercialization of technology; and divestiture and privatization.

Significant progress has been made since the private enterprise initiative was inaugurated. The policy framework for private investment has been improved in a number of countries; new capital market institutions have been created and the capabilities of existing institutions have been expanded; training programs for local entrepreneurs and business managers have been conducted. The Revolving Fund, approved by Congress in FY 1983, enhances the impact of private sector activities by providing loans to private financial institutions at market rates to fill gaps in developing country capital markets.

Development through Intermediary Organizations

Private assistance organizations have become invaluable members of the foreign assistance community, both as channels for the effective use of

U.S. contributions and as vehicles for bringing substantial private resources to the overall development effort. They have demonstrated a capacity for mounting programs that effectively meet the needs of the poor. A.I.D. provides centrally-funded assistance to the following types of intermediary organizations:

-- Private and Voluntary Organizations (PVOs) have established reputations as concerned and effective contributors to the U.S. development effort. Support of these organizations permits A.I.D. to share with the private voluntary community greater responsibility for implementing the nation's foreign assistance programs. These activities are described in more detail in the Private and Voluntary Cooperation narrative of this volume.

-- Cooperative Development Organizations (CDOs) in several sectors, including agriculture and housing, have proven to be effective in achieving development objectives through the promotion of cooperative and credit union development in LDCs. Activities funded are explained more fully in the Main and Central Volumes under the Agriculture and Rural Development and Private Voluntary Organizations narratives.

-- Population Cooperating Agencies, including private, indigenous and U.S.-based organizations have extensive experience and expertise in providing family planning services. Such private organizations help to diversify the services and information available to the poor and provide an important alternative to government-to-government programs.

-- International Agriculture Research Centers (IARCs) are linked with United States and LDC national research programs and form and important element in a global network of research centers that develop and supply scientific and technological expertise needed to expand world food production. There are 12 centers for which $40.0 million is requested in FY 1989 as the U.S. contribution

-- Institutions described in Title XII of the Foreign Assistance Act (U.S. land and sea grant universities and other eligible institutions) support the application of more effective agricultural technology to increase world food production.

FY 1989 Request

In FY 1989 A.I.D. is requesting a total of $463.1 million for the centrally-funded programs.

-- $273.1 million - Science and Technology Bureau, including $8.7 million for the Science Advisor, $20.0 million for UNFPA and $27.0 million for AIDs;

-- $81.1 million - Food for Peace and Voluntary Assistance Bureau, including $30.0 million for ASHA;

-- $25.6 million - Private Enterprise Bureau, including $8.5 million for the Private Sector Revolving Fund;

-- $25.0 million - Office of Foreign Disaster Assistance;

-- $16.4 million - Women in Development activities, U.S./Israeli Cooperative Development Programs, policy development and evaluations and Peace Corps activities;

-- $40.0 million - support of the International Agricultural Research Centers; and,

-- $1.9 million - Office of International Training.

SUMMARY OF PROGRAMS BY BUREAU AND APPROPRIATION
(IN THOUSANDS OF DOLLARS)

BUREAU	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
BUREAU FOR SCIENCE AND TECHNOLOGY										
1986	260,797	69,024	133,515	36,837	7,625	---	5,646	6,715	1,435	---
1987	252,825	64,761	114,965	47,870	13,999	---	5,738	4,492	1,000	---
1988	253,246	62,964	109,343	34,330	12,599	25,000	4,586	4,424	---	---
1989	264,400	61,948	115,000	32,666	17,309	27,000	4,757	5,720	---	---
BUR FOR FOOD FOR PEACE AND VOL ASSIST										
1986	83,917	22,291	---	6,500	7,300	---	2,064	12,267	---	33,495
1987	83,267	21,770	---	6,335	10,017	---	1,505	8,640	---	35,000
1988	93,816	23,132	---	6,410	12,656	---	4,600	7,018	---	40,000
1989	81,100	24,184	---	6,215	8,597	---	4,693	7,411	---	30,000
BUR. FOR PROGRAM AND POLICY COORDINATION										
1986	57,296	49,031	870	374	---	---	1,049	5,972	---	---
1987	49,932	43,918	503	1,197	---	---	1,498	2,816	---	---
1988	54,150	47,848	1,031	2,033	---	---	1,175	2,063	---	---
1989*	56,400	45,074	1,132	1,998	---	---	1,232	6,964	---	---
BUREAU FOR PRIVATE ENTERPRISE										
1986	40,817	7,243	---	420	---	---	---	17,754	---	15,400
1987	36,358	8,066	---	---	---	---	---	13,142	---	15,150
1988	19,843	6,084	---	335	---	---	---	10,424	---	3,000
1989	25,550	11,131	---	1,400	---	---	---	13,019	---	---
OFFICE OF US FOREIGN DISASTER ASSISTANCE										
1986	16,733	4,386	---	1,347	---	---	---	84	530	10,386
1987	30,322	2,000	---	---	---	---	---	---	---	28,322
1988	36,434	---	---	---	---	---	---	6,649	---	29,785
1989	25,000	---	---	---	---	---	---	---	---	25,000
OFFICE OF THE SCIENCE ADVISOR										
1986	15,110	---	---	---	---	---	---	15,110	---	---
1987	14,662	---	---	---	---	---	---	14,662	---	---
1988	13,262	600	---	---	---	---	---	12,662	---	---
1989	8,662	---	---	---	---	---	---	8,662	---	---
OFFICE OF INTERNATIONAL TRAINING										
1986	2,486	---	---	---	---	---	2,486	---	---	---
1987	2,240	---	---	---	---	---	2,240	---	---	---
1988	1,604	---	---	---	---	---	1,604	---	---	---
1989	1,900	---	---	---	---	---	1,900	---	---	---
TOTAL										
1986	477,156	151,975	134,385	45,478	14,925	---	11,245	57,902	1,965	59,281
1987	469,606	140,515	115,468	55,402	24,016	---	10,981	43,752	1,000	78,472
1988	472,355	140,628	110,374	43,108	25,255	25,000	11,965	43,240	---	72,785
1989	463,012	142,337	116,132	42,279	25,906	27,000	12,582	41,776	---	55,000

* Includes U.S./Israeli Cooperative Development Program

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

CP-89

REGION: BUREAU FOR SCIENCE AND TECHNOLOGY

OFFICE	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
AGRICULTURE										
1986	37,025	37,025	---	---	---	---	---	---	---	---
1987	32,050	32,050	---	---	---	---	---	---	---	---
1988	30,490	30,490	---	---	---	---	---	---	---	---
1989	30,500	30,500	---	---	---	---	---	---	---	---
NUTRITION										
1986	10,855	8,855	---	2,000	---	---	---	---	---	---
1987	12,391	7,216	---	2,675	2,500	---	---	---	---	---
1988	9,300	6,500	---	1,921	879	---	---	---	---	---
1989	9,400	5,800	---	2,600	1,000	---	---	---	---	---
ENERGY										
1986	6,744	1,300	---	---	---	---	---	4,009	1,435	---
1987	8,028	3,601	---	---	---	---	---	3,427	1,000	---
1988	10,000	6,466	---	---	---	---	---	3,534	---	---
1989	9,293	6,173	---	---	---	---	---	3,120	---	---
FORESTRY AND ENVR NAT RES										
1986	5,625	4,770	---	---	---	---	---	855	---	---
1987	6,426	5,894	---	---	---	---	---	532	---	---
1988	4,971	4,561	---	---	---	---	---	410	---	---
1989	5,000	4,300	---	---	---	---	---	700	---	---
RESEARCH AND UNIVERSITY RELATIONS										
1986	8,396	5,328	---	2,928	---	---	---	140	---	---
1987	8,394	5,394	---	3,000	---	---	---	---	---	---
1988	8,544	5,894	---	2,650	---	---	---	---	---	---
1989	8,800	6,100	---	2,700	---	---	---	---	---	---
RURAL AND INSTITUTIONAL DEVELOPMENT										
1986	9,605	8,587	---	---	---	---	125	893	---	---
1987	8,065	7,561	---	---	---	---	196	308	---	---
1988	7,799	7,620	---	---	---	---	129	50	---	---
1989	9,000	7,650	---	---	---	---	150	1,200	---	---

SUMMARY OF PROGRAMS BY COUNT(ID APPROPRIATION
(IN THOUSANDS OF D. ARS)

CP-39

REGION: BUREAU FOR SCIENCE AND TECHNOLOGY

OFFICE	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
EDUCATION										
1986	5,621	100	---	---	---	---	5,521	---	---	---
1987	5,592	150	---	---	---	---	5,542	---	---	---
1988	4,732	275	---	---	---	---	4,457	---	---	---
1989	4,832	225	---	---	---	---	4,607	---	---	---
HEALTH										
1986	39,917	450	---	31,842	7,625	---	---	---	---	---
1987	53,062	300	38	41,725	10,999	---	---	---	---	---
1988	63,099	---	---	29,759	11,340	22,000	---	---	---	---
1989	67,675	---	---	27,366	16,309	24,000	---	---	---	---
POPULATION										
1986	133,515	---	133,515	---	---	---	---	---	---	---
1987	115,427	---	114,927	---	500	---	---	---	---	---
1988	112,723	---	109,343	---	380	3,000	---	---	---	---
1989	118,000	---	115,000	---	---	3,000	---	---	---	---
PROGRAM OFFICE										
1986	3,494	2,609	---	67	---	---	---	818	---	---
1987	2,790	2,095	---	470	---	---	---	225	---	---
1988	1,583	1,158	---	---	---	---	---	430	---	---
1989	1,900	1,200	---	---	---	---	---	700	---	---
TOTAL										
1986	260,797	69,024	133,515	36,837	7,625	---	5,646	6,715	1,435	---
1987	252,825	64,761	114,965	47,870	13,999	---	5,738	4,492	1,000	---
1988	253,246	62,964	109,343	34,330	12,599	25,000	4,586	4,424	---	---
1989	264,400	61,943	115,000	32,666	17,309	27,000	4,757	5,720	---	---

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

REGION: BUR. FOR PROGRAM AND POLICY COORDINATION

OFFICE	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
ECONOMIC AFFAIRS										
1986	442	---	---	---	---	---	---	442	---	---
1987	425	---	---	---	---	---	---	425	---	---
1988	400	---	---	---	---	---	---	400	---	---
1989	400	---	---	---	---	---	---	400	---	---
EVALUATION AND DEV INFO										
1986	4,565	1,601	---	---	---	---	---	2,964	---	---
1987	4,240	2,273	---	581	---	---	597	789	---	---
1988	4,000	2,225	170	570	---	---	410	625	---	---
1989	4,000	2,104	572	580	---	---	460	284	---	---
POL DEV/PROGRAM REV										
1986	4,038	323	360	374	---	---	349	2,067	---	---
1987	3,332	949	173	366	---	---	411	1,428	---	---
1988	3,750	1,331	611	603	---	---	315	840	---	---
1989	3,000	970	310	385	---	---	255	1,080	---	---
WOMEN IN DEV										
1986	2,002	293	510	---	---	---	700	499	---	---
1987	1,935	696	325	250	---	---	490	174	---	---
1988	2,000	1,042	250	60	---	---	450	198	---	---
1989	2,000	800	250	233	---	---	517	200	---	---
CGIAR										
1986	46,249	46,249	---	---	---	---	---	---	---	---
1987	40,000	40,000	---	---	---	---	---	---	---	---
1988	42,000	42,000	---	---	---	---	---	---	---	---
1989	40,000	40,000	---	---	---	---	---	---	---	---
PEACE CORPS										
1986	---	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---	---
1988	2,000	1,200	---	800	---	---	---	---	---	---
1989	2,000	1,200	---	800	---	---	---	---	---	---

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

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REGION: BUR. FOR PROGRAM AND POLICY COORDINATION

OFFICE	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
U.S.-ISRAEL COOPERATION										
1986	---	---	---	---	---	---	---	---	---	---
1987	---	---	---	---	---	---	---	---	---	---
1988	---	---	---	---	---	---	---	---	---	---
1989	5,000	---	---	---	---	---	---	5,000	---	---
TOTAL										
1986	57,296	49,031	870	374	---	---	1,049	5,972	---	---
1987	49,932	43,918	503	1,197	---	---	1,498	2,816	---	---
1988	54,150	47,348	1,031	2,033	---	---	1,175	2,063	---	---
1989*	56,400	45,074	1,132	1,998	---	---	1,232	6,964	---	---

* Includes U.S./Israel Cooperative Development Program

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

REGION: BUREAU FOR PRIVATE ENTERPRISE

OFFICE	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
HOUSING AND URBAN DEVELOPMENT										
1986	5,615	---	---	---	---	---	---	5,615	---	---
1987	5,018	---	---	---	---	---	---	5,018	---	---
1988	4,750	---	---	335	---	---	---	4,415	---	---
1989	4,760	---	---	1,400	---	---	---	3,360	---	---
INVESTMENT										
1986	15,933	45	---	---	---	---	---	488	---	15,400
1987	15,633	---	---	---	---	---	---	483	---	15,150
1988	3,800	400	---	---	---	---	---	400	---	3,000
1989	9,000	5,236	---	---	---	---	---	3,764	---	---
PROGRAM REVIEW										
1986	1,572	---	---	---	---	---	---	1,572	---	---
1987	908	---	---	---	---	---	---	908	---	---
1988	733	367	---	---	---	---	---	366	---	---
1989	770	335	---	---	---	---	---	335	---	---
PROJECT DEVELOPMENT										
1986	17,697	7,198	---	420	---	---	---	10,079	---	---
1987	14,301	8,066	---	---	---	---	---	6,235	---	---
1988	10,560	5,317	---	---	---	---	---	5,243	---	---
1989	11,020	5,510	---	---	---	---	---	5,510	---	---
PRIVATE SECTOR COORDINATOR										
1986	---	---	---	---	---	---	---	---	---	---
1987	498	---	---	---	---	---	---	498	---	---
1988	---	---	---	---	---	---	---	---	---	---
1989	---	---	---	---	---	---	---	---	---	---
TOTAL										
1986	40,817	7,243	---	420	---	---	---	17,754	---	15,400
1987	36,358	8,066	---	---	---	---	---	13,142	---	15,150
1988	19,843	6,084	---	335	---	---	---	10,424	---	3,000
1989	25,550	11,131	---	1,400	---	---	---	13,019	---	---

SUMMARY OF PROGRAMS BY COUN AND APPROPRIATION
(IN THOUSANDS OF DOLLARS)

CP-89

REGION: BUR FOR FOOD FOR PEACE AND VOL ASSIST

OFFICE	TOTAL	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	POPULATION PLANNING	HEALTH	CHILD SURVIVAL	AIDS	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
AMER SCH/HOSP ABROAD										
1986	33,495	---	---	---	---	---	---	---	---	33,495
1987	35,000	---	---	---	---	---	---	---	---	35,000
1988	40,000	---	---	---	---	---	---	---	---	40,000
1989	30,000	---	---	---	---	---	---	---	---	30,000
FOOD FOR PEACE										
1986	10,011	10,011	---	---	---	---	---	---	---	---
1987	7,451	7,451	---	---	---	---	---	---	---	---
1988	6,006	6,006	---	---	---	---	---	---	---	---
1989	5,800	5,800	---	---	---	---	---	---	---	---
PRIVATE/VOL COOP										
1986	39,925	12,280	---	6,500	7,300	---	2,064	11,781	---	---
1987	40,317	14,319	---	6,335	10,017	---	1,505	8,141	---	---
1988	47,322	16,867	---	6,410	12,656	---	4,600	6,789	---	---
1989	45,100	18,334	---	6,215	8,597	---	4,693	7,211	---	---
PROGRAM MGT SUPPORT OFF										
1986	486	---	---	---	---	---	---	486	---	---
1987	499	---	---	---	---	---	---	499	---	---
1988	488	259	---	---	---	---	---	229	---	---
1989	200	---	---	---	---	---	---	200	---	---
TOTAL										
1986	83,917	22,291	---	6,500	7,300	---	2,064	12,267	---	33,495
1987	83,267	21,770	---	6,335	10,017	---	1,505	8,640	---	35,000
1988	93,816	23,132	---	6,410	12,656	---	4,600	7,018	---	40,000
1989	81,100	24,134	---	6,215	8,597	---	4,693	7,411	---	30,000

SUCCESS STORIES
AFRICA

The Gambia: The Soil and Water Management Unit Project (635-0202)

Taking a novel approach to promoting better conversation practices in The Gambia, the project has established a Soil and Water Resources Management Unit (SWRMU) within the Gambian Ministry of Agriculture and Natural Resources, which has gretaly facilitated the communication between farmers and government. Working at both a governmental and village level, the SWRMU has been highly successful in mobilizing more than 15 villages, comprising 15,000 people, in the preservation and recovery of previously eroded farmland.

The project has focused on training farmers in conservation practices, job training of SWRMU personnel, and construction of soil and water conservation structures. It has also played an important role in developing technologies that greatly improve production potential on rainfed rice land by halting erosion and sedimentation. Based on a survey of over 11,000 hectares by the Soil and Management Unit, a growing number of villages are adopting environmentally sound watershed management strategies.

A critical factor in the project's success has been the grassroots involvement in all stages of project implementation, from the planning stages to construction and maintenance. Through village participation in constructing simple earth dams and other watershed management structures, women have recovered about 700 hectares of upland cereal fields. Further, as a result of regaining abandonned farmland, villagers were able to increase food production for domestic consumption.

The Gambia's P.L. 480 section 206 program (635-0222):

The goa] of achieving food self-sufficiency is one held by many African nations. Through a strategic alteration of The Gambia's Policy and institutlonal environment under their 206 program. the Gambian government has made considerable progress toward eliminating future reliance on food aid.

In the critical area oF agricultural marketing, significant policy reforms have been evident in the establishment of new economic balances between food crop Production and imported food. and between cash crop production and the import of essential materials. The government has not only ended retail price contro]s on rice stopped the fertilizer subsidy, and opened the commercial rice and fertilizer trades to Private merchants, but has also removed Parastatal companies from these activities.

As markets have opened up, more than 18 private traders have begun importing rice, thereby eliminating the Frequent rice shortages previously plaguing the nation. Moreover the government is no longer expending its foreign exchange reserves on food imports. Rather, the local proceeds from the sale of food aid are being used to ensure that farmers receive fair market prices for their groundnuts, the principal foreign exchange earner for The Gambia.

The program is also supporting the government's efforts to rationalize the operations of the nations largest public enterprise, a produce marketing board. Divestment and Privitization of its assets and operations have already resulted in the sale of many of its properties to private businessmen. While the government has mandated that the board will operate according to commercial business practices, it has also agreed to pay the cost of any public services that the board is requested to perform The net result of these actions has been to make the board commercially viable enough to become an attractive investment for the private sector.

Liberia: Primary Health Care (669-0165) $15.0 million, 1983-1989:

With a severe shortage of health care workers and medical supplies in Liberia, the multi-faceted Primary Health Care Project was developed by A.I.D. to increase the proportion of rural Liberians with access to a comprehensive range of health care programs. The project has strenghtened the institutional health infrastructure both in urban and rural areas as well as in governmental and private service sectors. Having achieved significant progress in meeting project objectives, 59 Primary Health Care Advisory Councils have been established and staffed with health care workers trained under the project, and are supplied with the requisite drugs and materials.

The impact of the project has been dramatic. Prior to 1986, when villagers in small remote towns of Liberia brought their sick children to a health clinic, trained health workers were often unavailable to treat them. Even if someone was available there was rarely medicine to treat the illness. Today, in sharp contrast, there are trained Liberian health workers across much of Liberia, available to see patients and disburse drugs. With a total of 100 sites now participating in the project, the access of rural Liberians to health care services has been greatly improved.

At the same time as working at the village level, a newly established National Drug Service has created a system for resupplying the project aresa with drugs and materials and sticking pharmacies across much of rural Liberia. In addition, each community has invested $300 to capitalize the Revolving Drug Fund. This Fund is meeting basic needs for drugs in the project area.

Niger: Africa Population Success

On Niger's Republic pay, December 18, 1987, the new Head of State made a forceful statement in support of family planning and slowing the rate of population growth. This countinues a three year history of advocacy for family planning and population planning and population policy from Nigerien leaders, suggesting that a consensus has been reached among the government's leadership with respect to the population issue. A.I.D. support to population policy development appears to have materially contributed to the government's position.

As recently as 1984, population and family planning were virtually taboo subjects in Niger. A.I.D.'s activities which have contributed to the country's turnabout on these subjects include computerized economic and demographic analysis, under the RAPID project; an influential Columbia University family health and development seminar; and assistance in drafting the Nigerien law authorizing family planning, under A.I.D.'s Development Law and Population Policy project. The Agency also provided extensive technical assistance on demographic elements of Niger's current Five Year Plan.

Niger: Forestry and Land Use Planning (683-0230)

In response to mounting evidence that poor management and misuse of Sahelian woodlands and forests have contributed to the bleak trend of environmental degradation and desertification, the Forest and Land Use Planning Project initiated research into alternative conservation practices. The improved management techniques developed under the project, have already succeeded in rehabilitating abandoned areas and increasing productive forest, range, and farm outputs.

The focus of the project has been the establishment of three managed model sites to test forestry techniques, provide a sustainable supply of products, and serve as field training examples. The technology developed on these sites has already produced dramatic results in reducing the cost of rehabilitating degraded farm land. Until recently rehalilitation producing limited results cost $1000 per hectare and up. In sharp contrast, the project has found a method which recovers the cost of rehabilitation after only two farming seasons, and can maintain the rehabilitated forest land at a cost as low as $4 per hectare, making it potentially very attractive to the Niger government, investors and most importantly the rural population.

In a separate component of the project aimed at building up a long term Nigerian capacity for finest management at the national level, a documentation center has been set up to classify and store relevent information as well as serving as a strategic planning service to assist decision makers.

In accordance with A.I.D.'s emphasis on policy reform, the national policy of non-use of state forests has been altered to allow a trial cooperative, initiated under the project, to harvest forest products on a sustained yield basis. At the local level this has translated into agents no longer acting soley as policeman preventing the cutting of trees, extension agents. Having been provided with natural resource management techniques in project seminars, they are now able to guide the rural population in responsible development and management of the country's resources as well as assist them in increasing productivity and outputs on forests and farmlands.

Rwanda: Natural Resource Protection (698-0502.96):

In a creative multi-component forestry project, CARE International has been collaborating with local authorities to promote natural resource protection in Eastern Rwanda in a novel approach to attracting popular participation the Natural Resource Protection project established a Communal Forestry Fund through the sale of seedlings. The Fund, the first of its kind in Rwanda, will help the commune recover the costs of planting, maintaining. and harvesting forests. This innovation fully supported by USAIO and CARE was accepted by the Director of the Forestry Service on an experimental basis in 1986 with more than $5000 in the fund currently. CARE is supplying technical assistance enabling the commune to manage the Fund as a renewable resource. The Forestry Service, now confident of the competence of Project staff, has agreed to increase the commune's share of revenue generated from the sale of wood in communal and national forests.

The projects results have been striking; in a little more than 2 years, more than 1500 hectares of communal forest has been Planted. 26.5 kms of access road has been constructed. a security "green belt" on the border with a national Park has been PIanted. and 325.000 agroforestry and fruit tree seedlings have been distributed to the population. The high level of community support and inuolvement in the program has been equally evident in the attendance of over 10,000 communal residents in a series of courses on tree species management taught by project-trained extension agents

Zambia: The Agricultural Development - Research and Extension Project, (ZAMARE 611-0201)

In response to critical food shortages in Zambia. the Zamare project has been highly successful in achieving its goal of raining national food production and small farmer income through both agricultural research and governmental policy reform

Working in cooperation with Ministry of Agriculture scientists. A.I. D. Funded Zamare researchers have developed two high yielding open pollinated maize varieties. two higher oil content sunflower varieties, one soybean variety and three production technologies especially suited for small-scale farmers. In order to Provide incentives for higher Production of some of the new strains, a sunFlower agronomist worked with the Government of Zambia to set higher producer prices. The success of these incentives in raising production of oilseeds is evident in the reduction of the need for importation of vegetable oil. Two new varieties of maize developed in the project have already produced yields 15-20 percent higher than local varieties and now represent about 10-15 Percent oF the commercial maize seed sold in Zambia.

SUCCESS STORIES

BUREAU FOR ASIA AND NEAR EAST

Egypt

The International Executive Service Corps (IESC), a U.S. PVO, enlists retired volunteer business executives to provide technical assistance and training to private companies. USAID has obligated $9.1 million since 1983 for the IESC program. Funded under the Business Support and Investment Project (263-0159), IESC has assisted many Egyptian companies in modernizing their businesses. The two following examples are illustrative of this type of successful U.S./Egyptian collaboration:

- The Egyptian Hyma Plastics Company manufactures polythylene film and plastic bags for fertilizer and greenhouse covers. The IESC provided technical assistance to increase production efficiency, decrease scrap losses, and improve the quality and quantity of products. It also developed a preventive maintenance program. After only three months, the company had increased its production by 50%, printing quality had improved by 100% and scrap losses were reduced by 80% In-process backlogs were eliminated and a new quality control system was installed. Through additional training for machine operators and new job descriptions, workers are producing better quality work.

