

Proposal: Multi-Year Fund for Development and
Design of AIFLD Agrarian Union Projects

Statement of the Problem

There is ample room for the expansion of AIFLD rural development projects of various kinds, working through and with campesino federations and their constituent agrarian unions, cooperatives and other local groups. Indeed, opportunities abound in the rural sector over the short and mid-term in countries such as Guatemala, Peru, Panama, Bolivia and the Dominican Republic.

Such projects are usually designed as Operation Program Grants (OPGs) and presented to AID for financial support. The projects fit nicely under the rural development policy of AID's economic assistance programs: that is, they tend to be institutional-building in character; they usually involve a package of technical services to small or marginal producers, and they are oriented, at least in part, toward rural economic development objectives.

However, the major constraint on AIFLD in taking advantage of the opportunities that do exist is the lack of funds for project development. The large part of the AIFLD/AUD budget, about \$500,000 annually for the last few years, covers the operational and overhead costs of on-going programs. In effect, there are few resources left, notwithstanding the opportunities, to design new projects.

This project development work normally cannot be handled by AIFLD staff in the field or in Washington as part of the regular workload. The Country Program Directors have neither the time nor the expertise; and the responsibilities of our rural development officers also are predominantly operational in character, being assigned to on-going projects in different countries. In short, AIFLD has to rely largely on outside consultant services for project design work; services which we simply do not have the resources to procure on any significant scale given present budget limitations. Expansion of AIFLD's rural development projects through the OPG route is largely academic under these circumstances.

Proposal

In order to allow AIFLD to proceed with the development of new AUD projects, we propose a multi-year grant of \$393,000 from AID to cover the costs of feasibility studies, project design and evaluation work, the preparation of OPGs, etc. This grant would be for three years, and would be incremental to the 1985 AIFLD budget. The bulk of the costs would be for consultant services. (See attached proposed budget.) The consultants would be assigned to new projects and/or projects where a time extension or an expansion of activities is to be proposed. The resources would be used under two conditions: 1) The USAID would have expressed a positive interest in the project to be developed, that is, it is realistic to assume that the project has a reasonable chance of obtaining financial support; 2) it is not feasible for AIFLD staff in the field or Washington to assume the primary responsibilities of the preparatory work of project development, at least within a reasonable period of time.

Justification of Proposal

This proposal is linked in part to the recommendations of the National Bipartisan Commission on Central America. The target group of AIFLD's campesino organization/rural development projects is the same mass of small, marginal private farmers, largely in the food production sector, which the Commission's report rightly identifies as representing the greatest potential for accelerated agricultural development and rapid increases in production in the countries of Central America. The specific types of activities that the report recommends as components of U.S. bilateral assistance -- eg. cooperative development, support for production and investment credit to small primary producers and for agrarian reform related services, etc. -- are integral elements of AIFLD's approach to rural change.

Equally important, the ultimate political objective of AIFLD's campesino organization projects is to promote the type of institution-building that contributes not only to economic development and improving the quality of life in the rural sector, but also the durable growth of democratic and pluralistic institutions which have the organizational strength and leadership capability to resist the power and penetration of the radical extremes. This objective is also basic to the findings and prescriptions of the Commission. The point is that it is the insistence on the complementarity between economic and political development which defines the AIFLD approach to rural development and it is this same link that gives meaning to much of the Commission's analysis of the requirements of rural change in Central America.

This complementarity much depends on the character and quality of the development process. Political development in the mode of democratic and competitive group politics involves in significant measure the representation of economic interests, and self evidently there has to be rural economic development for these interests to grow and institutionalize. Briefly put, for our agrarian unions and campesino federations to succeed and expand, their members must have a set of reasonably developed economic interests which the unions will have as their mission to represent -- to protect and extend -- locally and nationally. This means that for the unions to be effective, they have to be able to deliver economic and technical services which contribute to development, improve the quality of life and give campesinos genuine interests, or stakes, in their economy, as well as the incentives to pay dues and participate. There is no alternative for AIFLD in pursuing its political goal of developing democratic rural institutions but to vigorously promote economic growth through the means of effective and reliable delivery systems within the campesino organizations which we support.

