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August 1, 1990

TO: John Acree, RDO AIFLD/Guatemala
FROM: Richard L. Hough, Coordinator Agrarian Services
SUBJECT: Format and Content for Proposal to the USAID for 18 months Extension of AIFLD/CUSG project, Agricultural Production and Marketing Services.

I would suggest a format for the subject proposal similar to the one below:

- I. BACKGROUND
- II. POLICY FRAMEWORK
- III. PROJECT DESCRIPTION
 - A. Goals
 - B. Objectives
 - C. Program Content
 - D. Project Administration
- IV. EVALUATION
- V. FINANCIAL PLAN
- VI. ANNEXES

Comments follow below on points to be covered within the suggested format.

1. Background: This section should review in summary fashion progress and problems on the project over the past three years. Subjects should be covered such as what the project has accomplished in the pilot area of Retalhuleu, the development of the CUSG project staff, the delays that have been encountered, the establishment of operations in the second and third pilot areas, and the financial status of the project.

2. Policy Framework: You should indicate, inter alia, the relationship that the project proposal bears to the USAID Guatemala program strategy, the rationale for requesting the extension and any new program initiatives that are contemplated. (This section is important. It should be clear and persuasive. It is likely the one which will be read by senior USAID management.)

III. Project Description: Review the prior statement of Goals and Objectives in the original Cooperative Agreement and modify as necessary. Don't make this section too long or repetitive. Be brief and to the point. The Program Content statement as well need not be long - - summarize the original statement and note the program changes and/or additions that are planned. The Project Administration statement should concentrate on the role of the CUSG, probably in some detail, since this is the area which the USAID has felt has been particularly weak in the past. (See previous Project Evaluation.)

IV. Evaluation: Work out a mutually agreeable evaluation schedule with the USAID (Hugo Pineda). We should have one major outside evaluation about 90 to 120 days before the termination date of the project extension to facilitate a new project proposal if we decide to go ahead.

V. Financial Plan: You appear to have most of the cost data that you will need for a master budget. I would suggest that you rearrange the data however in terms of a breakdown by program component, e.g., technical assistance, marketing, credit. The USAID may also want breakdowns (separate budgets) by pilot areas. We can talk more about this later.

VI. Annexes: At this point, I am not sure what supporting data we will need. There is plenty of time to work this out.

I would briefly note some other points for your consideration. These are points which we have talked about previously but are important enough to warrant mentioning again.

First, we need at least an initial statement of a production/marketing strategy for the pilot area in the East (Jutiapa, Jalapa, Santa Rosa) to progressively, or gradually, move the area out of the present predominance of basic cereals cultivation. Second, we need to put greater program emphasis on crop diversification generally, for example, thru the use of demonstration plots, trials and upgraded extension. How will the project do this? How specific can we be, e.g. as to different crops?

Third, taking advantage of the project's new marketing consultant, we should highlight a bit more what the marketing plans will be for each of the three pilot areas. For example, will the intent be to bypass intermediaries and work directly thru sales contracts with processors/exporters on particular crops/products? In short, the remarks on marketing should be technically strengthened - - to indicate that we know what we are doing - - without going into a lot of detail.

Last, the credit program needs attention. A general description will suffice, but the description should include comments on procedures, controls, types of credit, etc. Either in the background section or project description section, the project experience with the production credit program over the past three years should be summarized. Repayment rates have to be touched upon. and the ways that we intend to improve CUSG performance on the credit program should be described.

cc: Guatemala - Clemente Hernández, CPD
J. Holway, R. Oulahan