- The Alphametal Company fabricates and erects steel industrial buildings and manufactures prepainted, corrugated and galvanized sheet. Through IESC, a retired vice president of operations of a major U.S. manufacturer of pre-engineered steel buildings assisted the company during a one-month period. He helped design an organization plan for the company's operations, prepared job descriptions for key personnel, and developed erection guides and a production reporting system. Production output can now be measured and comparative information on spare parts, labor and material costs can be maintained. As a result, labor efficiency and production outputs have improved.

India

Social Forestry. India's Social Forestry Program is supported by three projects (386-0475, 0478, 0495), totaling $60.6 million. The projects are being implemented in six states -- Madhya Pradesh, Maharashtra, Uttar Pradesh, Rajasthan, Gujarat and Himachal Pradesh. Aimed at reducing the rate of biological degradation, primarily deforestation, the project increases the supply of trees for wood products and furnishes jobs to seasonally unemployed rural laborers. The projects are run by the State Forestry Departments which are extending their activities to include extension forestry with private farmers and landowners. To date, over 100,000 hectares of public lands have been planted with trees for fuel, livestock, fodder, and small timber needed by the nearby communities. The trees help to rehabilitate degraded lands while the community plantations contribute to soil and water conservation and provide wood. The villagers are being trained to manage these new resources. Over half a billion seedlings have been distributed to private landowners for planting on otherwise unused farmland, on field boundaries or other agroforestry configurations along with crops, and in block plantings on lands marginal for food crops.

Indonesia

Comprehensive Health Improvement Program - Province Specific (CHIPPS, 497-0325). In the 1970s, the Government of Indonesia (GOI) sharply increased its investment in the health sector and began a comprehensive program emphasizing primary health care. Despite these efforts, the health status of the population, particularly in rural areas, remains considerably below that of other ASEAN nations. One of the factors contributing to this situation is the highly centralized nature of health planning. A.I.D. identified this weakness in the early 1980s and in response obligated $11 million for the CHIPPS program in 1981 to demonstrate the benefits of a decentralized problem solving approach to health planning.

In the pilot province of Aceh, a 1984 project survey indicated that neonatal tetanus was a major cause of infant death and that only 10% of mothers received tetanus immunization in pre-natal care programs. Backed by these results, provincial health officials used project resources for a series of interventions that increased tetanus coverage. A 1987 follow-up survey showed impressive results: neonatal tetanus mortality dropped from 32 to 5 per 1,000 live births. Cost studies report that the cost per woman immunized as part of the demonstration showed little difference from the immunization costs for the previous program.

This success, together with similar project achievements in other trial efforts, has demonstrated to the GOI the benefits of a decentralized, epidemiologically-based health planning system, which it is now replicating in other provinces. A recent World Bank health sector loan for $50 million fully incorporates the CHIPPS approach; this is a major change from prior health sector assistance to Indonesia.

Central Java Enterprise Development Project (CJEDP, 497-0329). Small enterprises are a major source of employment in Indonesia's rural and urban areas. These firms show high employment elasticities and offer wages commensurate with competing sectors. Despite these advantages, small enterprises have suffered under the protective hand and "guidance" of government, which has tended to stifle individual entrepreneurial initiative. CJEDP began in 1985 as an exploratory effort to generate information on the needs of small enterprises and to demonstrate the feasibility of addressing those needs through the private sector. $9.6 million was obligated for this purpose.

The project has been remarkably successful, as illustrated in the rattan export furniture subproject, which concentrated on approximately 85 small rattan enterprises producing for local markets. Three key problems faced in upgrading their productivity were identified and addressed: (1) market and design information plus direct export orders could be obtained cheaply by paying some travel costs of foreign buyers already traveling to South East Asia; (2) simplified training methods were developed which directly tied new skills training to specific orders; and (3) high quality raw materials could be obtained at low cost by placing government rattan refining facilities under the control of a private intermediary. Finally, all of these needs could be met by linking smaller firms as subcontractors to medium-scale

Indonesia (cont)

intermediaries. Total export orders are rising rapidly. Despite the severe economic downturn of 1986/87, assisted firms increased profitability by 25% through exports with almost no drop in employment, while non-assisted firms experienced declines of 60% in profitability and 23% in jobs. The subproject has led the Directorate General of Small Industries to seek long-term assistance in transforming its overall program to incorporate the private sector intermediation strategy demonstrated through the project.

Jordan

Development Administration Training (DAT) IV (278-0267). This $7.5 million project, begun in 1986, is the fourth in a series undertaken by Jordan and the United States. DAT IV will provide professional development training for approximately 800 key Jordanian managers in both the public and private sectors over the 1986-90 period. In its first 12 months, DAT IV has incorporated three important features which make the project an early success:

- Over 176 individual training programs have already been arranged in the fields of Public Administration, Engineering, Commerce, Health, Education and Agriculture;

- A new dimension has been added to this project by emphasizing the role of the private sector in Jordan's economic development and thirty participants from the private sector have already been selected; and

- For the first time in the history of A.I.D.-supported training programs in Jordan, this project includes a new cost-sharing arrangement by which private sector participants pay from their own resources for a portion of the training programs.

The DAT IV project forms part of a continuing series of successful training efforts which have served to strengthen American-Jordanian ties since 1952. Over 3,000 participants have been trained; many returned participants are occupying key positions in all sectors of the Jordanian work force. A notable indication of the success of A.I.D.-financed training in Jordan is the fact that five ministers of the current cabinet are returned participants.

Morocco

Population Family Planning Support III (608-0171) Child Survival Component. Since March 1987, the Government of Morocco has dramatically expanded vaccination coverage for Moroccan children under five years of age and anti-tetanus immunization for women of reproductive age. Faced with a low coverage rate of about 50%, the Government launched a highly publicized immunization campaign over three days during three consecutive months. The objective was to reach children and women who had not been vaccinated and to obatin coverage for all 1987 new borns. With a population of over 22 million people living under diverse ecological conditions, the Government's immunization campaign and the impressive results it obtained represents a major accomplishment in the fight against childhood diseases of Morocco's children.

Morocco (cont)

USAID's $5 million Child Survival grant, combined with funding from the Government of Morocco, private organizations and UNICEF, produced significant achievements. The campaign targeted about 1.5 million children under 5 years old for immunization against major childhood diseases (tuberculosis, polio, diphtheria, pertussis, tetanus, measels) and 1.3 million women for vaccination against tetanus. Official estimates show that the ambitious targets were approached or exceeded each month. By the end of 3 months, 1.2 million children completed their vaccination series and 1.6 million women completed the tetanus series.

Nepal

Institute of Agriculture and Animal Sciences Projects (367-0102 and 367-0148). The Institute of Agriculture and Animal Sciences projects have assisted in establishing Nepal's only agricultural training college. Since 1974, A.I.D.'s support, totalling $8.5 million, has enabled the Institute to develop Bachelor of Science (B.Sc.) programs in general agriculture and in animal science, and a Certificate program in agriculture and animal science for extension agencies. The facility now has adequate classrooms, laboratories, dormitories, staff housing, a 400 acre farm, two branch campuses and the largest reference library in the country. Its staff of 123 professionals includes 15 with PhD's and 83 with Master's degrees.

The Institute provides quality training and advanced education in Nepal, replacing much more costly foreign training programs. To date, the Institute has granted 568 B.Sc. degrees and has trained 5,235 extension agents. Many of these graduates are active in public and private programs attempting to increase Nepal's agricultural output. Plans for continued growth include introduction of Master's degree programs. A.I.D., through a collaborative assistance agreement with Utah State University, is providing advisory assistance, faculty training and equipment. The World Bank has funded development of the Institute's physical facilities.

The project has stressed the importance of attracting female students and disadvantaged students from the remote areas of Nepal into Institute programs. Initial progress has been encouraging. From none only a few years ago, there are now about 30 women enrolled at the B.Sc. and Certificate levels. However, this is only a beginning. The Institute will continue increasing enrollment of these groups in the years ahead.

Oman

Wadi al-Khawd Aquifer Recharge Dam Project (272-0102). Implementation of this $16 million project, to which the U.S. contributed $7.5 million in loans and $300,000 in grant funds, began in 1982. It included the construction of a dam to test the concept of aquifer recharge by means of building a retarding structure to capture flood water runoff normally lost to the sea and to allow

Oman (cont)

it to percolate into the groundwater aquifers. The dam was built within the scheduled time and the cost of construction was under budget. A system of gauges and test wells was also installed to monitor the input of the dam, and host country personnel were trained to collect and analyze the data from the monitoring system.

This large, visible project which is a 5km long and 8m high earth-fill dam located close to Muscat, the capital of Oman, was tested when several storms occurred during spring of 1987, shortly after its completion. Data from these storms indicates that a total of 5.7 million cubic meters (150 million U.S. gallons) of water was saved from flowing to the sea during the February, March and April storms.

Groundwater recharge quantities obtained this year are substantially greater than the assumed average annual groundwater recharge of 4.0 million cubic meters (105 million U.S. gallons) per year used in the feasibility study for the project. A more indepth evaluation of the project's effectiveness is now in progress. Experience gained from the Wadi al-Khawd project will be critical in planning similar projects critical to Oman's water resource management.

Pakistan

Development Support Training Project (391-0474). A major accomplishment of the six-year (FY1982-FY1987) program of economic assistance to Pakistan is the development and implementation of a strong U.S., third country and in-country training program. Since its inception in 1982, the Development Support Training project has obligated $40 million. It has served as the main vehicle for funding trainees directly and in providing placement and logistic support for trainees funded by other Mission projects. The English Language Center and the local Management Centers, supported by the project, use local currency to meet their expenditures. In 1987, more than 1,200 Pakistanis--both civil servants and private citizens--participated in short and long-term training programs. Fields of study include public health, agriculture, education, business management, food technology, energy and engineering. Over 2,500 Pakistanis, including 800 long-term degree students, have benefitted from the training programs during the past six years. In-country institutions are also being supported under the project, including the privately-established Lahore University of Management Sciences (LUMS).

The provision in FY 1987 of about 210 private sector scholarships, one-third of which went to women, is especially noteworthy. Additional scholarships to women and to private citizens are to be awarded during the FY1988-FY1993 period. The success of this project has been recognized by the Ministries of Education and Science and Technology who have requested that the Mission directly assist in the placement of about 400 long-term participants in U.S. universities.

Thailand

Population Planning Project (493-0325). As the major donor to the Royal Thai Government's National Family Planning Program (NFPP), A.I.D. has been deeply involved over the past two decades in a program, which while stressing voluntarism and informed choice, has nevertheless produced a transformation in reproductive attitudes and behavior so rapid and profound that demographers now refer to it as a reproductive revolution. In this predominantly rural and agrarian society, the number of children born to the average couple has declined from over six in 1970 to under three today, and the two child family is fast becoming the norm. The overall population growth rate has been cut in half from the 1970 level of 3.2% to 1.6% at present, even as the death rate has declined during the same period. The level of contraceptive use among couples has increased from less than 15% in 1970 to 70% at present, and all but ten percent of these couples are served by A.I.D.-supported programs.

Collaborating with Thai professionals, A.I.D. helped to develop analytical materials and policy options which culminated in the Thai cabinet decision of 1970 to support voluntary family planning as national policy. A.I.D. bilateral assistance began in 1971 with funding for contraceptives, training, technical assistance and medical kits. A key element of success was the support which A.I.D.'s centrally-funded population projects were able to bring to bear, quickly and effectively, to meet unforeseen needs and to bolster pioneering efforts in the Thai private sector. More methods, including injections, vasectomy and tubectomy, became more widely available through more categories of health workers, many of whom were trained with A.I.D. financing. This strategy became the key to success of the program--more methods, more workers and more outlets. And at every stage of program expansion, informed choice and quality of care are stressed. With support from the current Population Planning II project, begun in 1982 and totaling $18.3 million, Thailand now offers a range of contraceptive services which few countries can match.

Agricultural Technology Transfer Project (493-0337). Since 1984, the Agricultural Technology Transfer project has supported an array of sub-projects designed to introduce U.S. agricultural technology to Thailand. To date, $8.3 million has financed more than 21 separate sub-projects. Among those now beginning to produce the desired technology transfer are:

Improved Quality Fish Products: The objective of this subproject, which began in 1985, is to improve and develop new fishery products for domestic consumption and export. As with all ATT subprojects, research and adaptation of the technology is done with close collaboration and support from the private sector. For example, sanitation problems associated with the transportation of fresh shrimp form Thailand's gulf have been identified and measures taken to prevent losses due to spoilage enroute. This has resulted in increased profits for the fresh and frozen shrimp industry. Other activities include the development of high value products from low value fish. To date, locally developed products have received enthusiastic consumer acceptance and the local surimi processors are seeking assistance in improving the quality of their product. (In

Thailand (cont)

fact, a recent one day seminar of fish product improvement was fully subsidized by the private sector.) Finally, improvements in the home processing of fish products (fish fermentation) have led to higher quality, sanitary products acceptable to local consumers and retailers in the cities.

Lam Nam Oon Agro-Industrial Development: This sub-project provides financing for integration of production and marketing services in a medium-sized irrigation system at Lam Nam Oon in Thailand's drought affected Northeast. Marketing advisory services are proving instrumental in attracting private sector investment into the area to take advantage of the labor available during the dry season. Eight private firms have already established hybrid seed production enterprises in the Lam Nam Oon area. Of these, two are U.S. firms, two are Thai-U.S. joint ventures and the remaining four are Thai companies. Average income for Thai farmers from participation in the seed growing activities is about $1,000 per acre. The subproject employs 12 technicians to train farmers to cultivate the crops which include tomatoes, beans, cantaloupe and watermelon.

Tunisia

Rural Potable Water Institutions Project (664-0337). This project, begun in 1986 based on a successful prior A.I.D. project in Tunisia, has influenced a modification in Government of Tunisia (GOT) policy, thereby reducing demands on the Government's budget during a particularly austere time for the country's economy. The project, using $6.5 million, aims to introduce on a regional basis community-based water users' associations which not only involve beneficiaries in site selection and development, but even more importantly, involve them in coverage of the recurrent costs of operating and maintaining their community potable water systems. The GOT's long-standing policy had been to assume all costs of providing rural potable water.

Since the project began more than 100 water users' associations have been established and officially sanctioned. The majority of these associations have implemented cost recovery in some form and, as the model becomes more established, the participation of beneficiaries will increase until the association is covering all the recurring costs. The project's cost recovery concept has already attracted the official interest of administrations in regions adjacent to those where the project operates. This is a major innovation in Tunisia with far-reaching implications as the GOT lonsiders expanding the principle of community cost recovery on a nation-wide basis.

Private Sector Development and Technology Transfer Project (664-0328). Under this $5 million project, A.I.D. organized the "International Privatization Conference" held in Tunis during April 22-25, 1987. The objectives of the conference were to expose leading decision makers to the benefits of privatization and to motivate increased consensus for constructive action. The conference laid significant and firm groundwork for GOT promotion of privatization as both necessary and beneficial to Tunisia's development.

Tunisia (cont)

The conference also generated enormous positive response from a wide cross-section of society and resulted in the GOT starting new privatization initiatives and accelerating those previously planned. Prior to the April, 1987 conference, privatization was not a public topic nor was it considered appropriate for publication. Indeed the word "privatization" itself was not considered fit for print in the public media. The exact reverse now holds with almost daily positive publicity on privatization. More recently, the GOT has taken further concrete steps to privatize, including passage of a landmark privatization law on August 2, 1987, creation of three high level commissions to serve as the institutional framework for implementing privatization actions, and several real changes in fiscal legislation to stimulate the financial markets. The Tunisian Government has also identified 90 public enterprises for eventual full or partial sale and has established significant privatization as a major component of its structural adjustment program now entering its second year of implementation.

Success Stories
Bureau for Latin America and the Caribbean

Belize - Breast is Best League project (505-0029). With minimal resources, Breast is Best League (BIB) has achieved remarkable success in promoting breastfeeding in Belize. Started in 1981 by a group of concerned Belizean women, BIB obtained an A.I.D. grant in 1985 to increase public awareness of the benefits of breastfeeding. Recent statistics show that 42% of Belizean babies are fully breastfed for four months or more (this is the highest in the Caribbean), while 85% of all lactating women have breastfed for periods of one to four months.

The A.I.D. grant of $62,000 has permitted the League to train 120 breastfeeding counselors, provide extensive promotional materials, breastpumps and instructional materials to mothers, and to improve the breastfeeding segment of the curriculum at the Belize School of Nursing. The League's network of voluntary breastfeeding counselors currently extends to all the towns in Belize and five of the six rural districts.

Bolivia - Agribusiness and Artisanry project (511-0472) Microenterprise Support Component. This low-cost ($560,000), high-impact project component which began operations in early 1987 seeks to strengthen the Bolivian private sector by assisting micro-enterprises to play an effective role in Bolivia's economic recovery. With a combination of Development Assistance and local currency financing, the Confederation of Private Entrepreneurs of Bolivia took a leading role in the development of the Micro-Enterprise Promotion and Development Foundation (PRODEM), which has, in a short period time, developed an outreach program to micro-enterprises. After six months of operation, over 1,400 micro-enterprises have received loans from the PRODEM-managed rotating fund.

To qualify for loans, micro-entrepreneurs must form small "solidarity groups." Loans are made to the groups which are responsible for repayment. The groups select their own members and then receive training, technical assistance, and loans; they later pool resources to repay the loans. PRODEM, with the assistance of Acciôn Internacional (AITEC), has provided training to over 650 borrowers in practical methods of improving their business operations. Groups normally begin with $50 loans repayable over two months. Once this loan is repaid, the group is eligible for larger loans with longer terms, until eventually they are able to qualify for bank loans. The loans under this program are made at commercial interest rates and there has been no delinquency on repayments. The success of this pilot project has proved the feasibility of reaching large numbers of micro-entrepreneurs who otherwise would have no access to credit and technical assistance.

Caribbean Regional - Caribbean Financial Services (CFSC) (538-0084). The purpose of this project is to establish a private finance institution to provide loans and financial services to private enterprises in the English-speaking Caribbean. The goal of the project is to stimulate expansion of the productive sector, thereby creating employment, income and foreign exchange earnings.

The project began in 1984 and has provided loans totaling $6 million to small and medium-size companies in such areas as agro-industry, manufacturing and tourism.

This lending activity has encouraged investment and new project development that would not otherwise have been undertaken. A total of 453 job years have been created so far, and the foreign exchange impact in the first three years was $8.6 million.

Costa Rica - Costa Rican Coalition for Development Initiatives (CINDE), Program for Investment and Export Promotion. The Costa Rican Coalition for Development Initiatives (CINDE), a local private voluntary organization devoted to furthering private sector development in Costa Rica, has established a very successful investment promotion program. The project goal is to increase the generation of employment and foreign exchange and simultaneously broaden the country's industrial base.

Since initiating operations in late 1985, the project has attracted 40 new manufacturing firms to Costa Rica which have invested an estimated $52 million and is projected to generate (once the plants are at full capacity): (a) approximately 10,700 new jobs, and (b) more than $32 million in foreign exchange. Further, we estimate that an additional 21,000 jobs will have been created in support industries that service the new companies and its workers.

Financed primarily by local currency from the ESF program, the Investment Promotion Program of CINDE (PIE) is operating an investment support office in San Josê, Costa Rica, four investment offices in the United States and an investment office in Europe. Using a targeted approach, PIE identifies companies in the United States and Europe which are likely to invest overseas in those industrial sectors where Costa Rica is internationally competitive. Once identified, a PIE officer from one of the five overseas offices makes a presentation to the company to promote Costa Rica as a logical site for locating their off-shore manufacturing operations. Then, for those interested in visiting Costa Rica, PIE staff develop a specific itinerary, tailored to the particular company. PIE Costa Rican staff meet the potential investor in Costa Rica, answer questions, arrange interviews, and provide additional information as required by the investor.

Although CINDE has had some management problems, this particular program has been very successful. Therefore, A.I.D. plans to provide additional support to permit the continuation of the Investment Promotion Program.

Dominican Republic - Radio Santa Marîa (RSM) (517-0163), a private voluntary organization in the Dominican Republic, began adult education programming in 1956. This non-formal education center located in the city of La Vega offers an accelerated program of broadcasts for grades 1 to 8

which benefits over 40,000 adult students each year. The course content is adapted to the psychology and interests of rural, lower-income adults and is designed to equip and motivate students to contribute to social and economic development in the Dominican Republic. The graded educational service is supplemented by a series of programs in agriculture, nutrition and health, home-making, child care, and community development. Studies have shown that the RSM radiophonic system is more cost-effective than formal school education. Overall, radio school students score significantly better than formal school students on government achievement tests.

A.I.D. supported RSM's radio education activity with an operational program grant (OPG) of $200,000 (1979-1981) and an OPG of $425,000 (1982-1987) to provide equipment and staff training to improve RSM's productivity and innovative capability. As a result, broadcasting has been expanded to cover two new areas of the country, increasing the listening audience by approximately 30%. Twelve staff members who have completed training programs in Venezuela, Ecuador, Costa Rica and Panama have returned to work at RSM, applying their training and overseas experiences to instructional techniques.

Ecuador - Agriculture Sector Policy Reform. Shortly after taking office in August 1984, the Febres Cordero government requested that a U.S. Presidential Agricultural Task Force visit Ecuador. The findings of the Task Force helped encourage and focus the government's efforts on a series of agricultural reforms. With strong A.I.D. support, the Ecuadorean government enacted such reforms as the establishment of a free floating exchange rate; the elimination of most commodity price controls, producer price supports and consumer subsidies; the establishment of a commodity exchange; and the liberation of import restrictions on agricultural inputs. These reforms contributed significantly to the 7.8% rise in agricultural production in 1986 and increased agricultural exports.

Technical consultants financed under the Agricultural Sector Reorientation project (518-0051) provided the analysis which led to the government's decision to reduce the number of commodities subject to price controls from 20 in 1984 to 5 at present. Technical assistance provided by A.I.D. as well as P.L. 480 generated local currencies helped respond to the Presidential Task Force recommendation that the National Food Marketing Board (ENAC) be restructured and many of its functions privatized. Three of the board's storage facilities were sold to the private sector and a national commodity exchange, established in 1986, traded approximately 30% of Ecuador's basic grains during its first year of operation. A.I.D. has also provided technical assistance and P.L. 480 local currencies to help establish a private agricultural policy institute which has contracted studies by Ecuadorean consultants and firms, and held conferences and seminars on topics of vital importance to the agricultural sector.

El Salvador - Agrarian Reform Project (519-0263/519-0265). Prior to 1980, El Salvador had the highest ratio of landless families to total population in Latin America. These families faced an inequality in land tenure considered among the worst in the world. Agrarian reform was the Government of El Salvador's (GOES) response to what had become institutionalized land concentration.

Agrarian reform has been one of the U.S. Government's top priorities in El Salvador since the reform's inception in 1980. From the outset, A.I.D. has supported the reform with technical assistance and financing for land titling, compensation, agricultural production and investment credit, training and extension activities.

The agrarian reform was decreed in three phases: Phase I expropriated 469 properties which belonged to persons who owned more than 1,235 acres, incorporating the properties into 317 cooperatives made up of farm workers. Phase II extended the expropriations to property holdings of 250 acres. Provisions of the 1983 Constitution, however, increased the maximum size of private land holding in El Salvador to 600 acres, and instead of expropriations, owners were given three years to sell off land above the limit. Phase III provided former sharecroppers and renters the opportunity to claim up to 17 acres of the land they formerly worked.

Phase I has distributed 542,000 acres of farmland to 188,000 beneficiaries and family members. Titling to the cooperatives, except for 30-35 properties located in conflictive zones or tied up in litigation, was completed by the end of 1987.

The three-year period, during which owners of more than 600 acres could voluntarily dispose of their excess landholdings, expired in December 1986. Since then, laws to determine the disposition of any remaining property subject to Phase II have been introduced into the General Assembly along with three other laws designed to increase the number of reform beneficiaries. A.I.D. has supported GOES efforts to distribute more land to individuals with demonstrated desire and ability to farm, thus broadening the base of the agrarian reform and increasing agricultural production. Upon completion, Phase III is expected to distribute over 240,000 acres to more than 337,000 beneficiaries and family members. Since Phase III parcels are widely scattered, often remote and small, the titling process is necessarily time consuming. Nevertheless, the implementing agency expects to complete titling by the end of 1988.

Although much of their land is of marginal quality, Phase III beneficiaries are producing 23%-30% of El Salvador's basic grains. These farmers appear to be postponing purchase of consumables and luxuries in favor of long-term, productive investments such as additional land, soil conservation measures, irrigation systems, sprayers and other equipment.

The legal process of land transfer and compensation, A.I.D.'s major objective since the reform's inception, will be complete by the end of 1988, assuring approximately 22% of El Salvador's poor with access to almost 23% of its farmland.

<u>El Salvador</u> - <u>Educational Systems Revitalization project (519-0295)</u>. As a direct result of the war, over 800 schools have been abandoned, and approximately 600,000 children in grades one through six have no access to education. Also, most of El Salvador's 4,000 schools are without textbooks, teaching materials, supplies, school furniture and equipment. The Education System Revitalization project has constructed and repaired 606 classrooms, giving access to 48,000 children. The project has also

rapidly provided 12,000 student desks to 600 temporary classrooms constructed to replace those damaged by the earthquake.