The justification of this proposal then rests on its direct relevance to implementing the policy/program recommendations of the National Bipartisan Commission on Central America, as well as on the unique position of AIFLD as a private change agent working directly with campesino groups to exploit the numerous opportunities which exist for democratic rural politico-economic change in the countries of both Central and South America.

ILLUSTRATIVE FIRST-YEAR BUDGET FOR CONSULTANTS' SERVICES

FOR PROJECT DESIGN AND EVALUATION (By Country)

BOLIVIA

Salaries

Cooperative Specialist at \$200/day x 36 days	\$7,200	
Financial Management Specialist at \$200/day x 38 days	<u>7,600</u>	\$14,800

Overhead at 40% 5,920

Other Direct Costs

Air Travel

Roanoke/La Paz/Roanoke	1,030
DC/La Paz/DC	1,046

Local Travel (including car rental) 900

Per Diem: (La Paz) 12 days x \$58/day	696
(Santa Cruz) 54 days x \$62/day	3,348
(DC) 8 days x \$75/day	576

Insurance 341

In-country secretarial support 400 8,337

Fee at 10% 2,906

\$31,963

PERU

Salaries

Rural Development Specialist (Project Design) at \$242/day x 25 days	\$3,388	
Agricultural Economist at \$200/day x 14 days	<u>2,800</u>	\$6,188

Overhead at 40% 2,475

Other Direct Costs

Air Travel		
Madison/Lima/Madison	1,080	
DC/Lima/DC	920	
Local Travel (including car rental)	620	
Per Diem: 58 days x \$75/day	3,750	
In-country Secretarial support	<u>400</u>	<u>6,770</u>
		<u>\$15,433</u>

GUATEMALA

Salaries

Commercial Land Market Specialist at \$200/day x 20 days	\$4,000	
Agronomist at \$175/day x 25 days	<u>4,375</u>	\$8,375

Overhead at 40% 3,350

Other Direct Costs

Air Travel

San Francisco/Guatemala City/San Francisco 550

DC/Guatemala City/DC 490

Local Travel (including air fare to/from local
towns and Guatemala City and car rental) 600

Per Diem: (Guatemala City) 42 days x \$58/day	2,436	
(DC) 3 days x \$75/day	225	

Insurance 170 4,471

Fee at 10% 1,620

\$17,816

PANAMA

Salaries

Rice Mill Technician x \$175/day x 20 days	\$3,500	
Land Titling Systems Expert x 150 /day x 25 days	<u>3,750</u>	\$7,250
<u>Overhead at 40%</u>		2,900

Other Direct Costs

Air Travel

New Orleans/Panama City/New Orleans	430	
DC/Panama/DC	573	
Local Travel	400	
Per Diem: (Panama City) 41 days x \$89/day	3,649	
(DC) 4 days x \$75/day	<u>300</u>	<u>5,352</u>
		<u>\$15,502</u>

DOMINICAN REPUBLIC

Salaries

Rural Development Specialist (Feasibility Study)
at \$200/day x 20 days \$4,000

Financial Management Specialist
at \$150/day x 25 days 3,750 \$7,750

Overhead at 40% 3,100

Other Direct Costs

Air Travel

DC/Santo Domingo/DC 690

DC/Santo Domingo/DC 690

Local Travel (including car rental) 620

Per Diem: (Santo Domingo) 27 days x \$64/day 1,728

(Santiago) 16 days x \$42/day 672

(DC) 2 days x \$75/day 150 4,550

\$15,400

MID-PROJECT EVALUATIONS*

Salaries

Rural Development Specialist (Evaluation) at 242/day x 20 days x 2 countries	\$9,680	
Credit/Marketing Specialist (Evaluation) at \$200/day x 20 days/country x 2 countries	<u>8,000</u>	\$17,680

Overhead at 40% 7,072

Other Direct Costs

Air Travel

Madison/Costa Rica/Ecuador/Madison 1,680

DC/Costa Rica/Ecuador/DC 1,476

Local Travel (including car rental) 1,000

Per Diem: (Quito) 35 days at \$74/day 2,590

(San Jose) 35 days at \$63/day 2,205

(DC) 20 days at \$75/day 750

In-country Secretarial Support 400 10,101

TOTAL \$34,853

* These evaluations will be undertaken in anticipation of AIFLD's having to decide whether to continue, discontinue, or expand on-going projects in Costa Rica and Ecuador.