

ACTION
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UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

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ACTION AID-00

QUITO 09082 042133Z

7445 086742 AID0739

ACTION OFFICE LASA-03
INFO LADP-04 LAB-05 RELO-01 MAST-01 /014 A2 1004

INFO OCT-00 CIAE-00 EB-08 DODE-00 ARA-00 L-03 SIL-01
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P 042058Z OCT 84
FM AMEMBASSY QUITO
TO SECSTATE WASHDC PRIORITY 4750

UNCLAS QUITO 9082

AIDAC

E. O. 12356: N/A
SUBJECT: AIFLD OPG PROPOSAL FOR A SMALL FARMER SUPPORT SERVICE PROJECT IN MANABI AND ESMERALDAS PROVINCES

1. MISSION HAS RECEIVED AN UNSOLICITED PROPOSAL FOR A THREE-YEAR RURAL DEVELOPMENT PROJECT FROM THE AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT (AIFLD). THE PROJECT WOULD PROVIDE CREDIT, RESEARCH, EXTENSION AND OTHER SERVICES FOR SMALL FARMERS IN TWO LOW INCOME AREAS IN THE MANABI AND ESMERALDAS PROVINCES. AIFLD WOULD IMPLEMENT THE PROJECT THROUGH AN AGREEMENT WITH THE GOE FOR PROVISION OF SERVICES BY PARATECHNICIANS TRAINED UNDER THE PROJECT TO WORK DIRECTLY WITH SMALL FARMERS IN THE PROJECT AREAS. THE PARATECHNICIANS WOULD PROVIDE NEEDED CREDIT AND TECHNICAL ASSISTANCE TO INCREASE FARM INCOMES. IN ADDITION, THE PROJECT WOULD ASSIST IN THE DEVELOPMENT OF CAMPESINO ORGANIZATION IN THE TARGET AREAS. THESE ORGANIZATIONS WOULD INCREASE SERVICES (E.G. 21,200 BENEFICIARIES IN THESE YEARS) TO PRODUCERS. PROPOSED THREE YEAR LOP FUNDING FOR THIS PROJECT TOTALS \$1,247,967 OF WHICH \$811,587 (65 PERCENT) IS REQUESTED FROM AID, \$111,589 (9 PERCENT) IS TO BE PROVIDED BY AIFLD; \$200,000 (16 PERCENT) WILL BE PROVIDED BY THE NATIONAL DEVELOPMENT BANK FOR CREDIT ACTIVITIES AND \$124,791 (10 PERCENT) IS TO BE PROVIDED BY THE PRODUCERS AND THEIR ORGANIZATIONS.

2. USAID/ECUADOR AND EMBASSY LABOR ATTACHE HAVE REVIEWED THE PROJECT AND FOUND THAT IT OFFERS AN INNOVATIVE APPROACH TO ASSISTING SMALL PRODUCERS, IS CONSISTENT WITH THE MISSION'S CDSS AND IS AN IMPLEMENTABLE PROJECT. HOWEVER, GIVEN THE MISSION'S EXISTING MORTGAGE AND THE PROJECTS ALREADY PLANNED FOR FY 85 AND FY 86, WE DO NOT ANTICIPATE HAVING FUNDS TO FINANCE THIS AIFLD PROJECT NOR THE PERSONNEL TO BACKSTOP IT. THE MISSION HAS ADVISED AIFLD THAT IT CAN SUPPORT THE PROJECT WITH MISSION FUNDS ONLY IF WE ARE ALLOCATED AN AMOUNT IN EXCESS OF OUR CURRENT \$25 MILLION REQUEST.

AS THIS DOES NOT APPEAR PROBABLE WE THUS URGE THAT CONSIDERATION BE GIVEN TO CENTRAL AID FUNDING FOR THIS WORTHWHILE ACTIVITY.

3. MISSION UNDERSTANDS DICK HOUGH OF AIFLD WILL BE DISCUSSING FUNDING OF PROPOSED PROJECT IN AID/W WITH LAC AND S&T PERSONNEL. PLEASE ADVISE AID/W POSITION REGARDING SUPPORT FOR NEW ACTIVITIES AND WHETHER FUNDING IS OR WILL BE AVAILABLE.
YOU/LE

fully support

*FR A-16
alvarez*

*(1) No copy of draft in English - not
(2) No decision until we have had discussion*