To: Estrada, Holway, Donovan
From: Richard Hough
Subject: Preparation for El Salvador trip

Per our agreement, I have drafted below a summary statement of questions and problems which can be used to guide our discussions with AIFLD/ES staff and (perhaps to lesser extent, or more indirectly) with our constituent Salvadoran trade and agrarian union leaders.

As I understand it, the purpose of our mission is to review the implementation process of the Cooperative Agreement (CA) as well as other problems that are intimately related to the CA. In this regard, there are a number of policy/program issues which merit our attention, to wit:

1. Is the Cooperative Agreement, as designed, too large and complex, in terms of the volume of financial resources and number of program components, for the AIFLD/ES staff to implement or manage directly with present staff. As originally developed, the overall CA was premised upon the use of liberal amounts of consultant services. The slow drawn down of program funds,
particularly in the rural sector budget, suggests some imbalance between available resources and the capacity to utilize them effectively. This is not to say that one should not be systematic and prudent in elaborating the specifics of program implementation; but rather to remind that in a period of diminishing funds, at every step of the AID resource transfer process (in Congress and AID/W and in the Field Missions), not to use already approved funding in the allotted time frame is to run the considerable risk of losing some part of the funding to another country program.

2. There is a similar question to be asked with respect to the capabilities of our counterpart leadership on the Salvadoran side. With eight trade union/agrarian officials elected to the National Assembly, will the leadership be in place to execute the type of manpower-intensive projects contemplated in the CA? Our experience after the 1985 election, and the "Social Pact" between the PDC government and democratic labor, suggests that there will be troubles, resulting from a vacuum of leadership at the top, or something close to it. Leastwise, this is a question to be seriously addressed now -- before we get over our head on some of these CA activities. It may be there are competent middle management cadres in our trade union/agrarian groups that can be encouraged to step forward and take increased responsibilities in the implementation of the Cooperative Agreement.

3. One of the major themes of the Scofield evaluation was the need to cut-back the number of -- as well as retrain -- Promotores and general staffs in the Centrals which we provide budget support to. The intent was to reduce high, unnecessary overhead costs as well as retool manpower skills and project planning and implementation capabilities in UNOC, UCS, etc. What movement has taken place in this area of overhead costs and an apparent excessive number of inadequate trained Promotores?

4. What means of liaison and collaboration have been worked-out with FOES with respect to areas of common program interest where a division of labor will likely be necessary if
confusion and duplication are to be avoided? For example, the CA includes micro-enterprise loan programs in both the urban and rural areas featuring working capital loans and social projects. How are these types of activities to be distinguished from the similar prospective programs of the Foundation? Or why a Social Projects Department in AIFLD/ES to oversee the identification, design and financing of community-level projects? Isn’t this what the mission of the FOES is supposed to do? (I am sure that there are good answers to questions of this kind but they certainly have to be sorted out.)

5. The agrarian reform objectives and commentary in the CA have been rendered in part obsolete or inappropriate by actions of the ARENA government in this field and the apparent polarization and stalemate with the campesino organizations and UNOC which have ensued. A fresh look by AIFLD is in order to determine if there is still a constructive role for us in this difficult area and if so, how the resources in the CA might be used to advantage. AIFLD/W will provide support in developing this reappraisal.

6. There are a few major political questions concerning the positions and actions of the leadership of the Democratic Labor movement on the national issues of the day in Salvadoran politics which require discussions with AIFLD/ES and, particularly, candid discussion with the Salvadoran labor leaders. However, the content of the questions are well-known and need no elaboration here.

There are also more specific and detailed questions, e.g., of the kind raised by Richard Oulahan’s recent memo, El Salvador, CA Implementation Process, April 3, 1991, which deserve attention, especially with the AIFLD officer that has the principal functional responsibility within the program sector in question. (For example, I certainly plan to take a good look at the production in-put supply and marketing activity in the CA rural program component.) Such questions are too numerous to be detailed here and can be pursued individually or collectively with AIFLD staff members.

cc: Doherty