

UNCLASSIFIED

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Non Capital Project Paper (PROP)

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Country: Regional

Project Number
598-15-410-101

Regional Revolving
Loan Fund (AIFLD)

Submission Date: Original - June 1, 1971

U. S. Obligation Span: FY 68 - FY 71

FY 68 - 500,000

FY 71 - 125,000

Physical Implementation Span:

FY 68 - FY 73 (Dec. 31, 1972)

Gross Life of Project Financial Requirements:

U. S. Dollars: \$625,000

Total : \$625,000

A.I.F.L.D. TASK ORDER 43

Regional Revolving Loan Fund (RRLF)

In accordance with the AIFLD policy of encouraging institutional development of trade unions by collaborating with unions in social projects of a different nature from those possible under the AFL-CIO/AIFLD impact projects and ranging from 5,000 - 50,000, AIFLD/W entered into an agreement with AID/W in 1968 to establish the RRLF. RRLF furthers the implementation of Title IX objectives of the Foreign Assistance Act.

Only loans are made from this fund. Repayments from these loans are returned to RRLF for future lending. This fund cannot be used to cover salaries or any other costs incurred in the administration of this loan fund.

The agreement called for the establishment of a regional small projects fund which would have the advantages of rapid implementation, high flexibility, maximum impact and ease of financial implementation.

The main objective of RRLF is to contribute positively to the growth and strengthening of viable worker organizations and trade unions by collaborating with them on social projects. The project contributes to an existing institution or aids in the development of a new institution whose existence exceeds the duration of the disbursement. Trade union, cooperatives, credit unions, community action councils, or schools supported by the trade union movement are examples of such institutions. Projects which contribute directly to trade union financial resources, i.e. strike funds or salaries, are not financed

under this project. AIFLD gives priority to projects proposed by organizations represented by former students in AIFLD training programs, particularly the Front Royal Institute.

The goals of Task Order 43 are to increase union membership, strengthen dues collections, develop community service departments within unions, train workers in new skills to reduce unemployment and strengthen or encourage certain leadership elements.

The sponsoring unions' role is in the planning and implementation of the projects and other selfhelp inputs such as percentage of cost sharing (at least 5% of the monetary cost and, to the maximum extent possible, in kind contributions such as materials and labor.)

The lending agreements provide that interest free loans, not in excess of \$50,000 on any single project, are made for a maximum period of five years including the six months or one year grace period, except in extraordinary situations when loans can be made for eight years with the prior written approval of the AIFLD Executive Director. All loans are made in local currency. Loan repayments are available for re-lending.

The projects must conform with U.S. policy objectives in each country. AIFLD country program directors provide the Missions with a preliminary description detailed enough to provide enough information upon which to make policy decisions. (Missions have supported the RRLF projects and have requested additional similar type projects.)

In FY 1968 \$500,000 was made available to AIFLD to establish RRIF for the financing of social projects ranging from \$5,000 to \$50,000. To date of the \$500,000, \$496,826 has been obligated and all except \$49,600 disbursed. Repayment through December 31, 1970, totaled approximately \$20,000. See the attached list.

AIFLD Executive Director Doherty has now requested an additional \$300,000 and IA/ICD strongly recommends that \$125,000 of this request be approved. A.I.D. anticipates that any future funding for the RRIF will come from ISDI.