Community response to this project has been enthusiastic. Parents have donated time to help paint and restore school facilities. In one case, parents repaired and refinished a school's 400 desks in a period of four weeks. Simple tools have been provided to 750 schools, and both teachers and parents have been trained to prevent deterioration of school buildings and furniture. The project has stimulated communities at the local level to participate actively in the education of their children and share some of the costs. This points the way to greater community participation to help reduce recurrent education costs for the government.

Another important benefit of this project is that it has promoted the decentralization of education and the education bureaucracy. The project has strengthened the administrative capability of the three Ministry of Education regional offices by placing in them nine employees with graduate training in education administration and by augmenting the accounting functions in those offices.

Other project accomplishments to date are:

- 20,000 desks purchased and 18,000 delivered to primary schools;

- 900 primary schools received equipment and teaching materials;

- 125 primary schools received training and tool kits for preventive maintenance under the self-sufficiency system;

- 1,000 manuals distributed on community promotion and organization for preventive maintenance;

- three regional offices for preventive maintenance established with complete tool kits and vehicles to carry out school maintenance;

- 7,000 teachers and administrative personnel received one week of training in the utilization of textbooks financed by the World Bank;

- the special management unit established with an information system installed;

- more than 370,000 primary school students benefitted by the project.

<u>Guatemala</u> - <u>Expansion of Family Planning Services project (520-0288)</u>. Guatemala suffers from serious fertility-related health problems including some of the highest morbidity and mortality rates in Latin America among infants, children and mothers as well as very high prevalence of malnutrition. A survey in 1983 showed that Guatemala also has a relatively low level of contraceptive use by Latin American standards--only 25% of married women aged 15-44 years were using some form of contraception (average in the Central American region is around 45%).

Both the public and private sector have made significant progress in providing increased family planning services to Guatemalans. A large part of this progress has occurred in the private sector where the number of locations

where information on family planning services may be obtained has increased significantly. The principal family planning association in the private sector (APROFAM) has extended its service network through regional clinics and increased community-based distributors by 50% over the planned level; a small pharmaceutical firm is marketing contraceptive products in approximately 700 pharmacies throughout the country; and a family life education group has exceeded its planned levels of persons to be reached with information. There has been a great deal of progress in the public sector as well. The Ministry of Health's institutional capacity has been significantly strengthened through programs that have upgraded the skills of its staff to implement and supervise such activities. As a result, an increased number of Guatemalans are taking advantage of the services provided under this project.

Haiti - Human Resource Development Center (521-0188). The Human Resource Development Center (HRDC) was established in 1985 through a cooperative agreement with Partners for Productivity (PfP). A new grant was negotiated directly with the HRDC in July 1987 with a budget of $1.3 million over a three-year period. The HRDC is a private organization whose goals are (1) to increase the income of illiterate and semi-illiterate Haitians, and (2) to increase the effectiveness of development projects during and after implementation. The project provides management and technical training to a wide variety of local and international organizations working in Haiti's priority development areas (e.g., education, health and nutrition, agriculture, potable water, community development, management). The A.I.D. grant has helped cover start-up costs and provided technical assistance, but the project depends on the sale of its services to cover operating costs and establish itself as a permanent, self-sufficient asset to the local development community. The HRDC has been delivering services for only 18 months and has already signed 36 contracts with local and international development organizations generating nearly $500,000 in revenues. More than 12,000 Haitians have been trained directly by HRDC staff. Using a unique networking approach to service delivery, the small permanent staff of professionals plans programs, produces materials, trains trainers and other client staff, and then supervises and assists in program delivery. This process resulted in the delivery of training to over 30,000 Haitians in only one HRDC project conducted over a six-week period. The use of a small permanent staff combined with the networking approach to service delivery reduces recurrent costs to a minimum and facilitates a high level of flexibility in responding to client requests. Other benefits to the local development network which result from the HRDC operations include: improving efficiency in the use of resources by bringing together a variety of groups with the same need and providing services to the group rather than individual organizations; strengthening the private and public development infrastructure through the provision of management training and on-site assistance conducted in the local language; and enhancing the national literacy effort and other priority development initiatives by developing and disseminating information for a wide variety of training programs.

Honduras - The Rural Technologies project (522-0157). This project has been developing, disseminating, and financing low-cost appropriate technologies for the benefit of Honduran small farmers and rural entrepreneurs since 1979. Thus far, approximately 14,000 people throughout the country have benefited from useful technologies such as silos, forage cutters, micro-irrigation systems, soil conservation, and efficient wood stoves. Hundreds of small

employment-generating industries such as brick making, carpentry, blacksmithing, cashew processing, and shrimp cultivation have been established. Participants have averaged a $175 increase in income in this country with an average per capita gross domestic product in 1987 of $863.

Of special note is the instrumental role played by the project in the development of the Honduran shrimp industry, which generates $30 million in badly needed foreign exchange. Labor-intensive and low-cost pond management techniques developed and disseminated by project-supported technicians and extension staff resulted in returns of $280 to $1,500 per hectare to small producers over a three-month period. This has encouraged expanded investments in labor-intensive, shrimp farms, and approximately 10,000 hectares now are planned or under production.

Honduras - Natural Resources Management project (522-0168). In Honduras, agriculture accounts for almost half of total gross domestic product and 75% of export earnings. However, except in a few highly commercialized export-oriented industries, Honduran agriculture has been characterized by poor productivity and destructive natural resource management practices used by the majority of farmers. Since 1982, the Government of Honduras (GOH) -- with A.I.D. support through the Natural Resources Management project (522-0168) -- has been making a concerted effort in a limited area to reverse the deterioration of important farmlands and to improve the productivity of small-and medium-scale farms.

Over 9,000 families in the important Choluteca River watershed have participated in the project. Services have been provided by a network of 24 field offices in rural communities. These offices are staffed by resident extension workers trained in agronomy, agro-forestry, range and livestock management, and women-in-development activities. These units coordinate the organization and training of farmers and rural women, and provide technical assistance in improved cultivation practices, soil conservation, crop diversification, fish and fruit tree culture, food processing, etc. Crop yields have, on average, doubled and management of the resource base has greatly improved. The project has developed an outstanding reputation in the nation and region and has received extensive press coverage. The Government of Honduras has expressed a desire to extend the project's philosophy and methodology on a much broader scale, and A.I.D. is proposing FY 1989 funding for a follow-on project.

Jamaica - Privatization. FY 1987 was a watershed period for A.I.D. in its collaboration with the Government of Jamaica (GOJ) to promote privatization. The highly successful share offer of the National Commercial Bank (NCB) in December 1986 was a noteworthy achievement. The share offer involved selling 51% of NCB stock and was oversubscribed by 175% with just over 30,000 applications. The NCB share offer lent credibility and visibility to privatization, which the GOJ is translating into a major privatization program in the current Jamaican fiscal year. This program includes the privatization by share offer of over 70% of the Caribbean Cement Company (CCC), which was completed in June 1987 with a total volume of shares twice that of the NCB, the active program to sell 13 government-owned hotels with a total of 3,700 rooms, and the sale of $40 million worth of shares, of the newly formed holding company for the Jamaica Telephone and International Telecommunications Company.

In addition to this program, the GOJ has targeted about 30 smaller enterprises for privatization through its Divestment Committee, of which 10 have been privatized and another 10 are nearing completion. The GOJ has also privatized 57,000 acres on 36 properties through the Agro 21 lease program and has undertaken miscellaneous privatizations through many ministries and agencies employing management contracts, leases, user fees and closures.

A.I.D. has had three inputs into the GOJ's privatization program: (1) funding for consultations and training to assist the Divestment Committee at the National Investment Bank of Jamaica, and technical assistance for the NCB and CCC privatizations; (2) ESF funding which is conditioned on GOJ action to successfully privatize specific GOJ-owned enterprises; and (3) ongoing policy dialogue with the GOJ on privatization as a means of financing needed public infrastructure and of relieving overburdened public sector managers and executives of tasks that could be accomplished more effectively by the private sector.

Peru - Agricultural Research, Extension and Education project (527-0192). The Agricultural Research Extension and Education (REE) project is providing $10.65 million of grant funds and $9.0 million of loan funds to help rebuild the agricultural research, extension and education system of Peru. These resources are being utilized by the National Institute for Agricultural Research and Promotion (INIPA) to increase agricultural production through the development of technology appropriate for Peruvian conditions, and the extension of this technology to small and medium-sized farmers. The A.I.D./INIPA project supports five national production programs in corn and sorghum, rice, small grains, roots and tubers, and grain legumes. Programs for multiple crops and livestock production in the Sierra and in the Selva are also emphasized. Other project activities include economic analysis of recommended technologies, service laboratories for soil and water analysis for the use of farmers, improved seed production, pest and disease control, training of INIPA's technical and professional personnel, and improved management for INIPA's activities.

Since 1980, the project has provided technical assistance (from North Carolina State University, a Title XII institution) which INIPA has used with Inter-American Development Bank and World Bank resources in a $121 million REE program. Accomplishments from this program include: the introduction of over 25 new seed varieties, a 30% increase in Selva rice production; a 28% increase in Selva corn production, resulting in lower corn imports; the establishment of a network of facilities capable of satisfying Peruvian needs for disease-free potato seed; the equipping and improvement of three major regional experiment stations, the training of nine Ph.D. candidates, 70 M.S. candidates, 26 researchers in short-term courses at International Agricultural Research Centers, and in-country training for over 1,500 INIPA professionals.

SUCCESS STORIES
Bureau For Food and Peace and Voluntary Assistance

Technoserve (Project # 9380280) was awarded a five-year Partnership Grant in June 1986. The grant of $6.15 million is to provide technical and management skills training to small holder farmers in Africa and Latin America. Under the partnership grant Technoserve provides technical assistance and management training to rural enterprises and low income farmer cooperatives to achieve increased agricultural productivity. The goal of increased yields helps to generate higher income for participants, which in turn creates additional employment in many rural communities.

The program in Costa Rica provides long term technical and management support to ten large rural cooperatives. The membership consists of more than two thousand small holder farmers engaged in the production of food and cash crops. Typical of the cooperatives in the Coopechayota, whose membership has grown from fourty-three to one hundred and twenty-six since 1985. Over the past two years this group of vegetable farmers has diversified its crops and doubled its agricultural production. The Coopechayota has developed a program which provides financial and marketing services encouraging its members to produce more than one major crop for diversified income generation.

The partnership grant also enables Technoserve to document its experiences, methodology, and observations for broader dissemination within the development community. This sharing of information is accomplished through a series of publications entitled "Thinking About International Development."

The Episcopal Church of the U.S.A. (ECUSA) (Project # 9380254), was awarded a matching grant in 1984 for project planning and implementation. After three years of operation the project has opened twenty-one development offices and trained fourty-one Development Officers and more than seven hundred and fifty lay leaders.

The focus of the training has been to strengthen the indigenous capability for sustained development. The Episcopal churches of the Philippines, Haiti, Liberia and Kenya have expanded their activities to incorporate a Rural Area Women's Project. More than two thousand women have participated in workshops. The program is considered so successful that similiar projects are being developed for implementation in additional areas.

The Diocesan Development Officer in Eldoret, Kenya has been working with several local and international private health care systems which presently provide various services to several thousand families. Also in the Eldoret district the leadership program has established and operates a maize grinding mill and a rural chicken-raising enterprise.

A critical aspect of the matching grant has been the incorporation of a broader perspective within the established church. The church leadership now views as a primary part of the church mission the fostering of basic development at the local level.

ACCION, International/AITEC-(Project #9380283), received a matching grant of $600,000 for the period FY 1986-1989. ACCION is continuing its work in the micro-enterprise programs in A.I.D.-assisted countries. The program will focus on providing new assistance in organizing micro-business trade associations that will help small entrepreneurs improve production and gain greater access to markets.

This goal is influenced through the dissemination and implementation of ACCION methodologies derived from experiences in micro-enterprise development. These include a process for standardization in packaging and documentation. Also contemplated is continued support for several ongoing enterprises by introducing a computerized loan account system.

The innovative methods employed by ACCION has enabled more than sixteen thousand micro-businesses to receive loans. Over a million dollars per month are distributed in loans averaging two-hundred dollars each. The repayments have been approximately ninety-eight per cent of loans made. The service of ACCION is a tribute to the effective administration of a P.V.O. Since 1979 this P.V.O. has successfully administered four FVA/PVC matching grants in the micro-enterprise expansion program.

Helen Keller International (HKI), Project #938506), received a Child Survival Grant in 1985. The grant of $606,000 was to decrease infant ahd child morbidity and mortality in Indonesia. HKI has made major inroads in expanding the use of Vitamin A. Initial field trials in Bogur Kabupaten showed that children under the age of five received only about 50% of the recommended level of Vitamin A through their daily diet. Under the HKI program, Vitamin A intake was increased to internationally recommended levels; consequently, the infant mortality rate fell from 98 per thousand to 80 per thousand. The under five mortality rate in children declined from 20 per thousand to 13 per thousand. Twelve months after the initiation of this Vitamin A program, the prevalence of Bitot's spot, a positive indicator of Vitamin A deficiency, had dropped from 1.24 percent of the population at risk, to 0.15 percent.

In East Sumatra, a social marketing program to increase consumption of locally available Vitamin A-rich foods among high risk groups and effectively increase the coverage of the Vitamin A capsule distribution program is well underway. The findings from this program will privide the basis for similar programs in other provinces of Indonesia. HKI is collaborating with the Indonesian Nutrition Research and Development Center to develop a financially self-sustaining program to fortify MSG with Vitamin A. HKI is now identifying and testing alternative methods of distributing Vitamin A, in capsules and in liquid form to determine which method is more cost-effective. In each of these components, HKI is working closely with the Indonesian government to assist them to serve the under five population with life-saving interventions, with a particular focus on Vitamin A.

In Bangladesh, HKI received a Child Survival Grant for $442,000 in 1985. This program has already attained three principal objectives. The government of Bangladesh has incorporated Vitamin A supplementary feeding programs into its 5 year health plan, and had made significant commitments of resources for this purpose. HKI has initiated a massive training effort in consumption of Vitamin A-rich foods and supplementary Vitamin A capsule distribution which will include government health professionals, program managers of other private voluntary organizations and all 23,000 village-based health and family welfare workers. HKI has also conducted feasibility studies to determine alternative mechanisms to increase the intake of Vitamin A foods including social marketing, food gardens, and food fortification. HKI is now developing strategies to increase the number of disadvantaged children receiving Vitamin A capsules.

SUCCESS STORIES
BUREAU FOR PRIVATE ENTERPRISE

940-0008 - Divestiture and Privatization:

The goal of this project is to help create a policy climate and provide technical and financial support to accelerate transfer of state-owned or controlled enterprises or functions to the private sector in developing countries. In FY 1987, the second year of implementation, the project was active in all the geographic regions, providing assistance to A.I.D. missions in a wide range of areas such as policy dialogue, project design, enterprise valuation, conference organization and enterprise-specific divestiture. The Center for Privatization, funded under the project, has provided technical assistance to some 40 countries. For example, in FY 1987 the project:

- worked with the mission in Honduras to implement a strategy for the divestiture of some 60 state-owned enterprises;

- developed national privatization plans for the Philippines and Thailand;

- carried out privatization conferences in Tunisia and Fiji which stimulated policy dialogue, and generated specific follow-on privatization actions in participating countries;

- assisted the Government of Tunisia privatization commission by providing advisers to analyze specific policy issues (e.g., commercial code, tax laws) and develop a second privatization conference based on in-depth case studies; and

- assisted the Government of Jordan in its planning to privatize the state-owned airline, the Amman city bus system and the telecommunications corporation.

940-2005 - Financial Markets Development:

The Financial Markets Development Project is designed to improve the mobilization of private capital in developing countries. Financial markets play a crucial role in channeling domestic savings into industrial and other priority investment activities. The project is the most comprehensive source of technical assistance within A.I.D. for the expansion of capital and equity markets. During FY 1987, the project undertook activities in the following areas:

Financial sector assessments (Central America regional study, Kenya, Pakistan, Yemen);

Sponsorship of training in U.S. financial markets (Indonesia, Zambia);

Feasibility studies for private sector energy, power and utility financing projects (Indonesia, Morocco, Panama); and

Review of specific regulations and development of new financial instruments (Jordan, Morocco).

In FY 1988 and beyond the project activities will be focused on several countries that provide the most promise for expanded financial markets reform. Indonesia, with a relatively well developed system and a government showing positive signs of further liberalization, will continue to be a key recipient of services. Kenya, where the project is assisting with the founding of a Capital Markets Authority, will also receive assistance. Tunisia, with a new government committed to liberalization and privatization of state-owned enterprises, shows great promise. Morocco, with a highly liquid banking system frustrated by stringent reserve and lending policies, will require continued assistance. Other nations such as Jordan, Senegal, Thailand, Honduras, and Bolivia will be considered.

Housing Guaranty Program - India Housing Development Finance Corporation
($125 Million HG Loan - Multi-Year Program)

Since 1981, Housing Guaranty funds have been critical in supporting the development of a private sector housing finance system in India which creates more opportunities for home-ownership by lower income households. This has been accomplished through a multi-year program of sustained capital and technical assistance provided to the Housing Development Finance Corporation (HDFC), a private institution committed to providing housing finance for lower income families and to supporting the growth and development of the capital market for shelter.

In its early years, the program demonstrated the commercial feasibility of private mortgage lending for lower income households. The program then focused on supporting an environment which encourages housing finance systems development by expanding the HDFC experiment through progeny private mortgage lenders, by increasing HDFC's mortgage volumes, and by experimenting with new mortgage facilities. The current focus of the program is on the need for further expansion and deepening of the private housing finance sector. Expansion will require both the continued elaboration of the HDFC branch network and the creation of additional private lenders. Deepening will involve support for the development of additional system components such as mortgage insurance and the creation of a secondary market for mortgage paper.

HDFC has also served as an institutional model and actually provided technical assistance to other countries such as Sri Lanka and Nepal which are interested in establishing new, private housing finance institutions. A.I.D. has encouraged and supported HDFC work in both countries.

BUREAU FOR SCIENCE AND TECHNOLOGY

SUCCESS STORIES

Radio Community Basic Education (936-5807) - The purpose of this recently completed $4.1 million project was to increase rural access to primary education. The project designed and delivered by radio the first four years of schooling to children in poor, remote communities in the southwest province of the Dominican Republic. More than eleven hundred children in fifty communities took part in the five year activity. The Dominican Secretariat of Education bought into the project by detailing staff for project implementation and evaluation.

Test results found project pupils outperforming children in regular primary schools of the province. Economic analysis showed that virtually all unschooled children in the country could be reached by this project's approach within fifteen years at a per-pupil cost roughly half that of regular primary school.

The Dominican Secretariat of Education has incorporated this radio-based program as a separate Department. The number of communities involved has continued to grow, and the Secretary of Education is calling on the National Association of Broadcasters to support expansion to all needy areas of the country. Also the model is being adopted for Honduras and other countries are sending delegations to see the program in action.

Population Policy Research (936-3035) $5 million in FY 1989 - The purpose of the Technical Information on Population for the Private Sector (TIPPS) component of the Population Policy Research project is to increase the allocation of private sector resources to family planning by promoting an understanding of the benefits of birthspacing in private health and commercial systems. In Peru, TIPPS assisted a major utility firm (ElectroLima) and a large mining company (Milpo) to measure the financial and health benefits of providing family planning services to employees and dependents. Both ElectroLima and Milpo decided to start family planning programs totally financed from company operating expenses. TIPPS then sponsored two workshops for directors and company managers showing them the results from ElectroLima and Milpo. Within two months, 12 additional companies, representing nearly 100,000 employees and 500,000 dependents, have requested technical assistance to study or implement family planning programs. All companies are prepared to pay for the costs of providing these services. Thus, a small one-time investment by A.I.D. has the potential of generating self-sustained family planning services for years to come.

Peanut Collaborative Research Support Program (CRSP) (936-4048) $1.7 million in FY 1989 - The purpose of this project is to support a collaborative research program among U.S. and less developed country scientists to increase the production and use of peanuts in less developed countries. In the Philippines, a major area regional development project in the Cagayan Valley on Luzon recently initiated a Peanut Development Action Project. A total of 26,000 hectares of peanuts (half the production of the whole country) will be planted to two improved varieties which were developed as a result of the collaborative research between peanut researchers in the Philippines and at North Carolina State University. The CRSP-produced varieties incorporate pest resistance and increased stamina over the locally produced varieties. As a result, the project should provide added income to farmers and improve the availability and consumption of peanuts in the diets of the poor majority of the Philippines. Peanuts are now imported into the Philippines from other Asian countries.

Small Enterprise Approaches To Employment Project (931-1090) - The purpose of this $5.5 million project is to improve employment opportunities, productivity and enterprise viability in the non-farm, small enterprise sectors. Research by Michigan State University (MSU) has shown that stronger local institutions and fairer policies are especially important in increasing the economic impact of small business. For example, MSU has provided analysis for policy change by the Government of Sierra Leone. MSU researchers, working with local specialists, demonstrated that income from non-farm employment provided as much as 20-30% of total household income in rural areas and that the single most important non-farm activity was garment production. Key equipment for these enterprises were sewing machines, which were dutied as "luxury goods" like Mercedes-Benzs. Large-scale urban garment manufacturers could import their needs duty free, but small businesses could not. As a result of the study the rate charged to small producers was lowered and small-scale tailoring showed a sizeable growth.

EXPLANATION OF
ECONOMIC AND SOCIAL DATA

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EXPLANATION OF ECONOMIC AND SOCIAL DATA

The Agency for International Development's mandate and the basic human needs strategy have directed increased attention to poor people. It is thus important that A.I.D. assemble social and economic data on recipient countries--especially in the key sectors of population, agriculture, rural development and nutrition, health, education, and human resources.

The Agency also monitors information and carries out programs of special concern to the Congress, such as women in development, energy, and the environment. Over time, we expect to develop comparable statistics which will allow us not only to design projects more effectively but also to evaluate the progress of countries in meeting basic human needs.

The process of accumulating reliable statistics for the developing world, particularly in the social sectors, is far from complete. Many programs still suffer from a lack of current information. However A.I.D.'s own data collection efforts and those of national and international organizations are improving. The Agency is also expanding its data storage and retrieval facilities to meet this demand.

Before discussing economic and social indicators in the country narratives, several caveats are in order. In most cases, there is no attempt to disaggregate statistics by region or subpopulation (e.g., urban, rural or ethnic group) within the countries. Thus interregional disparities and variations among important subgroups within a country do not appear on the Economic and Social Data sheets. To the extent that such information is available and relevant, it is incorporated in the country narrative.

Developing countries' statistics are subject to numerous qualifications. Their reliability is often questionable; thus the values shown should be interpreted as being indicative rather than precise.

NOTES ON SOURCES. A.I.D. data are derived from a variety of sources, including international and U.S. Government Agencies. The major sources are the International Bank for Reconstruction and Development (World Bank) for key economic and social indicators; the U.S. Department of Agriculture for agricultural data; the International Monetary Fund for central government finances and foreign trade statistics; United Nations specialized agencies for some social indicators; and the U.S. Bureau of the Census for demographic data.
These data are also reviewed by AID Missions and Bureaus and their revisions may supersede other sources.

ECONOMIC & SOCIAL DATA

INDICATOR DEFINITIONS

TOTAL U.S. AID is provided by A.I.D. and is equivalent to gross U.S. economic assistance obligations (total new obligations entered into during a given year) for the period 1946 through 1986. It is the sum of Development Assistance, Economic Support Fund, Peace Corps, Narcotics, PL480 and Other Economic Assistance.

RATIO OF US AID TO TOTAL ODA represents U.S. economic assistance obligated in the period 1982-1985 as a percentage of total commitments of official development assistance (ODA) from members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), multilateral organizations, members of the Organization of Petroleum Exporting Countries (OPEC) and members of the Council for Mutual Economic Assistance (CMEA). The ODA data are published in OECD, Geographical Distribution of Financial Flows to Developing Countries, 1982-1985. The U.S. economic assistance data are provided by A.I.D.

YEARLY U.S. AID PER CAPITA is computed by dividing the sum of total U.S. economic assistance obligations for 1982-85 provided by A.I.D. by the sum of total population figures provided by the Bureau of the Census for the same period. Total U.S. economic assistance is the sum of Development Assistance, Economic Support Fund, Peace Corps, Narcotics, PL480, and Other Economic Assistance.

NATIONAL INCOME AND EXPENDITURES

PER CAPITA GNP figures are estimates reported in the IBRD, World Development Report, 1987. GNP is a measure of the total domestic and foreign output claimed by residents of a country. It is converted from current values of national currencies to U.S. dollars to make international comparisons. The conversion process uses a three-year weighted average of prices and exchange rates. (See WORLD BANK ATLAS for a complete technical description of this process.) Per capita GNP is calculated by the World Bank by dividing GNP at market prices in U.S. dollars by estimates of total mid-year population based on data from the UN Population Division or World Bank sources.

AVERAGE ANNUAL PER CAPITA REAL GNP GROWTH RATE is the annual growth rate in real terms that has been computed by fitting trend lines to the logarithmic values of GNP per capita at constant market prices for each year of the time period. With this method, all available observations within the relevant time period are considered, and the growth rates obtained reflect general trends rather than cyclical factors or irregular variations in any particular year. The source of data is the IBRD, WORLD DEVELOPMENT REPORT, 1987.

GOVERNMENT BUDGETARY EXPENDITURES AS A % OF GNP is taken from the IMF's INTERNATIONAL FINANCIAL STATISTICS. It is calculated by dividing total expenditures by GNP. Total expenditures include all nonrepayable payments by the government, whether requited or unrequited, or for current or capital purposes. GNP is calculated as gross national expenditures and is weighted accordingly by the IMF (for a complete technical description see IMF, INTERNATIONAL FINANCIAL STATISTICS, Introduction Section, National Accounts and Population).

TOTAL EXPENDITURES & NET LENDING in millions of U.S. dollars are calculated using the IMF's GOVERNMENT FINANCE STATISTICS and refer to central government finances only. Data in local currency are converted into U.S. dollars using the average annual exchange rate (period average, par rate) for each year found in IMF, INTERNATIONAL FINANCIAL STATISTICS. Expenditures include all nonrepayable payments by the government, whether requited or unrequited, or for current or capital purposes. Lending minus repayment includes both loans and equities.

BUDGETARY DEFICIT OR SURPLUS in millions of U.S. dollars is derived from the IMF's GOVERNMENT FINANCE STATISTICS and is calculated by subtracting the total of expenditures and lending minus repayments from total revenue and grants. The data in local currency are then converted into U.S. dollars for each year by using the average annual exchange rate (period average, par rate) from the IMF's INTERNATIONAL FINANCIAL STATISTICS. The data refer to central government finances only.

INTERNATIONAL RESERVES AND EXTERNAL DEBT

OFFICIAL INTERNATIONAL RESERVES, GROSS HOLDINGS AT END OF PERIOD in millions of U.S. dollars are taken from the IMF's INTERNATIONAL FINANCIAL STATISTICS. They are the total reserve of foreign currency in U.S. dollars plus the monetary gold holdings at national evaluation. The variable "EQUIVALENT TO ___ MONTHS OF IMPORTS" is calculated by dividing one year of imports, converted from SDR's to US dollars (from the IMF's BALANCE OF PAYMENTS STATISTICS) by 12 and dividing that by the total reserves.

EXTERNAL PUBLIC DEBT AS % OF GNP comes from the IBRD WORLD DEBT TABLES and WORLD TABLES data. External public debt, including debt disbursed and outstanding, is defined as the debt owed to non-residents and repayable in foreign currency, goods, or services that have an original or extended maturity of over one year. External public debt includes public debt which is an external obligation of a public debtor, and publicly guaranteed debt, which is an external obligation of a private debtor that is guaranteed for repayment by a public entity. These figures do not include data for: transactions with the IMF, debt repayable in local currency, direct investment, and short-term debt (debt with original maturity of a year or less). GNP figures, from the WORLD TABLES, are converted from local currency to US dollars.

SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT in millions of U.S. dollars are from the IBRD, WORLD DEBT TABLES. Service payments are actual repayments of principal (amortization) and interest payments made in foreign currencies, goods, and services in the year specified. They do not include projections of service payments that may become due as a result of new loans contracted in subsequent years, or allow for the effects on service payments of changes in repayment patterns due to prepayment of loans, or to future rescheduling or refinancing, including repayment of outstanding arrears.

SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT AS % OF EXPORT EARNINGS (DEBT SERVICE RATIO) is from the IBRD, WORLD DEBT TABLES and the IMF's INTERNATIONAL FINANCIAL STATISTICS. It is total debt service payments as a percentage of total exports of goods and non-factor services, converted into US dollars from local currency.

EXTERNAL TRADE

TRADE BALANCE in constant 1980 U.S. dollars is taken from IMF, INTERNATIONAL FINANCIAL STATISTICS. It is the difference of total exports and imports (described below) in local currency deflated using the consumer price index (1980 = 100) and converted into U.S. dollars using the average annual exchange rate (period average, par rate).

TOTAL IMPORTS are taken from the IMF, INTERNATIONAL FINANCIAL STATISTICS and comprise the constant 1980 U.S. dollar value of imports of goods and non-factor services purchased from the rest of the world. Import data are those of the United Nations System of National Accounts and are, in general, as given in U.N. sources. In many cases current annual data are derived from national sources. Total imports are deflated using the consumer price index (1980=100) then converted into U.S. dollars using the average annual exchange rate (period average, par rate).

TOTAL EXPORTS are taken from the IMF, INTERNATIONAL FINANCIAL STATISTICS and comprise the constant 1980 U.S. dollar value of exports of goods and non-factor services sold to the rest of the world. Export data are those of the United Nations System of National Accounts and are, in general, as given in U.N. sources. In many cases current annual data are derived from national sources. Total exports are deflated using the consumer price index (1980 = 100) then converted into U.S. dollars using the average annual exchange rate (period average, par rate).

EXPORTS AND IMPORTS TO THE U.S. as a percentage of total exports and imports are taken from the IMF's DIRECTION OF TRADE statistics. Exports are valued f.o.b. (free on board) for all countries and imports are valued c.i.f. (cost, insurance and freight) for most countries and include goods only. Reliability and timing differences in reporting make the coverage less than complete.

MAJOR EXPORTS AND IMPORTS are taken from the C.I.A., WORLD FACTBOOK, 1987. Up to three exports and three imports are included.

MAIN TRADING PARTNERS are derived from IMF, DIRECTION OF TRADE STATISTICS on the value of imports plus exports (goods only) between the country in question and all of its trading partners. The three partners with the highest total for the latest ten years are listed.

AGRICULTURE

AGRICULTURAL PRODUCTION AS % OF GDP is taken from the IBRD, WORLD TABLES data. The agricultural sector is broadly defined as agriculture, forestry, hunting, and fishing. GDP is defined as the total final output of goods and services produced by an economy regardless of the allocation to domestic and foreign claims.

MAJOR CROPS, SUBSISTENCE AND CASH are from USDA data. Data were collected by individual agricultural officers at the American embassies in the various countries. Up to three subsistence and three cash crops are reported. Subsistence crops are used only by a given household while cash crops are grown for profit.

AGRICULTURAL EXPORTS AND IMPORTS are derived from USDA estimates. Data were collected by individual agricultural officers at the American embassies in the various countries. Up to three imports and exports are included.

POPULATION

TOTAL POPULATION data are Bureau of the Census mid-year projections based on the most recent censuses and subsequent fertility and mortality trends prepared by agreement with S&T/POP. The total population figure sometimes differs from population estimates used by other sources in some of the data elements shown (e.g., by the IBRD in computing per capita GNP).

POPULATION GROWTH RATE is the average annual growth rate from midyear of the previous year, computed using the exponential formula. These figures are from the Bureau of the Census and prepared by agreement with S&T/POP.

POPULATION IN A GIVEN AGE GROUP is taken from the Bureau of the Census. These data indicate the proportion of the population in a given age group and are helpful in analyzing the age structure of a population and calculating dependency ratios.

MARRIED WOMEN AGED 15-49 YEARS OF AGE USING CONTRACEPTION is the percent of married women of reproductive age who are currently using contraception. These data are from a variety of AID-funded projects and are compiled by the Bureau of the Census.

TOTAL FERTILITY RATE is from the Bureau of the Census. It is defined as the number of children born per woman, if she were to live to the end of her childbearing years and bear children at each age in accordance with prevailing age specific fertility rates. Most of the data come from surveys, civil registers and census data.

HOUSEHOLD INCOME AND EMPLOYMENT

NATIONAL INCOME RECEIVED BY LOW 20% OF THE POPULATION is reported in IBRD, SOCIAL INDICATORS data. The data refer to the percentage distribution of disposable household income (both cash and in kind) received by the lowest 20% of households.

% OF POPULATION OF HOUSEHOLDS LIVING BELOW ABSOLUTE POVERTY LEVEL is taken from the IBRD, SOCIAL INDICATORS data. It is the percentage of total, urban, and rural populations who live in "absolute poverty." Absolute poverty income level is defined as that below which a minimal nutritionally adequate diet plus essential nonfood requirements are not affordable.

LABOR FORCE PARTICIPATION AS % OF WORKING AGE POPULATION is taken from the IBRD, SOCIAL INDICATORS data. The labor force comprises economically active persons, including the armed forces and the unemployed, but excluding housewives, students, and other economically inactive groups. The working age population refers to the population aged 15-64. These estimates are from the International Labour Organization (ILO) and are based on U.N. population estimates.

PROPORTION OF THE LABOR FORCE IN AGRICULTURE comes from the IBRD, SOCIAL INDICATORS data. It is the labor force in farming, fishing, forestry, and hunting as a percentage of the total labor force.

NUTRITION AND HEALTH

PER CAPITA CALORIE SUPPLY AS A % OF REQUIREMENTS is from the IBRD, SOCIAL INDICATORS data and is computed from the energy equivalent of net food supplies available in the country per capita per day. Available supplies comprise domestic production, imports minus exports, and changes in stock. Net supplies exclude animal feed, seeds, quantities used in processing, and losses in distribution. Requirements were estimated by the FAO based on physiological needs for normal activity and health considering environmental temperature, body weight, age and sex distribution of the population, and allowing 10 percent for waste at the household level.

LIFE EXPECTANCY AT BIRTH IN YEARS is from the IBRD, SOCIAL INDICATORS data. It is equivalent to the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life.

INFANT DEATHS PER 1000 LIVE BIRTHS (or the Infant Mortality Rate) is from the Bureau of the Census. The rate refers to the number of babies who die in their first year of life per thousand live births in that same year.

CHILDREN 12-23 MOS. IMMUNIZED AGAINST MAJOR CHILDHOOD DISEASES is taken from data provided by the International Science and Technology Institute (ISTI). These data are derived from the World Health Organization's Report on World Immunization Status, January 1987, with some estimates provided by A.I.D., and are based on the reported coverage rates applied to the estimated number of infants surviving the first year of life. Often, reported coverage rates are based on children who have health cards, resulting in higher levels of coverage than actually occur among the general child population. Estimates do not include the effects of child mortality. DPT, Polio, Measles and BCG immunization coverage rates refer to the proportion of children 12-23 mos. immunized, using children surviving to age one as the denominator.

POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(%) is taken from the IBRD, SOCIAL INDICATORS data. It is the percentage of the population with reasonable access to safe water supply (includes treated surface water or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells). In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas, reasonable access would imply that the housewife or members of the household do not have to spend a disproportionate part of the day fetching the family's water.

EDUCATION AND LITERACY

TOTAL SCHOOL ENROLLMENT AS % OF POPULATION IN AGE GROUP is taken from the IBRD, SOCIAL INDICATORS data. It is the enrollment of all ages at a given level as percentages of respective level school-age populations normally including children aged 6-11 as primary, 12-17 as secondary, and 18-23 as post secondary. For countries with universal education, enrollment may exceed 100 percent since some pupils are below or above the official school age. The data are compiled by The U.N. Educational, Scientific, and Cultural Organization (UNESCO).

ADULT LITERACY RATE is taken from the IBRD, SOCIAL INDICATORS data. It is an estimate of the percentage of the population aged 15 and over able to read and write. Generally a person who can, with understanding, both read and write a short, simple statement about his or her everyday life is considered literate. Persons who can read but not write are included with illiterates. (Definitions and age groupings may vary between countries). The data are compiled by UNESCO. Because such data are normally gathered in large-scale demographic surveys and censuses, they often are not available for the most recent year.

INDICATOR DEFINITIONS FOR GRAPHS

PER CAPITA GNP figures are estimates reported by the IBRD. GNP is a measure of the total domestic and foreign output claimed by residents of a country. It is converted from constant values of national currencies to U.S. dollars to make international comparisons. The conversion process uses a three-year weighted average of prices and exchange rates. (See WORLD BANK ATLAS for a complete technical description of this process). Per capita GNP is calculated by dividing GNP at constant market prices in U.S. 1980 dollars by estimates of total mid-year population based on data from the UN Population Division or World Bank sources. These data cover the period from 1965 through 1985. NOTE: Major changes may be related to use of official exchange rates.

TOTAL EXPORTS are taken from the IMF, INTERNATIONAL FINANCIAL STATISTICS and comprise the constant 1980 U.S. dollar value of exports of goods and non-factor services sold to the rest of the world. Export data are those of the United Nations System of National Accounts and are, in general, as given in U.N. sources. In many cases current annual data are derived from national sources. Total exports are deflated using the consumer price index (1980 = 100) then converted into U.S. dollars using the average annual exchange rate (period average, par rate). The data cover the period from 1965 through the most recent year available. NOTE: Major changes may be related to the use of official exchange rates.

TOTAL IMPORTS are taken from the IMF, INTERNATIONAL FINANCIAL STATISTICS and comprise the constant 1980 U.S. dollar value of imports of goods and non-factor services purchased from the rest of the world. Import data are those of the United Nations System of National Accounts and are, in general, as given in U.N. sources. In many cases current annual data are derived from national sources. Total imports are deflated using the consumer price index (1980=100) then converted into U.S. dollars using the average annual exchange rate (period average, par rate). The data cover the period from 1965 through the most recent year available. NOTE: Major changes may be related to the use of official exchange rates.

AGRICULTURAL PRODUCTION INDICES are taken from IBRD, WORLD TABELS data. The solid line represents the agricultural production index which is based on agricultural indices obtained generally from the U.N. Food and Agricultural Organization (FAO) and rebased in 1976. The index reflects growth rates for production of both crops and livestock. The dotted line represents the agricultural production index weighted by population. The data cover the period 1965 through the most recent year available.

LIFE EXPECTANCY AT BIRTH IN YEARS is from the IBRD, SOCIAL INDICATORS data. It is equivalent to the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life. Figures for the total population are reported. The data cover all years from 1965 through the most recent year available.

INFANT MORTALITY RATE is provided by the IBRD, SOCIAL INDICATORS data. It is the number of infants (aged 0-1) per thousand live births, in a given year, who die before reaching one year of age. The data cover all years from 1965 through the most recent year available.

TOTAL PRIMARY SCHOOL ENROLLMENT AS % OF POPULATION IN AGE GROUP is taken from the IBRD, SOCIAL INDICATORS data. It is the enrollment of all ages in primary school as a percentage of children aged 6-11. For countries with universal education, enrollment may exceed 100 percent since some pupils are below or above the official school age. The data are compiled by UNESCO and cover the years from 1965 through the most recent year available.

NOTE: For all graphs, each scale is country specific and depends on its own maximum and minimun data values. The spline interpolation method was used for smoothing points in all graphs but Exports and Imports. The note NO DATA FOR THIS INDICATOR indicates that data conforming to the above definitions were not available <u>or</u> did not cover a sufficient time period.

REGIONAL SUMMARY

DEFINITIONS OF ECONOMIC INDICATORS

PER CAPITA GNP figures are estimates reported by the IBRD, WORLD DEVELOPMENT REPORT, 1987. GNP is a measure of the total domestic and foreign output claimed by residents of a country. It is converted from current values of national currencies to U.S. dollars to make international comparisons. The conversion process uses a three-year weighted average of prices and exchange rates. (See WORLD BANK, ATLAS for a complete technical description of this process.) Per Capita GNP is calculated by the World Bank by dividing GNP at current market prices in U.S. dollars by estimates of total mid-year population based on data from the UN Population Division or World Bank sources.

GOVERNMENT DEBT OUTSTANDING AS A % of GNP is calculated using the value of total government debt outstanding from the IMF, GOVERNMENT FINANCE STATISTICS YEARBOOK divided by the GNP from the IMF, INTERNATIONAL FINANCIAL STATISTICS. Government debt outstanding includes both domestic and foreign debt in the form of financial obligations of the government which are serviced through interest payments and/or redemption. GNP is calculated as gross national expenditures and is weighted accordingly by the IMF (for a complete technical description see IMF, INTERNATIONAL FINANCIAL STATISTICS, Introduction Section, National Accounts and Population).

GOVERNMENT DEBT OUTSTANDING AS A % OF EXPORTS is total government debt outstanding (see above definition) from the IMF, GOVERNMENT FINANCE STATISTICS divided by total exports of goods and services from the IMF, INTERNATIONAL FINANCIAL STATISTICS. Exports f.o.b. are merchandise transactions usually recorded by customs authorities (however, some are based on exchange records). Exports are listed in local currency at current market prices.

DEBT SERVICE RATIO is from the IBRD, WORLD DEBT TABLES and the IMF, INTERNATIONAL FINANCIAL STATISTICS. It is total debt service payments as a percentage of total exports of goods and non-factor services, converted into US dollars from local currency.

TOTAL U.S. AID in millions of U.S. dollars includes total bilateral obligations from the United States. It is the sum of Development Assistance, Economic Support Fund, Peace Corps, Narcotics, PL480, the Military Assistance Program, Foreign Military Sales, the International Military Education and Training Program, and other economic and military assistance. Data is provided by A.I.D.

U.S. AID AS A % OF GNP is calculated by dividing total U.S. bilateral obligations by GNP figures from the IBRD, SOCIAL INDICATORS OF DEVELOPMENT, 1987.

TOTAL U.S. NET ECONOMIC DISBURSEMENTS AS A % OF GNP refers to net disbursements of Official Development Assistance (ODA) from the United States to recipient countries divided by their respective GNP figures for the same year. ODA data is from the OECD, GEOGRAPHICAL DISTRIBUTION OF FINANCIAL FLOWS TO DEVELOPING COUNTRIES, 1982/1985 and the GNP data is from the IBRD, SOCIAL INDICATORS data.

ALL SOURCE NET ECONOMIC DISBURSEMENTS AS A % OF GNP refers to net disbursements of official development assistance (ODA) from all sources including members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), multilateral organizations, members of the Organization of Oil Exporting Countries (OPEC) and members of the Council for Mutual Economic Assistance (CMEA). The ODA figures are divided by GNP for each country. 1982-1985 ODA data are from the IBRD, WORLD DEVELOPMENT REPORT, 1987, and are based on OECD estimates. GNP figures are taken from the IBRD, SOCIAL INDICATORS data.

AVERAGE ANNUAL PER CAPITA GNP GROWTH RATE is the annual growth rate in real terms that has been computed by fitting trend lines to the logarithmic values of GNP per capita at constant market prices for each year of the time period. With this method, all available observations within the relevant time period are considered, and the growth rates obtained reflect general trends rather than cyclical factors or irregular variations in any particular year. The source of the data is the IBRD, WORLD DEVELOPMENT REPORT, 1987.

AVERAGE ANNUAL RATE OF GDP GROWTH is from the IBRD, WORLD DEVELOPMENT REPORT, 1987 and is measured by the total final output of goods and services produced by an economy, regardless of the allocation to domestic and/or foreign claims. It is calculated without making deductions for depreciation. The figures for GDP are dollar values converted from domestic currency by using the single-year official exchange rate. Growth rates are expressed as percentages and are calculated from constant price series over the time period covered. The least-squares growth rate method is then applied to compute the summary measure.

ANNUAL RATE OF INFLATION is the annual growth rate that has been computed by fitting a trend line to the logarithmic values of the implicit GDP deflator from the IBRD, WORLD DEVELOPMENT REPORT, 1987. The "implicit GDP deflator" is defined as the ratio of the value of GDP (gross domestic product) in current market prices to the value of GDP in constant market prices.

GOVERNMENT EXPENDITURES AS A % OF GNP. Government expenditures are total expenditures and lending minus repayment (IMF, GOVERNMENT FINANCE STATISTICS). This is divided by GNP (IMF, INTERNATIONAL FINANCIAL STATISTICS).

TRADE BALANCE in constant 1980 U.S. dollars is taken from the IMF's INTERNATIONAL FINANCIAL STATISTICS. It is the difference of total exports and imports of goods and non-factor services deflated using the consumer price index (1980 = 100) and converted into U.S. dollars using the average annual exchange rate (period average/par rate).

GOVERNMENT DEBT FINANCING AS % OF GOVERNMENT EXPENSES. This number is computed from the IMF, GOVERNMENT FINANCE STATISTICS. Government debt financing includes domestic financing and financing from abroad. This is divided by total government expenditures and lending minus repayment (interest payments and amortization of loans).

GOVERNMENT DEFENSE SPENDING AS A % OF GDP is the total defense expenditures from the IMF, GOVERNMENT FINANCE STATISTICS divided by GDP from the IMF, INTERNATIONAL FINANCIAL STATISTICS. Defense expenditures include all expenditures for the maintenance of military and paramilitary forces and expenditures for foreign military aid. GDP is in local currency at current market prices.

CURRENT ACCOUNT BALANCE is the trade balance (merchandise exports, f.o.b., minus merchandise imports, c.i.f.) plus other goods, services, and income plus private and official unrequited transfers. This includes workers remittances from abroad. These figures are taken from the IMF, BALANCE OF PAYMENTS STATISTICS and are converted from SDR's to U.S. dollars using the average annual exchange rate (period average) from the IMF's, INTERNATIONAL FINANCIAL STATISTICS.

REGIONAL SUMMARY

DEFINITIONS OF SOCIAL INDICATORS

TOTAL POPULATION data are Bureau of the Census mid-year projections based on the most recent censuses and subsequent fertility and mortality trends prepared by agreement with S&T/POP. The total population figure sometimes differs from population estimates used by other sources in some of the data elements shown (e.g., by the IBRD in computing per capita GNP).

POPULATION GROWTH RATE is the average annual growth rate from midyear of the previous year, computed using the exponential formula. These figures are from the Bureau of the Census.

LIFE EXPECTANCY AT BIRTH IN YEARS is from the IBRD, SOCIAL INDICATORS data. It is equivalent to the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life.

NUMBER OF PERSONS PER PHYSICIAN is taken from the IBRD, SOCIAL INDICATORS data and refers to the population divided by the number of practicing physicians qualified from a medical school on a university level.

POPULATION WITH REASONABLE ACCESS TO SAFE WATER SUPPLY(%) is taken from the IBRD, SOCIAL INDICATORS data. It is the percentage of the population with reasonable access to safe water supply (includes treated surface water or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells). In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas, reasonable access would imply that the housewife or members of the household do not have to spend a disproportionate part of the day fetching the family's water.

INFANT DEATHS PER 1000 LIVE BIRTHS (or the Infant Mortality Rate) is from the Bureau of the Census. The rate refers to the number of babies who die in their first year of life per thousand live births in that same year.

ADULT LITERACY RATE is taken from the IBRD, SOCIAL INDICATORS data. It is an estimate of the percentage of the population aged 15 and over able to read and write. A person who can, with understanding, both read and write a short, simple statement about his or her everyday life is considered literate. Persons who can read but not write are included with illiterates. The data are compiled by the U.N. Educational, Scientific, and Cultural Organization (UNESCO). Because such data are normally gathered in large-scale demographic surveys and censuses, they often are not available for the most recent year.

MALE LABOR FORCE PARTICIPATION RATE is from the IBRD, SOCIAL INDICATORS data. It is the percentage of the male labor force in the total male population.

POPULATION DENSITY PER SQUARE KILOMETER OF AGRICULTURAL LAND is taken from the IBRD, SOCIAL INDICATORS data. It is defined as the IBRD estimated mid-year population divided by the total agricultural land in the country. Agricultural land consists of arable land, land under permanent crops (tree crops), and permanent pastures and meadows.

POPULATION DENSITY PER SQUARE KILOMETER IS TAKEN FROM THE IBRD, SOCIAL INDICATORS data. It is defined as the IBRD-estimated mid-year population divided by the total land area.

POPULATION IN URBAN AREAS (%) is taken from the IBRD, SOCIAL INDICATORS data. This is the ratio of the urban population to the total population. The wide variation in the definition of the concept of "urban" used by individual countries limits the cross-country comparability of the data.

PROGRAM STATISTICS

AGENCY FOR INTERNATIONAL DEVELOPMENT
Program and Financing
FY 1987 Actual
(in thousands of dollars)

	UNOBLIGATED BALANCE BROUGHT FORWARD	(A) NEW BUDGET AUTHORITY	AVAILABLE RECOVERIES	(B) TRANSFERS	REIMBURSE-MENTS	TOTAL AVAILABLE FOR OBLIGATION	TOTAL A.I.D. PROGRAM	UNOBLIGATED BALANCE LAPSING TO TREASURY	UNOBLIGATED BALANCE CARRIED FORWARD
Functional Development Assistance:									
Agriculture, Rural Dev. & Nutrition	5,574	639,613	51,813	(3,000)	--	694,000	686,933	4,709	2,358
Population Planning	--	234,625	37,110	(4,676)	690	267,749	267,154	535	60
Health	1,046	163,763	8,826	(3,966)	177	169,846	168,117	659	1,070
Child Survival Fund	--	75,000	--	--	--	75,000	74,994	6	--
Education & Human Resources Dev.	1,864	158,000	6,637	(1,358)	--	165,143	163,064	1,421	658
Selected Development Activities	326	202,990	17,315	(2,500)	207	218,338	210,879	415	7,044
Science and Technology	--	[14,662]	--	--	--	[14,662]	[14,662]	--	--
SUBTOTAL, Functional Accounts	8,810	1,473,991	121,701	(15,500)	1,074	1,590,076	1,571,141	7,745	11,190
Grants, included above	--	1,389,739	85,576	--	897	1,476,212	1,459,307	6,885	10,020
Loans, included above	8,810	84,252	36,125	(15,500)	177	113,864	111,834	860	1,170
Sahel Development Program	4,583	70,000	11,156	--	--	85,739	80,559	--	5,180
Private Enterprise Revolving Fund	600	--	--	15,500	--	16,100	15,150	--	950
SUBTOTAL, Functional and Sahel	13,993	1,543,991	132,857	--	1,074	1,691,915	1,666,850	7,745	17,320
American Schools & Hospitals Abroad	--	35,000	--	--	--	35,000	35,000	--	--
Disaster Assistance	15,363	70,000	4,361	2,500	--	92,224	86,357	1,082	4,785
Housing Guaranty Borrowing Auth	--	20,000	--	--	--	20,000	20,000	--	--
Miscellaneous Prior Year Accounts									
Misc & W.W. Disaster Relief	142	--	--	--	--	142	--	--	142
Development Loan Fund	--	--	--	--	--	--	--	--	--
SUBTOTAL, DA Program funds	29,498	1,668,991	137,218	2,500	1,074	1,839,281	1,808,207	8,827	22,247
Operating Expenses									
AID	31	348,263	9,762	--	6,298	364,354	350,462	13,892	--
IG	--	21,321	124	--	--	21,445	20,937	508	--
Foreign Service Retirement and Disability Fund	--	45,492	--	--	--	45,492	45,492	--	--
TOTAL, A.I.D. Development Assistance	29,529	2,084,067	147,104	2,500	7,372	2,270,572	2,225,098	23,227	22,247
Economic Support Fund	96,470	3,551,000	29,564	302,000	--	3,979,034	3,912,251	717	66,066
TOTAL, A.I.D. ECONOMIC ASSISTANCE	125,999	5,635,067	176,668	304,500	7,372	6,249,606	6,137,349	23,944	88,313

(A) Includes Section 109 Transfer from Health to Selective Development Activities ($3.0 million). Pursauant to P.L. 100-71 $300.0 million from Dept. of Defense to ESF. 01-Mar-88

(B) Includes the following transfers pursuant to P.L. 99-500: $13.0 million from FDAP to the Private Sector Revolving Loan Fund; $300.0 million from Dept. of Agriculture to ESF; $2.5 million from Dept. of State to IDA; and $2 million transfer to ESF from appropriation for prototype desalting plant.

AGENCY FOR INTERNATIONAL DEVELOPMENT
Program and Financing
FY 1988 Estimate
(in thousands of dollars)

	UNOBLIGATED BALANCE BROUGHT FORWARD	NEW BUDGET AUTHORITY ENACTED	ESTIMATED TRANSFERS [Minus:()]	ESTIMATED REIMBURSE-MENTS	TOTAL AVAILABLE FOR OBLIGATION	ESTIMATED TOTAL A.I.D. PROGRAM	UNOBLIGATED BALANCE CARRIED FORWARD
Functional Development Assistance:							
Agriculture, Rural Dev. & Nutrition	2,358	488,715	(2,000)	--	489,073	489,073	--
Population Planning.....	60	197,940	(1,000)	--	197,000	197,000	--
Health.....	1,070	119,000	--	--	120,070	120,070	--
Child Survival Fund.....	--	66,000	--	--	66,000	66,000	--
AIDS Prevention & Control.....	--	30,000	--	--	30,000	30,000	--
Education & Human Resources Dev....	658	117,000	--	--	117,658	117,658	--
Private Sector, Environ. & Energy..	7,044	129,371	--	--	136,415	136,415	--
Science and Technology.....	--	[8,662]	--	--	[8,662]	[8,662]	--
FDAP Deob/Reob.....	--	12,500	--	--	12,500	12,500	--
SUBTOTAL, Functional Accounts.....	11,190	1,160,526	(3,000)	--	1,168,716	1,168,716	--
Grants, included above.....	10,020	1,151,409			1,161,429	1,161,429	--
Loans, included above.....	1,170	9,117	(3,000)	--	7,287	7,287	--
Sahel Development Program.....	5,180	--	--	--	5,180	5,180	--
Development Fund for Africa	--	500,000	--	--	500,000	500,000	--
SADCC.....	--	50,000	--	--	50,000	50,000	--
Private Enterprise Revolving Fund....	950	--	3,000	--	3,950	3,950	--
SUBTOTAL, Functional and Sahel.....	17,320	1,660,526	--	--	1,677,846	1,727,846	--
American Schools & Hospitals Abroad..	--	40,000	--	--	40,000	40,000	--
Disaster Assistance.....	4,785	25,000	--	--	29,785	29,785	--
Humitarian Relief Transport.....	--	--	3,000	--	3,000	3,000	--
Housing Guaranty Borrowing Auth.....	--	22,000	--	--	22,000	22,000	--
Miscellaneous Prior Year Accounts							
Misc & W.W. Disaster Relief.....	142	--	--	--	142	142	--
Development Loan Fund.....	--	--	--	--	--	--	--
SUBTOTAL, DA Program funds.....	22,247	1,747,526	3,000	--	1,772,773	1,822,773	--
Operating Expenses.....							
AID.....	--	406,000	--	5,500	411,500	411,500	--
IG.....	--	23,970	--	--	23,970	23,970	--
Foreign Service Retirement and Disability Fund.....	--	35,132	--	--	35,132	35,132	--
TOTAL, A.I.D. Development Assistance	22,247	2,212,628	3,000	5,500	2,243,375	2,293,375	--
Economic Support Fund.....	66,066	3,188,320	--	--	3,254,386	3,254,386	--
ESF Deob/Reob.....	--	12,500	--	--	12,500	12,500	--
TOTAL, A.I.D. ECONOMIC ASSISTANCE....	88,313	5,413,448	3,000	5,500	5,510,261	5,560,261	--

FY 1987 U.S. ECONOMIC AND MILITARY ASSISTANCE - ACTUAL OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
BILATERAL ASSISTANCE													
AFRICA	396,653	164,842	131,400	112,884	0	50,365	0	3,000	0	46,874	9,163	0	915,181
ASIA/NEAR EAST	427,921	2,927,949	454,000	168,749	22,424	23,696	0	950,441	3,100,000	657,500	32,173	0	8,764,853
LATIN AMERICA & CAR	436,746	818,460	197,700	45,809	64,967	28,335	0	0	0	200,400	14,529	0	1,806,946
CENTRAL BUREAUS	405,530	1,000	127,627	224,902	31,048	28,427	0	0	0	46,299	135	0	864,968
Disaster Reserve/Unallocated	--	--	--	--	--	--	--	--	--	--	--	--	--
Subtotal: Country Programs	1,666,850	3,912,251	910,727	552,344	118,439	130,823	0	953,441	3,100,000	951,073	56,000	0	12,351,948
(AFRICA FUND)	--	--	--	--	--	--	--	--	--	--	--	--	--
(SADCC)	[50,000]	--	--	--	--	--	--	--	--	--	--	--	[50,000]
(REV LOAN FUND)	(15,150)	--	--	--	--	--	--	--	--	--	--	--	(15,150)
Deob/Reob	[108,856]	[25,205]	--	--	--	--	--	--	--	--	--	--	[134,061]
Subtotal	1,666,850	3,912,251	910,727	552,344	118,439	130,823	0	953,441	3,100,000	951,073	56,000	0	12,351,948
ASHA	35,000	--	--	--	--	--	--	--	--	--	--	--	35,000
Disaster Assistance	86,357	--	--	--	--	--	--	--	--	--	--	--	86,357
Humanitarian Relief Transport	--	--	--	--	--	--	--	--	--	--	--	--	--
Private Sector Guarantees	--	--	--	--	--	--	--	--	--	--	--	--	--
Housing Guarantees	[145,464]	--	--	--	--	--	--	--	--	--	--	--	[145,464]
Housing Borrowing Auth	20,000	--	--	--	--	--	--	--	--	--	--	--	20,000
Operating Expenses	350,462	--	--	--	--	--	--	--	--	--	--	--	350,462
Operating Expenses-IG	20,937	--	--	--	--	--	--	--	--	--	--	--	20,937
For. Serv. Ret. & Dis.	45,492	--	--	--	--	--	--	--	--	--	--	--	45,492
TCIP	[250,000]	--	--	--	--	--	--	--	--	--	--	--	[250,000]
Misc. Appropriations	--	--	--	--	--	--	--	--	--	--	--	--	--
Misc. Trust Funds	8,981	--	--	--	--	298	--	--	--	--	--	--	9,279
Receipts	(403,847)	--	--	--	--	--	--	--	--	--	--	--	(403,847)
Total AID	1,830,232	3,912,251	910,727	552,344	--	--	--	--	--	--	--	--	7,205,554
Trade & Development	--	--	--	--	--	--	21,017	--	--	--	--	--	21,017
Inter-American Foundation	--	--	--	--	--	--	11,800	--	--	--	--	--	11,800
Africa Dev. Foundation	--	--	--	--	--	--	6,614	--	--	--	--	--	6,614
Migration & Refugee Assist.	--	--	--	--	--	--	346,856	--	-	--	--	--	346,856
Emergency Refugee Fund	--	--	--	--	--	--	14,000	--	--	--	--	--	14,000
Misc. Trust Funds - DOT	--	--	--	--	--	--	4,545	--	--	--	--	--	4,545
Overseas Priv. Invest. Corp.													
(limit on dir. loans)	--	--	--	--	--	--	[23,000]	--	--	--	--	--	[23,000]
(limit on guar. loans)	--	--	--	--	--	--	[200,000]	--	--	--	--	--	[200,000]
Receipts	--	--	(380,000)	--	--	--	(48,802)	(464,439)	--	--	--	--	(893,241)
Adjustments	(135,720)	(61,251)	--	--	6	7,137	(1,017)	--	--	--	--	--	(190,845)
Total: Bilateral	1,694,512	3,851,000	530,727	552,344	118,445	138,258	355,013	--	--	--	--	--	7,240,299
MULTILATERAL ASSISTANCE													
MDB'S							1,207,142						1,207,142
I O & P							237,184						237,264
Total: Multilateral	--	--	--	--	--	--	1,444,326	--	--	--	--	--	1,444,326
TOTAL ECONOMIC ASSISTANCE	1,694,512	3,851,000	530,727	552,344	118,445	138,258	1,799,339	--	--	--	--	--	8,684,625
Anti-Terrorism Assistance												9,840	9,840
Peacekeeping Operations												31,689	31,689
Guaranty Reserve Fund												--	--
Adjustments								--	--	(1,073)	--	--	(1,073)
TOTAL MILITARY ASSISTANCE	--	--	--	--	--	--	--	489,002	3,100,000	950,000	56,000	41,529	4,636,531
TOTAL ECONOMIC & MILITARY	1,694,512	3,851,000	530,727	552,344	118,445	138,258	1,799,339	489,002	3,100,000	950,000	56,000	41,529	13,321,156

FY 1987 U.S. ECONOMIC AND MILITARY ASSISTANCE - ACTUAL OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
FY 1987 Deobligation/ Reobligation Authority	(108,856)	(25,205)	--	--	--	--	--	--	--	--	--	--	(134,061)
FY 1988 Deobligation/ Reobligation Authority	--	--	--	--	--	--	--	--	--	--	--	--	--
FY 1985 Supplemental Middle East Peace	--	(90,000)	--	--	--	--	--	--	--	--	--	--	(90,000)
Carry In from Prior FY	--	--	--	--	--	--	(620)	--	--	--	--	--	(620)
FDAP	(7)	--	--	--	--	--	--	--	--	--	--	--	(7)
Revolving Loan Fund	(600)	--	--	--	--	--	--	--	--	--	--	--	(600)
Disaster Assistance	(15,363)	--	--	--	--	--	--	--	--	--	--	--	(15,363)
PL 480	--	--	--	--	--	--	--	--	--	--	--	--	--
Economic Support Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Carry Over to Next FY	--	--	--	--	--	6,789	720	--	--	--	--	--	7,509
FDAP	219	--	--	--	--	--	--	--	--	--	--	--	219
FDAP Supplemental	6,649	--	--	--	--	--	--	--	--	--	--	--	6,649
Revolving Loan Fund	950	--	--	--	--	--	--	--	--	--	--	--	950
Disaster Assistance	4,785	--	--	--	--	--	--	--	--	--	--	--	4,785
Economic Support Fund	--	66,017	--	--	--	--	--	--	--	--	--	--	66,017
Reimbursements	(7,373)	--	--	--	--	--	(1,119)	--	--	(1,073)	--	--	(9,565)
Recoveries	(15,457)	--	--	--	--	--	--	--	--	--	--	--	(15,457)
No-Year Funds													
Carry In from Prior FY	(13,589)	(6,470)	--	--	--	--	--	--	--	--	--	--	(20,059)
Recovery of No Year Funds	(11,156)	(5,643)	--	--	--	--	--	--	--	--	--	--	(16,799)
Carry Over to Next FY	9,644	49	--	--	--	--	--	--	--	--	--	--	9,693
Availability Withdrawn	14,399	--	--	--	6	348	3	--	--	--	--	--	14,756
Returned to Treasury	(26)	(1)	--	--	--	--	--	--	--	--	--	--	(27)
Transfers out	61	--	--	--	--	--	--	--	--	--	--	--	61
Difference due to rounding	--	2	--	--	--	--	(1)	--	--	--	--	--	1
Total Adjustments	(135,720)	(61,251)	0	0	6	7,137	(1,017)	0	0	(1,073)	0	0	(191,918)

FY 1987 U.S. ECONOMIC AND MILITARY ASSISTANCE - ACTUAL OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
AFRICA													
AEPRP	--	--	--	--	--	--	--	--	--	--	--	--	--
Angola	--	--	--	3,397	--	--	--	--	--	--	--	--	3,397
Benin	--	--	--	960	--	1,596	--	--	--	--	88	--	2,644
Botswana	--	5,471	--	5,375	--	3,328	--	--	--	1,500	355	--	16,029
Burkina	1,581	--	--	4,889	--	610	--	--	--	--	87	--	7,167
Burundi	1,760	--	--	--	--	555	--	--	--	--	144	--	2,459
Cameroon	20,255	9,000	--	--	--	3,751	--	--	--	500	305	--	33,811
Cape Verde	1,000	--	--	2,166	--	--	--	--	--	--	52	--	3,218
CAR	1,050	--	--	--	--	2,356	--	--	--	500	182	--	4,088
Chad	4,000	5,000	--	956	--	267	--	--	--	9,000	294	--	19,517
Comoros	600	--	--	--	--	--	--	--	--	--	17	--	617
Congo	500	--	--	--	--	--	--	--	--	--	2	--	502
Cote d'Ivoire	--	--	--	--	--	--	--	--	--	--	193	--	193
Djibouti	--	2,033	--	--	--	--	--	--	--	1,200	163	--	3,396
Equatorial Guinea	500	--	--	--	--	--	--	--	--	--	99	--	599
Ethiopia	--	--	--	6,061	--	--	--	--	--	--	--	--	6,061
Gabon	--	--	--	--	--	1,843	--	--	--	--	145	--	1,988
Gambia	2,499	6,000	--	2,391	--	1,084	--	--	--	--	60	--	12,034
Ghana	1,820	--	8,000	5,556	--	1,682	--	--	--	--	231	--	17,289
Guinea	935	--	8,000	--	--	475	--	--	--	1,000	199	--	10,609
Guinea-Bissau	--	--	--	726	--	--	--	--	--	--	47	--	773
Kenya	20,085	15,000	8,000	1,292	--	3,955	--	3,000	--	7,500	1,060	--	59,892
Lesotho	10,580	--	--	2,978	--	1,701	--	--	--	--	50	--	15,309
Liberia	11,657	15,000	10,000	--	--	2,953	--	--	--	1,000	391	--	41,001
Madagascar	5,416	1,000	8,000	1,463	--	--	--	--	--	500	87	--	16,466
Malawi	11,479	--	--	--	--	1,209	--	--	--	500	166	--	13,354
Mali	7,350	--	--	225	--	3,181	--	--	--	--	166	--	10,922
Mauritania	1,800	--	--	3,056	--	1,832	--	--	--	--	92	--	6,780
Mauritius	--	1,000	--	--	--	--	--	--	--	--	--	--	1,000
Mozambique	--	10,000	--	28,629	--	--	--	--	--	--	--	--	38,629
Niger	19,510	2,000	--	--	--	3,097	--	--	--	1,500	278	--	26,385
Nigeria	--	--	--	--	--	--	--	--	--	--	98	--	98
Rwanda	6,400	--	--	2,844	--	150	--	--	--	--	102	--	9,496
Sao Tome	300	--	--	--	--	--	--	--	--	--	42	--	342
Senegal	17,808	12,000	10,000	2,677	--	2,537	--	--		1,544	520	--	47,086
Seychelles	--	2,375	--	109	--	294	--	--	--	--	26	--	2,804
Sierra Leone	--	--	8,000	878	--	3,271	--	--	--	--	69	--	12,218
Somalia	14,279	17,125	--	10,407	--	--	--	--	--	7,500	667	--	49,978
South Africa	7,351	3,054	--	--	--	--	--	--	--	--	--	--	10,405
Sudan	20,407	--	55,000	266	--	--	--	--	--	5,000	990	--	81,663
Swaziland	8,233	140	--	--	--	1,284	--	--	--	--	66	--	9,723
Tanzania	--	12,000	--	5,681	--	1,155	--	--	--	--	--	--	18,836
Togo	3,045	--	--	1,786	--	2,872	--	--	--	--	74	--	7,777
Uganda	5,550	--	--	6,589	--	--	--	--	--	--	101	--	12,240
Zaire	19,550	10,000	16,000	6,391	--	3,327	--	--	--	4,000	1,283	--	60,551
Zambia	4,149	12,607	400	5,136	--	--	--	--	--	--	--	--	22,292
Zimbabwe	--	--	--	--	--	--	--	--	--	--	172	--	172
Sahel Regional	24,551	--	--	--	--	--	--	--	--	--	--	--	24,551
S Africa Regional/SADCC	37,500	24,037	--	--	--	--	--	--	--	--	--	--	61,537
Africa Regional	95,671	--	--	--	--	--	--	--	--	4,130	--	--	99,801
Disaster Reserve	--	--	--	--	--	--	--	--	--	--	--	--	--
Local Cost Support	7,482	--	--	--	--	--	--	--	--	--	--	--	7,482
Total	396,653	164,842	131,400	112,884	0	50,365	0	3,000	0	46,874	9,163	0	915,181

FY 1987 U.S. ECONOMIC AND MILITARY ASSISTANCE - ACTUAL OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
ASIA/NEAR EAST													
Afghanistan	17,848	12,104	--	2,581	--	--	--	--	--	--	--	--	32,533
Algeria	--	--	--	--	--	--	--	--	--	--	140	--	140
Austria	--	--	--	--	--	--	--	--	--	--	54	--	54
Bangladesh	84,235	--	67,000	13,466	--	--	--	--	--	--	295	--	164,996
Brunei	--	--	--	--	--	--	--	--	--	--	--	--	--
Burma	8,000	--	--	--	9,417	--	--	--	--	--	344	--	17,761
Cambodian Resistance	--	3,350	--	--	--	--	--	--	--	--	--	--	3,350
Cyprus	--	15,000	--	--	--	--	--	--	--	--	--	--	15,000
Egypt	--	819,558	184,500	3,871	--	--	--	--	1,300,000	--	1,802	--	2,309,731
Fiji	--	--	--	--	--	1,802	--	--	--	--	82	--	1,884
Finland	--	--	--	--	--	--	--	--	--	--	76	--	76
Gaza	--	--	--	530	--	--	--	--	--	--	--	--	530
Greece	--	--	--	--	--	--	--	343,000	--	--	1,250	--	344,250
Iceland	--	--	--	--	--	--	--	--	--	--	41	--	41
India	57,600	--	--	80,153	--	--	--	--	--	--	270	--	138,023
Indonesia	85,785	--	38,000	4,470	--	--	--	--	--	10,000	2,000	--	140,255
Ireland	--	35,000	--	--	--	--	--	--	--	--	2	--	35,002
Israel	--	1,200,000	--	--	--	--	--	--	1,800,000	--	--	--	3,000,000
Jordan	--	111,000	--	--	--	--	--	--	--	39,941	2,000	--	152,941
Kiribati	--	--	--	--	--	242	--	--	--	--	--	--	242
Korea	--	--	--	--	--	--	--	--	--	--	2,000	--	2,000
Lebanon	--	12,564	--	9,727	--	--	--	--	--	--	487	--	22,778
Luxembourg	--	--	--	--	--	--	--	--	--	--	--	--	--
Malaysia	--	--	--	--	--	--	--	--	--	--	1,000	--	1,000
Maldives	--	--	500	--	--	--	--	--	--	--	36	--	536
Malta	--	--	--	--	--	--	--	--	--	--	--	--	--
Micronesia	--	--	--	--	--	1,677	--	--	--	--	--	--	1,677
Morocco	18,376	10,000	50,000	8,604	--	2,401	--	12,000	--	32,000	1,548	--	134,929
Nepal	15,034	--	--	138	--	2,263	--	--	--	--	104	--	17,539
Oman	--	14,982	--	--	--	--	--	--	--	--	35	--	15,017
Pakistan	25,000	250,500	50,000	--	6,900	--	--	312,500	--	--	1,147	--	646,047
Papua New Guinea	--	--	--	--	--	1,125	--	--	--	--	80	--	1,205
Philippines	12,000	235,000	--	38,918	--	4,822	--	--	--	100,000	2,784	--	393,524
Poland	--	1,000	--	2,056	--	--	--	--	--	--	--	--	3,056
Portugal	--	64,799	--	--	--	--	--	--	--	80,000	2,565	--	147,364
Singapore	--	--	--	--	--	--	--	--	--	--	48	--	48
Solomon Islands	--	--	--	--	--	935	--	--	--	--	18	--	953
Spain	--	5,000	--	--	--	--	--	105,000	--	--	3,000	--	113,000
Sri Lanka	23,504	--	24,000	3,199	--	611	--	--	--	--	159	--	51,473
Thailand	16,525	5,000	--	--	4,738	3,096	--	--	--	50,000	2,340	--	81,699
Tonga	--	--	--	--	--	562	--	--	--	--	57	--	619
Tunisia	724	16,787	25,000	--	--	1,678	--	--	--	32,500	1,576	--	78,265
Turkey	--	100,000	--	--	745	--	--	177,941	--	312,059	3,470	--	594,215
Tuvalu	--	--	--	--	--	35	--	--	--	--	--	--	35
West Bank	--	--	--	1,036	--	--	--	--	--	--	--	--	1,036
Western Samoa	--	--	--	--	--	1,017	--	--	--	--	--	--	1,017
Yemen	23,300	--	15,000	--	--	885	--	--	--	1,000	1,298	--	41,483
Yugoslavia	--	--	--	--	--	--	--	--	--	--	65	--	65
Asia/Near East Regional	27,117	14,555	--	--	624	545	--	--	--	--	--	--	42,841
South Pacific	4,446	1,750	--	--	--	--	--	--	--	--	--	--	6,196
Local Cost Support	8,427	--	--	--	--	--	--	--	--	--	--	--	8,427
Total	427,921	2,927,949	454,000	168,749	22,424	23,696	0	950,441	3,100,000	657,500	32,173	0	8,764,853

FY 1987 U.S. ECONOMIC AND MILITARY ASSISTANCE - ACTUAL OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
CENTRAL BUREAUS													
S&T													
Agriculture	32,050	--	--	--	--	--	--	--	--	--	--	--	32,050
Education	5,692	--	--	--	--	--	--	--	--	--	--	--	5,692
Energy	7,028	1,000	--	--	--	--	--	--	--	--	--	--	8,028
Forestry & Envr Nat Res	6,506	--	--	--	--	--	--	--	--	--	--	--	6,506
Health	52,974	--	--	--	--	--	--	--	--	--	--	--	52,974
Nutrition	12,391	--	--	--	--	--	--	--	--	--	--	--	12,391
Population	115,515	--	--	--	--	--	--	--	--	--	--	--	115,515
Rural & Institutional Dev	8,065	--	--	--	--	--	--	--	--	--	--	--	8,065
Research & Univ Relations	8,814	--	--	--	--	--	--	--	--	--	--	--	8,814
Program Office	2,790	--	--	--	--	--	--	--	--	--	--	--	2,790
Total S&T	251,825	1,000	0	0	0	0	0	0	0	0	0	0	252,825
FVA													
Food for Peace	7,451	--	--	--	--	--	--	--	--	--	--	--	7,451
PVC	40,317	--	--	--	--	--	--	--	--	--	--	--	40,317
Biden Pell	[2,970]	--	--	--	--	--	--	--	--	--	--	--	[2,970]
Program Mgt Support	499	--	--	--	--	--	--	--	--	--	--	--	499
Total FVA	48,267	0	0	0	0	0	0	0	0	0	0	0	48,267
PPC													
Economic Affairs	425	--	--	--	--	--	--	--	--	--	--	--	425
Evaluation	4,240	--	--	--	--	--	--	--	--	--	--	--	4,240
PDPR	3,332	--	--	--	--	--	--	--	--	--	--	--	3,332
Women in Development	1,935	--	--	--	--	--	--	--	--	--	--	--	1,935
Peace Corps	--	--	--	--	--	--	--	--	--	--	--	--	--
CGIARs	40,000	--	--	--	--	--	--	--	--	--	--	--	40,000
Israel Cooperation	[5,000]	--	--	--	--	--	--	--	--	--	--	--	[5,000]
Total PPC	49,932	0	0	0	0	0	0	0	0	0	0	0	49,932
PRE													
Housing & Urban Dev	5,018	--	--	--	--	--	--	--	--	--	--	--	5,018
Investment (Inc Rev Loans)	15,633	--	--	--	--	--	--	--	--	--	--	--	15,633
Program Review	908	--	--	--	--	--	--	--	--	--	--	--	908
Project Development	14,799	--	--	--	--	--	--	--	--	--	--	--	14,799
Total PRE	36,358	0	0	0	0	0	0	0	0	0	0	0	36,358
(Revolving Loan Fund)	(15,150)												(15,150)
OFDA	2,000	--	--	--	--	--	--	--	--	--	--	--	2,000
Science Advisor	14,662	--	--	--	--	--	--	--	--	--	--	--	14,662
Israel Cooperation	[5,000]	--	--	--	--	--	--	--	--	--	--	--	[5,000]
Office of Intl Training	2,240	--	--	--	--	--	--	--	--	--	--	--	2,240
Other	246	--	--	--	31,048	28,427	--	--	--	46,299	135	--	106,155
P.L.480:													
Reserve	--	--	--	--	--	--	--	--	--	--	--	--	--
World Food Program	--	--	--	92,908	--	--	--	--	--	--	--	--	92,908
P.L. 480 Stock Adj.	--	--	135,400	(48,992)	--	--	--	--	--	--	--	--	86,408
Ocean Freight	--	--	8,927	180,451	--	--	--	--	--	--	--	--	189,378
Initial Payment	--	--	(16,700)	--	--	--	--	--	--	--	--	--	(16,700)
Farmer to Farmer	--	--	--	535	--	--	--	--	--	--	--	--	535
TOTAL	405,530	1,000	127,627	224,902	31,048	28,427	0	0	0	46,299	135	0	864,968

FY 1987 U.S. ECONOMIC AND MILITARY ASSISTANCE - ACTUAL OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
LATIN AMERICA & CARIBBEAN													
Argentina	--	--	--	--	--	--	--	--	--	--	--	--	--
Bahamas	--	--	--	--	--	--	--	--	--	--	54	--	54
Belize	7,295	5,395	--	--	--	2,594	--	--	--	500	100	--	15,884
Bolivia	20,499	7,500	20,000	10,435	12,540	--	--	--	--	1,000	200	--	72,174
Brazil	--	--	--	--	3,325	--	--	--	--	--	--	--	3,325
Chile	--	--	--	--	--	--	--	--	--	--	--	--	--
Colombia	--	--	--	--	11,553	--	--	--	--	3,500	1,551	--	16,604
Costa Rica	17,104	142,466	15,200	--	--	2,950	--	--	--	1,500	228	--	179,448
Dominican Republic	19,472	165	30,000	1,565	--	2,357	--	--	--	2,500	872	--	56,931
Ecuador	17,190	19,334	--	3,667	1,178	3,212	--	--	--	4,000	531	--	49,112
El Salvador	82,430	281,497	30,100	2,216	--	--	--	--	--	110,000	1,521	--	507,764
Guatemala	34,869	115,020	18,900	3,885	--	3,076	--	--	--	5,000	490	--	181,240
Guyana	--	--	5,700	--	--	--	--	--	--	--	--	--	5,700
Haiti	38,544	35,960	10,000	12,040	--	998	--	--	--	1,000	285	--	98,827
Honduras	41,671	131,786	12,000	3,102	--	5,169	--	--	--	60,000	1,200	--	254,928
Jamaica	17,355	24,925	35,800	513	3,330	2,540	--	--	--	3,000	338	--	87,801
Mexico	--	--	--	--	14,500	--	--	--	--	--	250	--	14,750
Panama	8,385	--	--	--	--	--	--	--	--	2,900	618	--	11,903
Paraguay	--	--	--	--	--	1,958	--	--	--	--	125	--	2,083
Peru	14,250	5,333	20,000	8,386	8,430	--	--	--	--	--	132	--	56,531
Suriname	--	--	--	--	--	--	--	--	--	--	--	--	--
Trinidad & Tobago	--	--	--	--	--	--	--	--	--	--	72	--	72
Uruguay	--	12,152	--	--	--	--	--	--	--	500	202	--	12,854
Venezuela	--	--	--	--	--	--	--	--	--	--	150	--	150
Caribbean Regional	29,745	21,775	--	--	--	3,481	--	--	--	5,000	420	--	60,421
Central American Reg	17,431	2,518	--	--	--	--	--	--	--	--	--	--	19,949
PACAMS	--	--	--	--	--	--	--	--	--	--	2,330	--	2,330
ROCAP	31,267	5,260	--	--	--	--	--	--	--	--	--	--	36,527
LAC Regional (Inc Admin of Justice)	30,754	7,374	--	--	10,111	--	--	--	--	--	2,860	--	51,099
Local Cost Support	8,485	--	--	--	--	--	--	--	--	--	--	--	8,485
Total	436,746	818,460	197,700	45,809	64,967	28,335	0	0	0	200,400	14,529	0	1,806,946
(Central America) *	(240,452)	(683,942)	(76,200)	(9,203)	(0)	(13,789)	(0)	(0)	(0)	(179,900)	(4,157)	(0)	(1,207,643)

FY 1988 U.S. ECONOMIC AND MILITARY ASSISTANCE - ESTIMATED OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
BILATERAL ASSISTANCE													
AFRICA	557,786	90,165	102,900	99,414	0	57,364	0	0	0	25,250	9,070	0	941,949
ASIA/NEAR EAST	362,163	2,656,000	426,000	139,629	16,950	27,096	0	763,000	3,286,000	505,500	28,120	0	8,210,458
LATIN AMERICA & CAR	370,668	508,164	164,000	47,903	57,400	31,909	0	0	0	132,000	10,075	0	1,322,119
CENTRAL BUREAUS	402,570	0	159,100	343,054	24,400	36,620	0	0	0	38,000	135	0	1,003,879
Disaster Reserve/Unallocated	16,274	--	--	--	--	--	--	--	--	--	--	--	16,274
Subtotal: Country Programs	1,709,461	3,254,329	852,000	630,000	98,750	152,989	0	763,000	3,286,000	700,750	47,400	0	11,494,679
(AFRICA FUND)	(500,000)	--	--	--	--	--	--	--	--	--	--	--	(500,000)
(SADCC)	(50,000)	--	--	--	--	--	--	--	--	--	--	--	(50,000)
(REV LOAN FUND)	(3,000)	--	--	--	--	--	--	--	--	--	--	--	(3,000)
Deob/Reob	12,500	12,500	--	--	--	--	--	--	--	--	--	--	25,000
Subtotal	1,721,961	3,266,829	852,000	630,000	98,750	152,989	0	763,000	3,286,000	700,750	47,400	0	11,519,679
ASHA	40,000	--	--	--	--	--	--	--	--	--	--	--	40,000
Disaster Assistance	29,785	--	--	--	--	--	--	--	--	--	--	--	29,785
Humanitarian Relief Transport	3,000	--	--	--	--	--	--	--	--	--	--	--	3,000
Private Sector Guarantees	--	--	--	--	--	--	--	--	--	--	--	--	--
Housing Guarantees	[125,000]	--	--	--	--	--	--	--	--	--	--	--	[125,000]
Housing Borrowing Auth	22,000	--	--	--	--	--	--	--	--	--	--	--	22,000
Operating Expenses	406,000	--	--	--	--	--	--	--	--	--	--	--	406,000
Operating Expenses-IG	23,970	--	--	--	--	--	--	--	--	--	--	--	23,970
For. Serv. Ret. & Dis.	35,132	--	--	--	--	--	--	--	--	--	--	--	35,132
TCIP	[200,000]	--	--	--	--	--	--	--	--	--	--	--	[200,000]
Misc. Appropriations	142	--	--	--	--	--	--	--	--	--	--	--	142
Misc. Trust Funds	5,000	--	--	--	--	--	--	--	--	--	--	--	5,000
Receipts	(438,000)	--	(422,404)	--	--	--	--	--	--	--	--	--	(860,404)
Total AID	1,848,990	3,266,829	429,596	630,000	--	--	--	--	--	--	--	--	6,175,415
Trade & Development	--	--	--	--	--	--	25,720	--	--	--	--	--	25,720
Inter-American Foundation	--	--	--	--	--	--	13,000	--	--	--	--	--	13,000
Africa Dev. Foundation	--	--	--	--	--	--	7,000	--	--	--	--	--	7,000
Migration & Refugee Assist.	--	--	--	--	--	--	338,450	--	--	--	--	--	338,450
Emergency Refugee Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Misc. Trust Funds - DOT	--	--	--	--	--	--	1,356	--	--	--	--	--	1,356
Overseas Priv. Invest. Corp.													
(limit on dir. loans)	--	--	--	--	--	--	[23,000	--	--	--	--	--	[23,000]
(limit on guar. loans)	--	--	--	--	--	--	[200,000	--	--	--	--	--	[200,000]
Receipts	--	--	--	--	--	--	(41,356)	(114,297)	--	--	--	--	(155,653)
Adjustments	(16,220)	(66,009)	--	--	--	(6,789)	(720)	--	--	--	--	--	(89,738)
Total: Bilateral	1,832,770	3,200,820	429,596	630,000	98,750	146,200	343,450	--	--	--	--	--	6,681,586
MULTILATERAL ASSISTANCE													
MDB'S							1,205,570						1,205,570
I O & P							244,648						244,648
Total: Multilateral	--	--	--	--	--	--	1,450,218	--	--	--	--	--	1,450,218
TOTAL ECONOMIC ASSISTANCE	1,832,770	3,200,820	429,596	630,000	98,750	146,200	1,793,668	--	--	--	--	--	8,131,804
Anti-Terrorism Assistance												9,840	9,840
Peacekeeping Operations												31,689	31,689
Guaranty Reserve Fund									532,000				532,000
Adjustments								--	--	--	--	--	--
TOTAL MILITARY ASSISTANCE	--	--	--	--	--	--	--	648,703	3,818,000	700,750	47,400	41,529	5,256,382
TOTAL ECONOMIC & MILITARY	1,832,770	3,200,820	429,596	630,000	98,750	146,200	1,793,668	648,703	3,818,000	700,750	47,400	41,529	13,388,186

FY 1988 U.S. ECONOMIC AND MILITARY ASSISTANCE - ESTIMATED OBLIGATIONS

02-Mar-88	DA	ESF	---- PL 480 ---- TITLE I	TITLE II	NARC'S	PEACE CORPS	OTHER ECON	------ FMS ------ (CONC)	(FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
FY 1987 Deobligation/ Reobligation Authority	--	--	--	--	--	--	--	--	--	--	--	--	--
FY 1988 Deobligation/ Reobligation Authority	--	(165)	--	--	--	--	--	--	--	--	--	--	(165)
FY 1985 Supplemental Middle East Peace	--	--	--	--	--	--	--	--	--	--	--	--	--
Carry In from Prior FY						(6,789)	(720)						
FDAP	(6,649)	--	--	--	--	--	--	--	--	--	--	--	(6,649)
Revolving Loan Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Disaster Assistance	(4,785)	--	--	--	--	--	--	--	--	--	--	--	(4,785)
PL 480	--	--	--	--	--	--	--	--	--	--	--	--	--
Economic Support Fund	--	(65,844)	--	--	--	--	--	--	--	--	--	--	(65,844)
Carry Over to Next FY													
FDAP	--	--	--	--	--	--	--	--	--	--	--	--	--
FDAP Supplemental	--	--	--	--	--	--	--	--	--	--	--	--	--
Revolving Loan Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Disaster Assistance	--	--	--	--	--	--	--	--	--	--	--	--	--
Economic Support Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Reimbursements	--	--	--	--	--	--	--	--	--	--	--	--	--
Recoveries	--	--	--	--	--	--	--	--	--	--	--	--	--
No-Year Funds													
Carry In from Prior FY	(4,786)	--	--	--	--	--	--	--	--	--	--	--	(4,786)
Recovery of No Year Funds	--	--	--	--	--	--	--	--	--	--	--	--	--
Carry Over to Next FY	--	--	--	--	--	--	--	--	--	--	--	--	--
Availability Withdrawn	--	--	--	--	--	--	--	--	--	--	--	--	--
Returned to Treasury	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--	--	--	--	--	--	--
Difference due to rounding	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Adjustments	(16,220)	(66,009)	0	0	0	(6,789)	(720)	0	0	0	0	0	(89,738)

FY 1988 U.S. ECONOMIC AND MILITARY ASSISTANCE - ESTIMATED OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
AFRICA													
AEPRP	55,000	--	--	--	--	--	--	--	--	--	--	--	55,000
Angola	--	--	--	--	--	--	--	--	--	--	--	--	--
Benin	--	--	--	1,170	--	1,995	--	--	--	--	75	--	3,240
Botswana	9,500	--	--	5,645	--	3,688	--	--	--	--	335	--	19,168
Burkina	2,500	--	--	4,965	--	--	--	--	--	--	50	--	7,515
Burundi	2,500	--	--	--	--	594	--	--	--	--	140	--	3,234
Cameroon	20,000	--	--	--	--	4,130	--	--	--	--	250	--	24,380
Cape Verde	2,500	--	--	1,395	--	103	--	--	--	--	50	--	4,048
CAR	2,000	--	--	--	--	2,606	--	--	--	--	150	--	4,756
Chad	6,040	10,000	--	471	--	641	--	--	--	5,500	200	--	22,852
Comoros	700	--	--	--	--	227	--	--	--	--	40	--	967
Congo	500	--	--	--	--	--	--	--	--	--	40	--	540
Cote d'Ivoire	500	--	--	--	--	--	--	--	--	--	150	--	650
Djibouti	--	3,415	--	--	--	--	--	--	--	1,000	135	--	4,550
Equatorial Guinea	850	--	--	--	--	373	--	--	--	--	75	--	1,298
Ethiopia	--	--	--	31,994	--	--	--	--	--	--	--	--	31,994
Gabon	--	--	--	--	--	2,304	--	--	--	--	150	--	2,454
Gambia	3,500	--	--	3,784	--	1,126	--	--	--	--	60	--	8,470
Ghana	5,000	--	6,000	5,133	--	2,036	--	--	--	--	225	--	18,394
Guinea	10,000	--	--	--	--	770	--	--	--	--	150	--	10,920
Guinea-Bissau	2,000	--	--	--	--	643	--	--	--	--	50	--	2,693
Kenya	30,000	10,000	5,000	--	--	3,483	--	--	--	5,000	1,200	--	54,683
Lesotho	10,000	--	--	2,892	--	2,181	--	--	--	--	50	--	15,123
Liberia	10,000	11,000	10,000	--	--	2,978	--	--	--	--	500	--	34,478
Madagascar	9,500	--	5,000	2,116	--	--	--	--	--	--	75	--	16,691
Malawi	15,000	--	--	3,416	--	1,726	--	--	--	500	200	--	20,842
Mali	13,000	--	--	351	--	4,017	--	--	--	--	150	--	17,518
Mauritania	3,000	--	--	2,547	--	1,927	--	--	--	--	100	--	7,574
Mauritius	1,600	--	--	--	--	--	--	--	--	--	50	--	1,650
Mozambique	15,000	--	--	20,496	--	--	--	--	--	--	--	--	35,496
Niger	20,924	--	--	--	--	3,734	--	--	--	1,000	250	--	25,908
Nigeria	11,430	--	--	--	--	--	--	--	--	--	100	--	11,530
Rwanda	8,000	--	--	1,252	--	307	--	--	--	--	75	--	9,634
Sao Tome	300	--	--	--	--	--	--	--	--	--	50	--	350
Senegal	22,654	10,000	5,000	3,675	--	2,765	--	--	--	750	450	--	45,294
Seychelles	--	3,000	--	109	--	312	--	--	--	--	35	--	3,456
Sierra Leone	500	--	4,000	1,372	--	3,626	--	--	--	--	70	--	9,568
Somalia	6,000	25,000	4,900	--	--	--	--	--	--	5,500	1,000	--	42,400
South Africa	21,600	3,400	--	--	--	--	--	--	--	--	--	--	25,000
Sudan	15,000	14,350	40,000	3,054	--	--	--	--	--	--	900	--	73,304
Swaziland	7,000	--	--	--	--	1,396	--	--	--	--	50	--	8,446
Tanzania	8,000	--	--	665	--	1,273	--	--	--	--	--	--	9,938
Togo	3,750	--	--	2,331	--	2,656	--	--	--	--	60	--	8,797
Uganda	8,000	--	--	356	--	--	--	--	--	--	100	--	8,456
Zaire	33,000	--	13,000	225	--	3,747	--	--	--	3,000	1,080	--	54,052
Zambia	10,000	--	10,000	--	--	--	--	--	--	--	--	--	20,000
Zimbabwe	--	--	--	--	--	--	--	--	--	--	200	--	200
Sahel Regional	--	--	--	--	--	--	--	--	--	--	--	--	--
S Africa Regional/SADCC	50,000	--	--	--	--	--	--	--	--	--	--	--	50,000
Africa Regional	71,438	--	--	--	--	--	--	--	--	3,000	--	--	74,438
Disaster Reserve	30,000	--	--	--	--	--	--	--	--	--	--	--	--
Local Cost Support	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	557,786	90,165	102,900	99,414	0	57,364	0	0	0	25,250	9,070	0	941,949

FY 1988 U.S. ECONOMIC AND MILITARY ASSISTANCE - ESTIMATED OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
ASIA/NEAR EAST													
Afghanistan	22,500	22,500	--	5,000	--	--	--	--	--	--	--	--	50,000
Algeria	--	--	--	--	--	--	--	--	--	--	100	--	100
Austria	--	--	--	--	--	--	--	--	--	--	50	--	50
Bangladesh	58,500	--	60,000	15,000	--	--	--	--	--	--	300	--	133,800
Brunei	--	--	--	--	--	--	--	--	--	--	--	--	--
Burma	7,000	--	--	--	7,000	--	--	--	--	--	260	--	14,260
Cambodian Resistance	--	3,500	--	--	--	--	--	--	--	--	--	--	3,500
Cyprus	--	15,000	--	--	--	--	--	--	--	--	--	--	15,000
Egypt	--	820,000	180,000	2,502	--	--	--	--	1,300,000	--	1,500	--	2,304,002
Fiji	--	--	--	--	--	1,507	--	--	--	--	--	--	1,507
Finland	--	--	--	--	--	--	--	--	--	--	60	--	60
Gaza	--	--	--	561	--	--	--	--	--	--	--	--	561
Greece	--	--	--	--	--	--	--	313,000	--	30,000	1,100	--	344,100
Iceland	--	--	--	--	--	--	--	--	--	--	40	--	40
India	24,000	--	--	80,534	--	--	--	--	--	--	300	--	104,834
Indonesia	40,000	--	10,000	5,606	--	--	--	4,000	--	--	1,800	--	61,406
Ireland	--	35,000	--	--	--	--	--	--	--	--	--	--	35,000
Israel	--	1,200,000	--	--	--	--	--	--	1,800,000	--	--	--	3,000,000
Jordan	--	18,000	--	--	--	--	--	--	--	26,500	1,750	--	46,250
Kiribati	--	--	--	--	--	356	--	--	--	--	--	--	356
Korea	--	--	--	--	--	--	--	--	--	--	1,650	--	1,650
Lebanon	--	--	--	5,973	--	--	--	--	--	--	375	--	6,348
Luxembourg	--	--	--	--	--	--	--	--	--	--	30	--	30
Malaysia	--	--	--	--	--	--	--	--	--	--	900	--	900
Maldives	--	--	--	--	--	--	--	--	--	--	30	--	30
Malta	--	--	--	--	--	--	--	--	--	--	--	--	--
Micronesia	--	--	--	--	--	2,012	--	--	--	--	--	--	2,012
Morocco	12,500	20,000	40,000	12,284	--	2,993	--	12,000	--	40,000	1,000	--	140,777
Nepal	12,000	--	--	--	--	2,433	--	--	--	--	100	--	14,533
Oman	--	13,000	--	--	--	--	--	--	--	--	150	--	13,150
Pakistan	50,000	220,000	80,000	--	4,800	271	--	230,000	30,000	--	815	--	615,886
Papua New Guinea	--	--	--	--	--	1,654	--	--	--	--	50	--	1,704
Philippines	40,000	189,000	30,000	10,530	--	5,504	--	--	--	125,000	2,600	--	402,634
Poland	5,775	1,000	--	--	--	--	--	--	--	--	--	--	6,775
Portugal	--	32,000	--	--	--	--	--	2,500	--	80,000	2,550	--	117,050
Singapore	--	--	--	--	--	--	--	--	--	--	50	--	50
Solomon Islands	--	--	--	--	--	1,164	--	--	--	--	30	--	1,194
Spain	--	3,000	--	--	--	--	--	--	--	--	2,400	--	5,400
Sri Lanka	26,800	--	16,000	575	--	715	--	--	--	--	160	--	44,250
Thailand	15,300	5,000	--	--	4,000	3,205	--	23,500	--	20,000	2,150	--	73,155
Tonga	--	--	--	--	--	620	--	--	--	--	50	--	670
Tunisia	--	10,000	5,000	--	--	1,547	--	--	--	27,000	1,400	--	44,947
Turkey	--	32,000	--	--	700	--	--	178,000	156,000	156,000	3,300	--	526,000
Tuvalu	--	--	--	--	--	41	--	--	--	--	--	--	41
West Bank	--	--	--	1,064	--	--	--	--	--	--	--	--	1,064
Western Samoa	--	--	--	--	--	1,117	--	--	--	--	--	--	1,117
Yemen	20,725	--	5,000	--	--	1,164	--	--	--	1,000	1,000	--	28,889
Yugoslavia	--	--	--	--	--	--	--	--	--	--	70	--	70
Asia/Near East Regional	23,063	7,000	--	--	450	793	--	--	--	--	--	--	31,306
South Pacific	4,000	10,000	--	--	--	--	--	--	--	--	--	--	14,000
Local Cost Support	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	362,163	2,656,000	426,000	139,629	16,950	27,096	0	763,000	3,286,000	505,500	28,120	0	8,210,458

FY 1988 U.S. ECONOMIC AND MILITARY ASSISTANCE - ESTIMATED OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
LATIN AMERICA & CARIBBEAN													
Argentina	--	--	--	--	--	--	--	--	--	--	50	--	50
Bahamas	--	--	--	--	--	--	--	--	--	--	50	--	50
Belize	7,400	--	--	--	--	2,713	--	--	--	--	70	--	10,183
Bolivia	20,887	7,320	20,000	13,030	15,000	--	--	--	--	--	400	--	76,637
Brazil	--	--	--	--	1,400	--	--	--	--	--	50	--	1,450
Chile	--	--	--	--	--	--	--	--	--	--	--	--	--
Colombia	--	--	--	--	11,000	--	--	--	--	--	950	--	11,950
Costa Rica	11,614	90,000	15,000	--	--	3,235	--	--	--	--	230	--	120,079
Dominican Republic	18,691	13,835	20,000	2,953	--	2,343	--	--	--	--	700	--	58,522
Ecuador	15,678	--	--	706	1,000	3,563	--	--	--	--	650	--	21,597
El Salvador	65,796	215,000	35,000	8,909	--	--	--	--	--	85,000	1,500	--	411,205
Guatemala	28,072	80,000	18,000	4,774	--	4,057	--	--	--	7,000	375	--	142,278
Guyana	--	--	4,000	--	--	--	--	--	--	--	--	--	4,000
Haiti	19,800	--	--	6,583	--	1,189	--	--	--	--	200	--	27,772
Honduras	40,000	85,000	12,000	2,964	--	5,615	--	--	--	40,000	1,200	--	186,779
Jamaica	17,389	--	30,000	--	2,000	2,746	--	--	--	--	300	--	52,435
Mexico	--	--	--	--	14,500	--	--	--	--	--	225	--	14,725
Panama	2,212	--	--	--	--	--	--	--	--	--	--	--	2,212
Paraguay	--	--	--	--	--	2,378	--	--	--	--	125	--	2,503
Peru	13,262	--	10,000	7,984	5,500	--	--	--	--	--	400	--	37,146
Suriname	--	--	--	--	--	--	--	--	--	--	25	--	25
Trinidad & Tobago	--	--	--	--	--	--	--	--	--	--	50	--	50
Uruguay	--	--	--	--	--	--	--	--	--	--	125	--	125
Venezuela	--	--	--	--	--	--	--	--	--	--	125	--	125
Caribbean Regional	22,346	--	--	--	--	4,070	--	--	--	--	400	--	26,816
Central American Reg	29,340	2,009	--	--	--	--	--	--	--	--	--	--	31,349
PACAMS	--	--	--	--	--	--	--	--	--	--	1,875	--	1,875
ROCAP	28,656	--	--	--	--	--	--	--	--	--	--	--	28,656
LAC Regional (Inc Admin of Justice)	29,525	15,000	--	--	7,000	--	--	--	--	--	--	--	51,525
Local Cost Support	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	370,668	508,164	164,000	47,903	57,400	31,909	0	0	0	132,000	10,075	0	1,322,119
(Central America) *	(213,090)	(472,009)	(80,000)	(16,647)	(0)	(15,620)	(0)	(0)	(0)	(132,000)	(3,375)	(0)	(932,741)

FY 1988 U.S. ECONOMIC AND MILITARY ASSISTANCE - ESTIMATED OBLIGATIONS

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
CENTRAL BUREAUS													
S&T													
Agriculture	30,490	--	--	--	--	--	--	--	--	--	--	--	30,490
Education	4,732	--	--	--	--	--	--	--	--	--	--	--	4,732
Energy	10,000	--	--	--	--	--	--	--	--	--	--	--	10,000
Forestry & Envr Nat Res	4,971	--	--	--	--	--	--	--	--	--	--	--	4,971
Health	63,099	--	--	--	--	--	--	--	--	--	--	--	63,099
Nutrition	9,300	--	--	--	--	--	--	--	--	--	--	--	9,300
Population	112,723	--	--	--	--	--	--	--	--	--	--	--	112,723
Rural & Institutional Dev	7,799	--	--	--	--	--	--	--	--	--	--	--	7,799
Research & Univ Relations	8,544	--	--	--	--	--	--	--	--	--	--	--	8,544
Program Office	1,588	--	--	--	--	--	--	--	--	--	--	--	1,588
Total S&T	253,246	0	0	0	0	0	0	0	0	0	0	0	253,246
FVA													
Food for Peace	6,006	--	--	--	--	--	--	--	--	--	--	--	6,006
PVC	47,322	--	--	--	--	--	--	--	--	--	--	--	47,322
Biden Pell	[2,700]	--	--	--	--	--	--	--	--	--	--	--	[2,700]
Program Mgt Support	488	--	--	--	--	--	--	--	--	--	--	--	488
Total FVA	53,816	0	0	0	0	0	0	0	0	0	0	0	53,816
PPC													
Economic Affairs	400	--	--	--	--	--	--	--	--	--	--	--	400
Evaluation	4,000	--	--	--	--	--	--	--	--	--	--	--	4,000
PDPR	3,750	--	--	--	--	--	--	--	--	--	--	--	3,750
Women in Development	2,000	--	--	--	--	--	--	--	--	--	--	--	2,000
Peace Corps	2,000	--	--	--	--	--	--	--	--	--	--	--	2,000
CGIARs	42,000	--	--	--	--	--	--	--	--	--	--	--	42,000
Israel Cooperation	[4,000]	--	--	--	--	--	--	--	--	--	--	--	[4,000]
Total PPC	54,150	0	0	0	0	0	0	0	0	0	0	0	54,150
PRE													
Housing & Urban Dev	4,750	--	--	--	--	--	--	--	--	--	--	--	4,750
Investment (Inc Rev Loans)	3,800	--	--	--	--	--	--	--	--	--	--	--	3,800
Program Review	733	--	--	--	--	--	--	--	--	--	--	--	733
Project Development	10,560	--	--	--	--	--	--	--	--	--	--	--	10,560
Total PRE	19,843	0	0	0	0	0	0	0	0	0	0	0	19,843
(Revolving Loan Fund)	(3,000)												(3,000)
OFDA	6,649	--	--	--	--	--	--	--	--	--	--	--	6,649
Science Advisor	13,262	--	--	--	--	--	--	--	--	--	--	--	13,262
Israel Cooperation	[4,000]	--	--	--	--	--	--	--	--	--	--	--	[4,000]
Office of Intl Training	1,604	--	--	--	--	--	--	--	--	--	--	--	1,604
Other	--	--	--	--	24,400	36,620	--	--	--	38,000	135	--	99,155
P.L.480:													
Reserve	--	--	95,000	109,142	--	--	--	--	--	--	--	--	204,142
World Food Program	--	--	--	90,564	--	--	--	--	--	--	--	--	90,564
P.L. 480 Stock Adj.	--	--	--	(31,575)	--	--	--	--	--	--	--	--	(31,575)
Ocean Freight	--	--	79,900	174,293	--	--	--	--	--	--	--	--	254,193
Initial Payment	--	--	(15,800)	--	--	--	--	--	--	--	--	--	(15,800)
Farmer to Farmer	--	--	--	630	--	--	--	--	--	--	--	--	630
TOTAL	402,570	0	159,100	343,054	24,400	36,620	0	0	0	38,000	135	0	1,003,879

FY 1989 U.S. ECONOMIC AND MILITARY ASSISTANCE - REQUEST

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
BILATERAL ASSISTANCE													
AFRICA	510,000	81,500	101,000	46,346	0	58,543	0	0	0	73,700	10,105	0	881,194
ASIA/NEAR EAST	347,888	2,639,500	391,000	132,144	17,400	27,269	0	0	4,460,000	165,800	30,640	0	8,211,641
LATIN AMERICA & CAR	371,600	547,500	172,000	46,127	56,200	32,169	0	0	0	185,500	11,620	0	1,422,716
CENTRAL BUREAUS	408,012	0	148,000	370,383	27,400	32,019	0	0	0	42,000	135	0	1,027,949
Disaster Reserve/Unallocated	--	--	--	--	--	--	--	--	--	--	--	--	--
Subtotal: Country Programs	1,637,500	3,268,500	812,000	595,000	101,000	150,000	0	0	4,460,000	467,000	52,500	0	11,543,500
(AFRICA FUND)	(510,000)	--	--	--	--	--	--	--	--	--	--	--	(510,000)
(SADCC)	[50,000]	--	--	--	--	--	--	--	--	--	--	--	[50,000]
(REV LOAN FUND)	(8,500)	--	--	--	--	--	--	--	--	--	--	--	(8,500)
Deob/Reob	12,500	12,500	--	--	--	--	--	--	--	--	--	--	25,000
Subtotal	1,650,000	3,281,000	812,000	595,000	101,000	150,000	0	0	4,460,000	467,000	52,500	0	11,568,500
ASHA	30,000	--	--	--	--	--	--	--	--	--	--	--	30,000
Disaster Assistance	25,000	--	--	--	--	--	--	--	--	--	--	--	25,000
Humanitarian Relief Transport	--	--	--	--	--	--	--	--	--	--	--	--	--
Private Sector Guarantees	[100,000]	--	--	--	--	--	--	--	--	--	--	--	[100,000]
Housing Guarantees	[100,000]	--	--	--	--	--	--	--	--	--	--	--	[100,000]
Housing Borrowing Auth	22,000	--	--	--	--	--	--	--	--	--	--	--	22,000
Operating Expenses	414,000	--	--	--	--	--	--	--	--	--	--	--	414,000
Operating Expenses-IG	23,119	--	--	--	--	--	--	--	--	--	--	--	23,119
For. Serv. Ret. & Dis.	40,532	--	--	--	--	--	--	--	--	--	--	--	40,532
TCIP	[200,000]	--	--	--	--	--	--	--	--	--	--	--	[200,000]
Misc. Appropriations	--	--	--	--	--	--	--	--	--	--	--	--	--
Misc. Trust Funds	5,000	--	--	--	--	--	--	--	--	--	--	--	5,000
Receipts	(415,000)	--	(383,800)	--	--	--	--	--	--	--	--	--	(798,800)
Total AID	1,794,651	3,281,000	428,200	595,000	--	--	--	--	--	--	--	--	6,098,851
Trade & Development	--	--	--	--	--	--	20,400	--	--	--	--	--	20,400
Inter-American Foundation	--	--	--	--	--	--	13,900	--	--	--	--	--	13,900
Africa Dev. Foundation	--	--	--	--	--	--	7,140	--	--	--	--	--	7,140
Migration & Refugee Assist.	--	--	--	--	--	--	340,000	--	--	--	--	--	340,000
Emergency Refugee Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Misc. Trust Funds - DOT	--	--	--	--	--	--	3,695	--	--	--	--	--	3,695
Overseas Priv. Invest. Corp.													
(limit on dir. loans)	--	--	--	--	--	--	[17,250]	--	--	--	--	--	[17,250]
(limit on guar. loans)	--	--	--	--	--	--	[175,000]	--	--	--	--	--	[175,000]
Receipts	--	--	--	--	--	--	(43,695)	--	(132,041)	--	--	--	(175,736)
Adjustments	--	--	--	--	--	--	--	--	--	--	--	--	--
Total: Bilateral	1,794,651	3,281,000	428,200	595,000	101,000	150,000	341,440	--	--	--	--	--	6,691,291
MULTILATERAL ASSISTANCE													
MDB'S							1,324,349						1,324,349
I O & P							200,000						200,000
Total: Multilateral	--	--	--	--	--	--	1,524,349	--	--	--	--	--	1,524,349
TOTAL ECONOMIC ASSISTANCE	1,794,651	3,281,000	428,200	595,000	101,000	150,000	1,865,789	--	--	--	--	--	8,215,640
Anti-Terrorism Assistance												9,840	9,840
Peacekeeping Operations												31,689	31,689
Guaranty Reserve Fund									643,196				643,196
Adjustments												--	--
TOTAL MILITARY ASSISTANCE	--	--	--	--	--	--	--	--	4,971,155	467,000	52,500	41,529	5,532,184
TOTAL ECONOMIC & MILITARY	1,794,651	3,281,000	428,200	595,000	101,000	150,000	1,865,789	0	4,971,155	467,000	52,500	41,529	13,747,824

FY 1989 U.S. ECONOMIC AND MILITARY ASSISTANCE - REQUEST

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
AFRICA													
AEPRP	50,000	--	--	--	--	--	--	--	--	--	--	--	50,000
Angola	--	--	--	--	--	--	--	--	--	--	--	--	--
Benin	--	--	--	1,196	--	1,993	--	--	--	--	75	--	3,264
Botswana	8,000	--	--	--	--	3,451	--	--	--	4,000	350	--	15,801
Burkina	2,500	--	--	4,272	--	--	--	--	--	--	100	--	6,872
Burundi	2,500	--	--	--	--	835	--	--	--	--	140	--	3,475
Cameroon	18,000	--	--	--	--	3,587	--	--	--	--	250	--	21,837
Cape Verde	2,500	--	--	1,590	--	334	--	--	--	--	50	--	4,474
CAR	2,000	--	--	--	--	2,642	--	--	--	500	180	--	5,322
Chad	6,000	10,000	--	2,601	--	839	--	--	--	10,000	250	--	29,690
Comoros	700	--	--	--	--	406	--	--	--	--	40	--	1,146
Congo	500	--	--	--	--	--	--	--	--	--	40	--	540
Cote d'Ivoire	500	--	--	--	--	--	--	--	--	--	150	--	650
Djibouti	--	3,200	--	--	--	--	--	--	--	2,000	135	--	5,335
Equatorial Guinea	1,000	--	--	--	--	982	--	--	--	--	75	--	2,057
Ethiopia	--	--	--	5,838	--	--	--	--	--	--	--	--	5,838
Gabon	--	--	--	--	--	2,376	--	--	--	--	200	--	2,576
Gambia	3,500	--	--	928	--	1,106	--	--	--	--	100	--	5,634
Ghana	8,000	--	6,000	4,898	--	2,057	--	--	--	--	225	--	21,180
Guinea	12,000	--	3,000	--	--	965	--	--	--	--	150	--	16,115
Guinea-Bissau	2,000	--	--	540	--	881	--	--	--	--	50	--	3,471
Kenya	30,000	10,000	5,000	1,283	--	3,229	--	--	--	13,000	1,200	--	63,712
Lesotho	10,000	--	--	2,656	--	2,209	--	--	--	--	50	--	14,915
Liberia	10,000	7,000	5,000	--	--	2,711	--	--	--	1,000	800	--	26,511
Madagascar	11,000	--	5,000	2,028	--	--	--	--	--	1,000	75	--	19,103
Malawi	15,000	--	--	--	--	1,628	--	--	--	1,200	250	--	18,078
Mali	12,000	--	--	2,139	--	4,118	--	--	--	--	150	--	18,407
Mauritania	3,000	--	--	2,554	--	2,175	--	--	--	--	100	--	7,829
Mauritius	1,500	--	--	--	--	--	--	--	--	--	50	--	1,550
Mozambique	15,000	--	--	4,487	--	--	--	--	--	--	--	--	19,487
Niger	18,000	--	--	--	--	3,854	--	--	--	2,000	250	--	24,104
Nigeria	11,500	--	--	--	--	--	--	--	--	--	100	--	11,600
Rwanda	8,000	--	--	1,268	--	411	--	--	--	--	75	--	9,754
Sao Tome	300	--	--	--	--	--	--	--	--	--	50	--	350
Senegal	22,000	10,000	5,000	2,495	--	2,809	--	--	--	2,000	475	--	44,779
Seychelles	--	3,000	--	63	--	283	--	--	--	--	40	--	3,386
Sierra Leone	500	--	4,000	774	--	3,187	--	--	--	--	70	--	8,531
Somalia	4,000	23,000	2,000	--	--	--	--	--	--	17,000	1,100	--	47,100
South Africa	21,600	3,300	--	--	--	--	--	--	--	--	--	--	24,900
Sudan	15,000	12,000	40,000	1,476	--	--	--	--	--	5,000	1,000	--	74,476
Swaziland	6,500	--	--	--	--	1,142	--	--	--	--	50	--	7,692
Tanzania	10,000	--	--	616	--	1,475	--	--	--	--	35	--	12,126
Togo	3,750	--	--	2,424	--	2,436	--	--	--	--	75	--	8,685
Uganda	8,000	--	--	--	--	--	--	--	--	--	150	--	8,150
Zaire	33,000	--	16,000	220	--	4,422	--	--	--	10,000	1,200	--	64,842
Zambia	7,000	--	10,000	--	--	--	--	--	--	--	--	--	17,000
Zimbabwe	--	--	--	--	--	--	--	--	--	--	200	--	200
Sahel Regional	--	--	--	--	--	--	--	--	--	--	--	--	--
S Africa Regional/SADCC	50,000	--	--	--	--	--	--	--	--	--	--	--	50,000
Africa Regional	63,650	--	--	--	--	--	--	--	--	5,000	--	--	68,650
Disaster Reserve	--	--	--	--	--	--	--	--	--	--	--	--	--
Local Cost Support	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	510,000	81,500	101,000	46,346	0	58,543	0	0	0	73,700	10,105	0	881,194

FY 1989 U.S. ECONOMIC AND MILITARY ASSISTANCE - REQUEST

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
ASIA/NEAR EAST													
Afghanistan	22,500	22,500	--	--	--	--	--	--	--	--	--	--	45,000
Algeria	--	--	--	--	--	--	--	--	--	--	100	--	100
Austria	--	--	--	--	--	--	--	--	--	--	60	--	60
Bangladesh	54,500	--	60,000	15,476	--	--	--	--	--	--	300	--	130,276
Brunei	--	--	--	--	--	--	--	--	--	--	50	--	50
Burma	7,000	--	--	--	7,000	--	--	--	--	--	260	--	14,260
Cambodian Resistance	--	5,000	--	--	--	--	--	--	--	--	--	--	5,000
Cyprus	--	3,000	--	--	--	--	--	--	--	--	--	--	3,000
Egypt	--	815,000	170,000	1,622	--	--	--	--	1,300,000	--	1,650	--	2,288,272
Fiji	--	--	--	--	--	1,548	--	--	--	300	50	--	1,898
Finland	--	--	--	--	--	--	--	--	--	--	60	--	60
Gaza	--	--	--	--	--	--	--	--	--	--	--	--	--
Greece	--	--	--	--	--	--	--	--	350,000	--	1,130	--	351,130
Iceland	--	--	--	--	--	--	--	--	--	--	40	--	40
India	35,500	--	--	81,567	--	--	--	--	--	--	500	--	117,567
Indonesia	45,000	--	10,000	5,627	--	--	--	--	--	10,000	1,900	--	72,527
Ireland	--	--	--	--	--	--	--	--	--	--	30	--	30
Israel	--	1,200,000	--	--	--	--	--	--	1,800,000	--	--	--	3,000,000
Jordan	--	18,000	--	--	--	--	--	--	48,000	--	1,800	--	67,800
Kiribati	--	--	--	--	--	394	--	--	--	--	--	--	394
Korea	--	--	--	--	--	--	--	--	--	--	1,800	--	1,800
Lebanon	--	300	--	--	--	--	--	--	--	--	475	--	775
Luxembourg	--	--	--	--	--	--	--	--	--	--	--	--	--
Malaysia	--	--	--	--	--	--	--	--	--	--	1,100	--	1,100
Maldives	--	--	--	--	--	--	--	--	--	--	30	--	30
Malta	--	--	--	--	--	--	--	--	--	--	50	--	50
Micronesia	--	--	--	--	--	1,992	--	--	--	--	--	--	1,992
Morocco	12,500	15,000	40,000	15,000	--	2,881	--	--	40,000	--	1,450	--	126,831
Nepal	12,000	--	--	--	--	2,222	--	--	--	500	100	--	14,822
Oman	--	15,000	--	--	--	--	--	--	--	--	150	--	15,150
Pakistan	50,000	250,000	80,000	--	5,300	371	--	--	240,000	--	915	--	626,586
Papua New Guinea	--	--	--	--	--	1,669	--	--	--	--	50	--	1,719
Philippines	15,000	124,000	--	12,658	--	5,443	--	--	--	110,000	2,600	--	269,701
Poland	3,225	--	--	--	--	--	--	--	--	--	--	--	3,225
Portugal	--	60,500	--	--	--	--	--	--	100,000	--	2,550	--	163,050
Singapore	--	--	--	--	--	--	--	--	--	--	50	--	50
Solomon Islands	--	--	--	--	--	1,113	--	--	--	--	30	--	1,143
Spain	--	--	--	--	--	--	--	--	--	--	2,900	--	2,900
Sri Lanka	26,800	--	16,000	194	--	704	--	--	--	--	160	--	43,858
Thailand	16,000	5,000	--	--	3,900	3,013	--	--	--	45,000	2,200	--	75,113
Tonga	--	--	--	--	--	593	--	--	--	--	50	--	643
Tunisia	--	12,500	10,000	--	--	1,808	--	--	30,000	--	1,450	--	55,758
Turkey	--	70,000	--	--	750	--	--	--	550,000	--	3,500	--	624,250
Tuvalu	--	--	--	--	--	70	--	--	--	--	--	--	70
West Bank	--	--	--	--	--	--	--	--	--	--	--	--	--
Western Samoa	--	--	--	--	--	1,250	--	--	--	--	--	--	1,250
Yemen	21,500	--	5,000	--	--	1,461	--	--	2,000	--	1,000	--	30,961
Yugoslavia	--	--	--	--	--	--	--	--	--	--	100	--	100
Asia/Near East Regional	22,363	12,500	--	--	450	737	--	--	--	--	--	--	36,050
South Pacific	4,000	11,200	--	--	--	--	--	--	--	--	--	--	15,200
Local Cost Support	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	347,888	2,639,500	391,000	132,144	17,400	27,269	0	0	4,460,000	165,800	30,640	0	8,211,641

FY 1989 U.S. ECONOMIC AND MILITARY ASSISTANCE - REQUEST

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
LATIN AMERICA & CARIBBEAN													
Argentina	--	--	--	--	--	--	--	--	--	--	125	--	125
Bahamas	--	--	--	--	--	--	--	--	--	--	60	--	60
Belize	7,400	2,000	--	--	--	2,512	--	--	--	500	100	--	12,512
Bolivia	22,270	25,000	17,000	12,696	10,000	--	--	--	--	5,000	400	--	92,366
Brazil	--	--	--	--	1,600	--	--	--	--	--	125	--	1,725
Chile	--	--	--	--	--	--	--	--	--	--	50	--	50
Colombia	--	--	--	--	10,000	--	--	--	--	5,000	950	--	15,950
Costa Rica	12,000	70,000	15,000	--	--	3,411	--	--	--	1,500	230	--	102,141
Dominican Republic	20,318	25,000	25,000	3,268	--	2,358	--	--	--	2,000	700	--	78,644
Ecuador	16,720	9,000	--	510	1,600	3,668	--	--	--	3,000	650	--	35,148
El Salvador	67,700	185,000	35,000	4,771	--	--	--	--	--	95,000	1,500	--	388,971
Guatemala	34,000	80,000	18,000	5,075	--	3,865	--	--	--	5,000	400	--	146,340
Guyana	--	--	4,000	--	--	--	--	--	--	--	50	--	4,050
Haiti	25,150	--	--	6,781	--	1,534	--	--	--	--	550	--	34,015
Honduras	40,000	87,000	12,000	3,122	--	5,694	--	--	--	60,000	1,200	--	209,016
Jamaica	17,589	25,000	30,000	--	1,000	2,943	--	--	--	3,500	300	--	80,332
Mexico	--	--	--	--	15,000	--	--	--	--	--	225	--	15,225
Panama	--	--	--	--	--	--	--	--	--	--	445	--	445
Paraguay	--	--	--	--	--	2,475	--	--	--	--	125	--	2,600
Peru	15,270	2,000	16,000	9,904	10,000	--	--	--	--	--	560	--	53,734
Suriname	--	--	--	--	--	--	--	--	--	--	50	--	50
Trinidad & Tobago	--	--	--	--	--	--	--	--	--	--	75	--	75
Uruguay	--	--	--	--	--	--	--	--	--	--	125	--	125
Venezuela	--	--	--	--	1,000	--	--	--	--	--	125	--	1,125
Caribbean Regional	20,230	15,000	--	--	--	3,709	--	--	--	5,000	400	--	44,339
Central American Reg	23,600	10,000	--	--	--	--	--	--	--	--	--	--	33,600
PACAMS	--	--	--	--	--	--	--	--	--	--	2,100	--	2,100
ROCAP	24,500	--	--	--	--	--	--	--	--	--	--	--	24,500
LAC Regional (Inc Admin of Justice)	24,853	12,500	--	--	6,000	--	--	--	--	--	--	--	43,353
Local Cost Support	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	371,600	547,500	172,000	46,127	56,200	32,169	0	0	0	185,500	11,620	0	1,422,716
(Central America) *	(209,200)	(434,000)	(80,000)	(12,968)	(0)	(15,482)	(0)	(0)	(0)	(162,000)	(3,875)	(0)	(917,525)

FY 1989 U.S. ECONOMIC AND MILITARY ASSISTANCE - REQUEST

02-Mar-88	DA	ESF	PL 480 TITLE I	PL 480 TITLE II	NARC'S	PEACE CORPS	OTHER ECON	FMS (CONC)	FMS (FORGIVEN)	MAP	IMET	OTHER MILITARY	TOTAL
CENTRAL BUREAUS													
S&T													
Agriculture	30,500	--	--	--	--	--	--	--	--	--	--	--	30,500
Education	4,832	--	--	--	--	--	--	--	--	--	--	--	4,832
Energy	9,293	--	--	--	--	--	--	--	--	--	--	--	9,293
Forestry & Envr Nat Res	5,000	--	--	--	--	--	--	--	--	--	--	--	5,000
Health	67,675	--	--	--	--	--	--	--	--	--	--	--	67,675
Nutrition	9,400	--	--	--	--	--	--	--	--	--	--	--	9,400
Population	118,000	--	--	--	--	--	--	--	--	--	--	--	118,000
Rural & Institutional Dev	9,000	--	--	--	--	--	--	--	--	--	--	--	9,000
Research & Univ Relations	8,800	--	--	--	--	--	--	--	--	--	--	--	8,800
Program Office	1,900	--	--	--	--	--	--	--	--	--	--	--	1,900
Total S&T	264,400	--	0	0	0	0	0	0	0	0	0	0	264,400
FVA													
Food for Peace	5,800	--	--	--	--	--	--	--	--	--	--	--	5,800
PVC	45,100	--	--	--	--	--	--	--	--	--	--	--	45,100
Biden Pell	[3,000]	--	--	--	--	--	--	--	--	--	--	--	[3,000]
Program Mgt Support	200	--	--	--	--	--	--	--	--	--	--	--	200
Total FVA	51,100	0	0	0	0	0	0	0	0	0	0	0	51,100
PPC													
Economic Affairs	400	--	--	--	--	--	--	--	--	--	--	--	400
Evaluation	4,000	--	--	--	--	--	--	--	--	--	--	--	4,000
PDPR	3,000	--	--	--	--	--	--	--	--	--	--	--	3,000
Women in Development	2,000	--	--	--	--	--	--	--	--	--	--	--	2,000
Peace Corps	2,000	--	--	--	--	--	--	--	--	--	--	--	2,000
CGIARs	40,000	--	--	--	--	--	--	--	--	--	--	--	40,000
Israel Cooperation	5,000	--	--	--	--	--	--	--	--	--	--	--	5,000
Total PPC	56,400	0	0	0	0	0	0	0	0	0	0	0	56,400
PRE													
Housing & Urban Dev	4,760	--	--	--	--	--	--	--	--	--	--	--	4,760
Investment (Inc Rev Loans)	9,000	--	--	--	--	--	--	--	--	--	--	--	9,000
Program Review	770	--	--	--	--	--	--	--	--	--	--	--	770
Project Development	11,020	--	--	--	--	--	--	--	--	--	--	--	11,020
Total PRE	25,550	0	0	0	0	0	0	0	0	0	0	0	25,550
(Revolving Loan Fund)	(8,500)												(8,500)
OFDA	--	--	--	--	--	--	--	--	--	--	--	--	--
Science Advisor	8,662	--	--	--	--	--	--	--	--	--	--	--	8,662
Israel Cooperation	[5,000]	--	--	--	--	--	--	--	--	--	--	--	[5,000]
Office of Intl Training	1,900	--	--	--	--	--	--	--	--	--	--	--	1,900
Other	--	--	--	--	27,400	32,019	--	--	--	42,000	135	--	101,554
P.L.480:													
Reserve	--	--	85,700	75,548	--	--	--	--	--	--	--	--	161,248
World Food Program	--	--	--	90,427	--	--	--	--	--	--	--	--	90,427
P.L. 480 Stock Adj.	--	--	--	(21,036)	--	--	--	--	--	--	--	--	(21,036)
Ocean Freight	--	--	77,300	225,444	--	--	--	--	--	--	--	--	302,744
Initial Payment	--	--	(15,000)	--	--	--	--	--	--	--	--	--	(15,000)
Farmer to Farmer	--	--	--	--	--	--	--	--	--	--	--	--	--
TOTAL	408,012	0	148,000	370,383	27,400	32,019	0	0	0	42,000	135	0	1,027,949

MULTILATERAL DEVELOPMENT BANKS AND
INTERNATIONAL ORGANIZATIONS AND PROGRAMS

	FY 1986 ACTUAL	FY 1987 ACTUAL	FY 1988 ESTIMATE	FY 1989 REQUEST
MDBs and International Organizations				
MDBs				
World Bank (IBRD)	105,003	55,805	40,176	70,915
Int'l Development Association	669,900	830,100	915,000	958,333
Spec Fac for Sub-Saharan Africa	71,775	64,805	---	---
Int'l Finance Corporation	27,827	7,206	20,300	35,032
Inter-American Development Bank	36,367	16,417	31,600	---
Fund for Special Operations	38,280	17,263	25,732	---
Fund for Special Operations/IIC	11,197	---	1,303	---
Asian Development Bank	11,397	13,233	15,057	101,200
Asian Development Fund	95,700	91,406	28,000	44,870
African Development Bank	15,493	20,480	8,999	8,999
African Development Fund	59,573	90,427	75,000	105,000
MIGA	---	---	44,403	---
TOTAL	1,142,512	1,207,142	1,205,570	1,324,349
International Organizations & Programs				
UN Development Program	138,115	107,500	110,000	112,000
UN Childrens Fund (UNICEF)	51,430	51,080	54,400	32,000
Int'l Atomic Energy Agency	16,953	20,500	21,854	24,000
Organization of American States	14,092	13,500	12,000	15,000
UN Environment Program	8,613	6,800	7,840	6,800
World Meteorological Organization	1,723	2,000	1,960	2,000
UN Capital Development Fund	861	861	980	1,500
FAO/World Food Program	1,133	1,818	980	--
UN Development Fund for Women (UNIFEM)	239	219	220	150
UN Education & Training Program for Southern Africa	861	789	784	800
CITES	172	172	170	200
UN Institute for Namibia	---	110	110	--
UN Trust Fund for South Africa	---	250	245	250
UN Fellowship Program	215	100	245	200
UNITAR	---	---	---	--
UNIDO Invest. Promotion Service	---	150	150	500
IFAD	28,710	28,710	30,000	2,500
UNDP TFCPHA	1,368	---	---	--
UN Fund for Victims of Torture	86	86	90	100
ICSOC	1,228	2,000	2,000	1,800
UN Center on Human Settlement (HABITAT)	383	400	400	--
World Heritage Trust Fund	239	219	220	200
TOTAL	266,421	237,264	244,648	200,000
TOTAL MULTILATERAL ASSISTANCE	1,408,933	1,444,406	1,450,218	1,524,349

AGENCY FOR INTERNATIONAL DEVELOPMENT
Cash Outlays and Unliquidated Balances
FY 1987 Actual
(in thousands of dollars)

	UNLIQUID. BALANCE 9/30/86	RECOVERY OF PRIOR YEAR OBLIGATIONS	CURRENT YEAR OBLIGATIONS	TOTAL AVAILABLE FOR EXPENDITURE	DISBURSEMENTS PRIOR YEAR FUNDS	DISBURSEMENTS CURRENT YEAR FUNDS	DISBURSEMENTS TOTAL
Functional Development Assistance:							
Agriculture, Rural Dev. & Nutrition	1,896,608	(51,813)	686,933	2,531,728	670,012	94,184	764,196
Population Planning.....	456,478	(37,800)	267,154	685,832	172,295	2,662	174,957
Health.....	521,788	(8,826)	168,117	681,079	168,974	5,152	174,126
Child Survival Fund.....	56,194	--	74,994	131,188	10,297	96	10,393
Education & Human Resources Dev....	349,747	(6,637)	163,064	506,174	119,537	6,047	125,584
Energy, PVOs & Sel.Dev.Activities..	398,248	(17,522)	210,879	591,605	129,770	11,758	141,528
SUBTOTAL, Functional Accounts.....	3,679,063	(122,598)	1,571,141	5,127,606	1,270,885	119,899	1,390,784
Sahel Development Program.....	250,150	(11,156)	80,559	319,553	78,873	2,468	81,341
Private Enterprise Revolving Fund....	33,689	(3,066)	15,150	45,773	4,655	--	4,655
American Schools & Hospitals Abroad..	35,712	--	35,000	70,712	21,657	12,186	33,843
Disaster Assistance.....	102,940	(4,361)	86,357	184,936	83,791	34,953	118,744
Miscellaneous Prior Year Accounts....	4,466	(2,000)	--	2,466	12	--	12
SUBTOTAL, DA Program funds.....	4,106,020	(143,181)	1,788,207	5,751,046	1,459,873	169,506	1,629,379
Operating Expenses.....							
AID.....	118,065	(16,059)	350,462	452,468	95,784	240,968	336,752
IG.....	6,074	(124)	20,937	26,887	4,649	13,705	18,354
Foreign Service Retirement and Disability Fund.....	--	--	45,492	45,492	--	45,492	45,492
TOTAL, A.I.D. Development Assistance.	4,230,159	(159,364)	2,205,098	6,275,893	1,560,306	469,671	2,029,977
Economic Support Fund.....	4,422,634	(29,565)	3,912,251	8,305,320	1,533,996	1,931,735	3,465,731
TOTAL, A.I.D. ECONOMIC ASSISTANCE....	8,652,793	(188,929)	6,117,349	14,581,213	3,094,302	2,401,406	5,495,708

AGENCY FOR INTERNATIONAL DEVELOPMENT
Cash Outlays and Unliquidated Balances
FY 1988 Estimate
(in thousands of dollars)

	UNLIQUIDATED BALANCE 9/30/87	CURRENT YEAR OBLIGATIONS	TOTAL AVAILABLE FOR EXPENDITURE	DISBURSEMENTS: PRIOR YEAR FUNDS	DISBURSEMENTS: CURRENT YEAR FUNDS	DISBURSEMENTS: TOTAL	UNLIQUIDATED BALANCE 9/30/88
Functional Development Assistance:							
Agriculture, Rural Dev. & Nutrition	1,767,532	489,073	2,256,605	565,920	58,689	624,609	1,631,996
Population Planning	510,875	197,000	707,875	197,782	23,640	221,422	486,453
Health	506,953	120,070	627,023	187,598	14,408	202,006	425,017
Child Survival Fund	120,795	66,000	186,795	7,916	7,920	15,836	170,959
AIDS Prevention & Control	--	30,000	30,000	12,600	3,600	16,200	13,800
Education & Human Resources Dev.	380,590	117,658	498,248	136,663	14,119	150,782	347,466
Private Sector, Environ. & Energy	450,077	136,415	586,492	145,979	16,370	162,349	424,143
FDAP Deob/Reob	--	12,500	12,500	--	1/	1/	12,500
SUBTOTAL, Functional Accounts	3,736,822	1,168,716	4,905,538	1,254,458	138,746	1,393,204	3,512,334
Sahel Development Program	238,212	5,180	243,392	73,579	--	73,579	169,813
Development Fund for Africa	--	500,000	500,000	--	61,500	61,500	438,500
SADCC	--	50,000	50,000	--	6,150	6,150	43,850
Private Enterprise Revolving Fund	41,118	3,950	45,068	5,147	903	6,050	39,018
American Schools & Hospitals Abroad	36,869	40,000	76,869	23,264	10,200	33,464	43,405
Disaster Assistance	66,192	32,785	98,977	38,153	9,200	47,353	51,624
Humanitarian Relief Transport	--	[3,000]	--	--	--	--	--
Miscellaneous Prior Year Accounts	2,454	142	2,596	781	--	781	1,815
SUBTOTAL, DA Program funds	4,121,667	1,800,773	5,922,440	1,395,382	226,699	1,622,081	4,300,359
Operating Expenses							
AID	115,716	411,500	527,216	79,813	310,000	389,813	137,403
IG	8,533	23,970	32,503	4,782	17,978	22,760	9,743
Foreign Service Retirement and Disability Fund	--	35,132	35,132	--	35,132	35,132	--
TOTAL, A.I.D. Development Assistance	4,245,916	2,271,375	6,517,291	1,479,977	589,809	2,069,786	4,447,505
Economic Support Fund	4,839,589	3,254,386	8,093,975	1,572,244	1,789,258	3,361,502	4,732,473
ESF Deob/Reob	--	12,500	12,500	--	1/	1/	12,500
Total ESF	4,839,589	3,266,886	8,106,475	1,572,244	1,789,258	3,361,502	4,744,973
TOTAL, A.I.D. ECONOMIC ASSISTANCE	9,085,505	5,538,261	14,623,766	3,052,221	2,379,067	5,431,288	9,192,478

1/ Disbursement of deob/reob authority is included in account disbursements above.

01-Mar-88

AGENCY FOR INTERNATIONAL DEVELOPMENT
Cash Outlays and Unliquidated Balances
FY 1989 Estimate
(in thousands of dollars)

	UNLIQUIDATED BALANCE 9/30/88	CURRENT YEAR OBLIGATIONS	TOTAL AVAILABLE FOR EXPENDITURE	DISBURSEMENTS PRIOR YEAR FUNDS	DISBURSEMENTS CURRENT YEAR FUNDS	DISBURSEMENTS TOTAL	UNLIQUIDATED BALANCE 9/30/89
Functional Development Assistance:							
Agriculture, Rural Dev. & Nutrition	1,631,996	461,062	2,093,058	529,187	62,869	592,056	1,501,002
Population Planning.....	486,453	190,440	677,393	187,595	22,287	209,882	467,511
Health.....	425,017	114,000	539,017	171,146	20,333	191,479	347,538
Child Survival Fund.....	170,959	66,000	236,959	13,417	1,594	15,011	221,948
AIDS Prevention & Control.....	13,800	30,000	43,800	4,830	574	5,404	38,396
Education & Human Resources Dev....	347,466	129,541	477,007	127,747	15,177	142,924	334,083
Private Sector, Environ. & Energy..	424,143	135,457	560,100	137,546	16,341	153,887	406,213
FDAP Deob/Reob.....	12,500	12,500	12,500	1/	1/	1/	12,500
SUBTOTAL, Functional Accounts.....	3,512,334	1,140,000	4,639,834	1,171,468	139,175	1,310,643	3,329,191
Sahel Development Program.....	169,813	--	169,813	53,909	--	53,909	115,904
Development Fund for Africa.....	438,500	510,000	948,500	155,000	62,730	217,730	730,770
SADCC.....	43,850	[50,000]	43,850	15,500	--	15,500	28,350
Private Enterprise Revolving Fund....	39,018	[8,500]	39,018	5,303	1,097	6,400	32,618
American Schools & Hospitals Abroad..	43,405	30,000	73,405	26,345	7,650	33,995	39,410
Disaster Assistance.....	51,624	25,000	76,624	25,596	6,200	31,796	44,828
Miscellaneous Prior Year Accounts....	1,815	--	1,815	575	--	575	1,240
SUBTOTAL, DA Program funds.....	4,300,359	1,705,000	5,992,859	1,453,696	216,852	1,670,548	4,322,311
Operating Expenses.....							
AID.....	137,403	419,500	556,903	91,818	316,000	407,818	149,085
IG.....	9,743	23,119	32,862	5,442	17,339	22,781	10,081
Foreign Service Retirement and Disability Fund.....	--	40,532	40,532	--	40,532	40,532	--
TOTAL, A.I.D. Development Assistance.	4,447,505	2,188,151	6,623,156	1,550,956	590,723	2,141,679	4,481,477
Economic Support Fund.....	4,732,473	3,268,500	8,000,973	1,624,620	1,834,079	3,458,699	4,542,274
ESF Deob/Reob.....	12,500	12,500	25,000	1/	1/	1/	25,000
Total ESF.....	4,744,973	3,281,000	8,025,973	1,624,620	1,834,079	3,458,699	4,567,274
TOTAL, A.I.D. ECONOMIC ASSISTANCE....	9,192,478	5,469,151	14,649,129	3,175,576	2,424,802	5,600,378	9,048,751

1/ Disbursement of deob/reob authority is included in account disbursements above.

01-Mar-88

GLOSSARY OF TERMS

GLOSSARY OF TERMS

The Glossary defines legislative, administrative, programming and budget terms* referred to in this Presentation. Underscored terms in the definitions are defined elsewhere in the Glossary. Frequently used abbreviations are included.

Activity: project or task required to carry out a program. The word "activity" is used for any activity or unified group of activities, programs, projects, types of material assistance or other operations for which a separate Planned Program Summary Sheet in the Congressional Presentation or an Advice of Program Change would normally be used. Refers to both project and non-project assistance.

Actual Year: last completed fiscal year; in this case, FY 1987.

Appropriation: an act of Congress permitting Federal agencies to incur obligations for specified purposed, e.g., Foreign Assistance and Related Programs Appropriation Act, 1980.

Appropriation Accounts: the separate accounts for which specific dollar amounts are authorized and appropriated.

Authorization: substantive legislation which establishes legal operation of a Federal program, either indefinitely or for a specific period and sanctions particular program funding levels, e.g., the Foreign Assistance Act of 1961, as amended (FAA).

Bilateral Assistance: economic assistance provided by the United States directly to a country or through regional programs to benefit one or more countries indirectly. (A.I.D. Development Assistance, Economic Support Fund and most P.L. 480 food aid are among the U.S. bilateral programs. Others include Peace Corps and International Narcotics Control.)

Budget Authority: authority provided to the Government by law to enter into obligations which result in outlays of government funds.

Budget Year: year of budget consideration; in this case, FY 1988.

Consortium Grants: grants to consortia of PVOs to enable a group of PVOs with similar interests to exchange information and program experiences and to collaborate in programs, thereby avoiding duplication.

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* For additional definitions of budget terms, see "Terms Used in the Budgetary Process," July 1977 (PAD-77-9) published by the Comptroller General of the United States.

Continuing Resolution: a joint resolution passed to provide stop-gap funding for agencies or departments whose regular appropriations bills have not been passed by Congress by the beginning of the fiscal year.

Cooperatives: a business voluntarily owned and controlled by its users and operated for their benefit.

Deobligations: unexpended funds obligated for a specific activity which are subsequently withdrawn, following a determination that they are not required for that activity.

Development Assistance: assistance under Chapter I of the Foreign Assistance Act primarily designed to promote economic growth and equitable distribution of its benefits.

Development Assistance Committee (DAC): a specialized committee of the Organization for Economic Cooperation and Development (OECD). The purpose of the DAC is to increase total resources made available to developing countries. member countries jointly review the amount and nature of their contributions to bilateral and multilateral aid programs in the developing countries. DAC members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Economic Communities.

Development Loan: Development Assistance which must be repaid, usually a long term, low interest loan repayable in U.S. dollars.

Development Program Grants (DPGs): grants to assist PVOs to strengthen their ability to be effective development agencies.

Economic Assistance: bilateral and multilateral foreign assistance designed primarily to benefit the recipient country's economy. Military assistance, Export-Import Bank activities, Overseas Private Investment Corporation programs and Commodity Credit Corporation short-term credit sales, which have primary purposes other than economic development, are not included in this category.

Economic Support Fund: an appropriation account for funding economic assistance to countries based on considerations of special economic, political or security needs and U.S. interests. It took the place of Security Supporting Assistance, as provided in Section 10(b) (6) of the International Security Assistance Act of 1978 (92 STAT 735).

Expenditures: as reported in this document represent the total value of goods and services received, disbursement for which may not have been made. Disbursements, also referred to as actual expenditures or outlays, represent funds paid from the U.S. Treasury.

U.S. Government Fiscal Year: yearly accounting period, without regard to its relationship to a calendar year. (The fiscal year for the U.S. Government begins October 1 and ends September 30.)

Foreign Assistance Act (FAA): the Foreign Assistance Act of 1961, as amended (A.I.D.'s present authorizing legislation).

Foreign Assistance and Related Programs Appropriation Act: the appropriation act for a particular year for economic (except P.L. 480) and military assistance and Export-Import Bank.

Functional Assistance: Development Assistance funded from one of the following five appropriation accounts: (1) Agriculture, Rural Development and Nutrition; (2) Population Planning; (3) Health; (4) Education and Human Resources Development; and (5) Energy, Private Voluntary Organizations and Selected Development Activities.

Grants: assistance to an organization to carry out its activities as opposed to the acquisition of services for AID or a host country which need not be repaid. (Term also describes a funding instrument for programs of an institution or organizations, e.g., International Planned Parenthood Federation (IPPF) or an international agricultural research center.)

Gross Domestic Product (GDP): measures the market value of total output of final goods and services produced within a country's territory, regardless of the ownership of the factors of production involved, i.e., local or foreign, during a given time period, usually a year. Earnings from capital invested abroad (mostly interest and dividend receipts) are not counted, while earnings on capital owned by foreigners but located in the country in question are included. The GDP differs from the GNP in that the former excludes net factor income from abroad.

Gross National Product (GNP): measures the market value of total output of final goods and services produced by a nation's factors of production, regardless of location of those factors, i.e., in the country or abroad, during a given time period, usually a year. Earnings from capital owned by nationals but located abroad (mostly interest and dividend receipts) are included, while earnings in the country by factors owned by foreigners are excluded.

International Financial Institutions (IFIs): currently known as Multilateral Development Banks (MDBs), multilateral lending institutions which provide resources for development. They include the following: Asian Development Bank (ADB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD) ("The World Bank"), International Finance Corporation (IFC), International Development Association (IDA) and African Development Fund (ADF).

Loans: assistance which must be repaid. Repayment terms for development loans under Development Assistance and Economic Support Fund are established by A.I.D. in accordance with the Foreign Assistance Act of 1961, as amended (FAA), and the current Foreign Assistance and Related Programs Appropriation Act.

Management Services Grants: grants to PVOs who in turn provide management or program support services to other PVOs (clearinghouse, accounting assistance, evaluation, etc.).

Multilateral Assistance: assistance which the United States provides to LDCs through multilateral development banks and the United Nations agencies, and other international organizations with development purposes.

Multilateral Development Banks (MDBs): see international financial institutions (IFIs).

New Directions: legislation enacted in 1973 requiring A.I.D. to focus more of its efforts on helping poor majority in developing countries.

Non-Project Assistance: program or commodity loans or grants which provide budget or balance of payments support to another country. Such assistance is usually funded under the Economic Support Fund.

Obligation: legal commitment of funds through such mechanisms as signed agreements between the U.S. government and host governments, contracts and grants to organizations and purchase orders.

Ocean Freight Reimbursements: reimburses PVOs for up to one-half of their cost in shipping equipment and commodities overseas in support of their development programs.

Official Development Assistance (ODA): assistance on concessional terms (with a grant element of at least 25%), provided by member countries of the Development Assistance Committee (DAC) to promote economic development in developing countries.

Operating Expenses: those appropriated funds used to pay salaries, benefits, travel, and all support costs of direct-hire personnel. The "cost of doing business".

Operational Year: fiscal year in progress (current year); presently FY 1986.

Operational Program Grants (OPGs): grants to PVOs to carry out specific programs.

Organization for Economic Cooperation and Development (OECD): organization of donor countries which promotes policies designed to stimulate economic growth and development of less developed countries (LDCs). OECD member countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

Outlays: cash disbursements from the Treasury.

Participants: A.I.D.-sponsored LDC national being trained outside his own country.

Peacekeeping Operations: the program authorized and appropriated for FY 1979 for a special type of economic assistance for peacekeeping operations and other programs carried out in furtherance of the national interests of the United States.

Pipeline: the difference between obligations and expenditures.

P.L. 480: the Agricultural Trade Development and Assistance Act of 1954, as amended, which governs administration of the U.S. Food for Peace program. (Term is often used to describe food aid).

President's Budget: budget for a particular fiscal year transmitted to Congress by the President in accordance with the Budget and Accounting Act of 1921, as amended.

Private Voluntary Organization (PVO): a non-profit tax-exempt and non-governmental organization established and governed by a group of private citizens whose purpose is to engage in voluntary charitable and development assistance operations overseas.

Program: a coordinated set of A.I.D.-financed activities directed toward specific goals. For example: maternal child health, nutrition, education and family planning projects designed to promote the spacing of children may comprise a program to reduce infant deaths.

Project: a single activity designed to generate specific results. For example a, maternal child health project may be designed to extend basic health services to 60% of children under five years of age in poor, rural district of the recipient country. A project is A.I.D.'s basic unit of management.

Reimbursement: collection of funds for services provided to recipients outside the Agency.

Reobligation: obligation of an amount which had been obligated and deobligated in prior transactions.

Congressional Presentation (CP) Terms:

Table I - This is the summary table of programs and appropriations found at the beginning of each Regional Annex.

Table II - This is the summary table of active and proposed projects found at the end of each country narrative in the regional annexes and at the end of the functional account narrative in the centrally funded annex. These are also included in the Main Volume under the regional program summary section. And is often referred to as a SAPP.

Program Summary Table - Found at the beginning of each country narrative. These summarize by functional account the prior year, current year and proposed year budget levels.

Green Book - Released at the time the CP is distributed, this publication is also called U.S. Overseas Loans and Grants and Assistance from International Organizations. This data which is grouped by country and geographic region includes assistance from A.I.D., military assistance, P.L. 480, Export Import Bank etc., from 1945-84.

ACRONYMS

ADB	-	Asian Development Bank
ADC	-	Agricultural Development Council
ADF	-	African Development Fund
A.I.D.	-	Agency for International Development
AIFLD	-	American Institute for Free Labor Development
ASEAN	-	Association of Southeast Asian Nations
ASHA	-	American Schools and Hospitals Abroad
BHN	-	Basic Human Needs
BIFAD	-	Board for International Food and Agricultural Development
BLADEX	-	Latin American Export Bank
CABEI	-	Central American Bank for Economic Integration
CACM	-	Central American Common Market
CADO	-	Central American Development Organization
CAI	-	Central American Initiative
CAPS	-	Central American Peace Scholarships Program
CARE	-	Cooperative for American Relief Everywhere
CARICOM	-	Caribbean Community and Common Market
CATIE	-	Center for Research and Training in Tropical Agriculture
CBI	-	Caribbean Basin Initiative
CDB	-	Caribbean Development Bank
CDSS	-	Country Development Strategy Statement
CGIAR	-	Consultative Group on International Agriculture Research
CIDA	-	Canadian International Development Agency
CILSS	-	Permanent Interstate Committee for Drought Control in the Sahel
CLASP	-	Caribbean and Latin American Scholarships Program
CP	-	Congressional Presentation
CRS	-	Catholic Relief Services
CWS	-	Church World Service
DA	-	Development Assistance
DAC	-	Development Assistance Committee (of the OECD)
DCC	-	Development Coordination Committee
EEC	-	European Economic Community
EFF	-	Extended Fund Facility
ESF	-	Economic Support Fund
EX-IM	-	Export-Import Bank of the United States
FAA	-	Foreign Assistance Act of 1961, as amended
FAO	-	Food and Agriculture Organization of the United Nations
FFP	-	Food for Peace
FITC	-	Foundation for International Technological Cooperation
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
HG	-	Housing Guaranty
IBRD	-	International Bank for Reconstruction and Development ("The World Bank")

IDB	-	Inter-American Development Bank
IDCA	-	International Development Cooperation Agency
IFAD	-	International Fund for Agricultural Development
IICA	-	Inter-American Institute for Cooperation on Agriculture
IMF	-	International Monetary Fund
INCAP	-	Nutrition Institute for Central America and Panama
LAAD	-	Latin America Agribusiness Development Corporation
LAC	-	Latin America and the Caribbean
LDC	-	Less Developed Country
NBCCA	-	National Bipartisan Commission on Central America
OECD	-	Organization for Economic Cooperation and Development
OFDA	-	Office of U.S. Foreign Disaster Assistance (A.I.D.)
OPEC	-	Organization of Petroleum Exporting Countries
OPG	-	Operational Program Grant
OPIC	-	Overseas Private Investment Corporation
ORT	-	Oral Rehydration Therapy
PRE	-	Bureau for Private Enterprise
PVOs	-	Private and Voluntary Organizations
TCIP	-	Trade Credit Insurance Program
UN	-	United Nations
UNDP	-	United Nations Development Program
UNHCR	-	United Nations High Commissioner for Refugees
WFP	-	World Food Program
WID	-	Women in Development (A.I.D.)