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AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

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9. ESTIMATED DATE OF OBLIGATION: A. INITIAL FY 79; B. QUARTER 4; C. FINAL FY 79 (Enter 1, 2, 3, or 4)

10. ESTIMATED COSTS ($000 OR EQUIVALENT $1 = 2.50)

A. FUNDING SOURCE	FIRST FY B. FX	FIRST FY C. L/C	FIRST FY D. TOTAL	LIFE OF PROJECT E. FX	LIFE OF PROJECT F. L/C	LIFE OF PROJECT G. TOTAL
AID APPROPRIATED TOTAL						
(GRANT)	(138)	(22)	(160)	(138)	(22)	(160)
(LOAN)	( )	( )	( )	( )	( )	( )
OTHER U.S. 1.						
OTHER U.S. 2.						
HOST COUNTRY			99			99
OTHER DONOR(S)						
TOTALS			259			259

11. PROPOSED BUDGET APPROPRIATED FUNDS ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE C. GRANT	PRIMARY TECH. CODE D. LOAN	E. 1ST FY 79 F. GRANT	E. 1ST FY 79 G. LOAN	H. 2ND FY ___ I. GRANT	H. 2ND FY ___ J. LOAN	K. 3RD FY ___ L. GRANT	K. 3RD FY ___ M. LOAN
(1) FN	212	023		160					
(2)									
(3)									
(4)									
TOTALS				160					

A. APPROPRIATION	N. 4TH FY ___ O. GRANT	N. 4TH FY ___ P. LOAN	Q. 5TH FY ___ R. GRANT	Q. 5TH FY ___ S. LOAN	LIFE OF PROJECT T. GRANT	LIFE OF PROJECT U. LOAN
(1) FN					160	
(2)						
(3)						
(4)						
TOTALS					160	

12. IN-DEPTH EVALUATION SCHEDULED: MM 12 YY 80

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 (1 = NO, 2 = YES)

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SIGNATURE

TITLE: Charles J. Stockman, Director

DATE SIGNED: MM 08 DD 29 YY 79

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I. PROJECT DESCRIPTION AND BACKGROUND

A. Project Description

1. Goal

The overall goal which this project addresses is to increase the food production and income of the small farmer. While the present fifteen month design project cannot do that, it is intended to prepare the groundwork for a follow-on grant/loan which would maintain or even increase the productivity of hillside farms through improved soil and water conservation practices and better land use.

2. Project Purpose

The purpose of this project is two-fold. The first is to evaluate and select a series of on-farm practices for improving and expanding adoption of soil and water conservation on small hillside farms in northern El Salvador. This will be done by collection, tabulating and analyzing the data from a series of ten demonstration projects to be initiated under this project, as well as the available information about soil and water conservation practices which have been undertaken to date in El Salvador and in other areas with similar conditions.

The second is to strengthen the capacity of the GOES to implement a broader program of small farmer soil and water management, particularly throughout the northern half of the country. This will be done by providing training to a group of small farm leaders in the demonstration pilot projects, as well as to provide additional short-term training to the extension and professional staff of the Directorate General of Renewable Natural Resources (DGRNR). Additionally, the implementation experience of the pilot project activities will contribute to reinforcing the capacity of the DGRNR to implement a larger program, and the socio-economic analyses of related data will also provide a firmer basis for the planning of a broader program.

The combined project activities are intended to provide empirical data and additional information on such questions as: (a) how can basic soil and water management principles best be taught to the small farmer (b) how much labor and auxiliary costs are involved in the

individual and related combination of practices, (c) which practices are most effective under the varying conditions of soil, climate, production patterns, tenure, etc., (d) what magnitude of economic returns can be expected, and (e) what incentives might be required to accelerate broad scale adoption, including small farmers in the renter category. These data will be utilized in the final stages of the project to develop a summary proposal of the scope, components, costs and justification of a broader soil and water conservation program to be recommended for implementation throughout the small farm sector of northern El Salvador.

3. Outputs

The project will produce the following outputs during the fifteen months of its operation.

a. Soil conservation data tabulated and organized in report form.

b. Three training manuals in conservation management. These will be for Peace Corps Volunteers, GOES Extension Agents and for small farmer participants.

c. Training

1) Approximately 10 short courses provided to 200 farmer leaders.

2) Intensive short courses provided to 10 GOES extension agents.

3) At least two persons to receive short term training abroad in aspects of conservation management.

d) Ten DGRNR selected sites used for conservation demonstration activities.

The above cited outputs will depend first on the ability of the DGRNR to provide adequate counterpart assistance, particularly competent personnel, vehicles for their transportation and the per diem necessary to cover their expenses. It will also depend on the interest

of the participating farmer/leaders to complete the self-help activities they agree to undertake. The latter of course implies a satisfactory cost/benefit ratio as conceived by them either in improved crop yields or else in long-term increases in the value of their farms.

4. The AID Inputs

a. Technical Cooperation

1) Two Conservation Management Specialists

a) A soil and water conservation advisor who will be responsible for gathering together and analyzing the existing data on soil conservation practices and for initiating new self-help activities in the ten selected districts chosen by the DGRNR.

b) A conservation management training advisor who will be responsible for all project training activities.

2) Four Person-Months of Short-Term Technical Assistance.

This assistance will be primarily in the fields of sociology and the economics of soil and water conservation practices.

3) As needed investigations will be undertaken to determine what information is available from second hand sources, what information can be collected by the two consultants and by short-term TDY assistance. The survey would describe traditional farming techniques, with quantifiable indicators, as now practiced in the 10 DGRNR hillside farming areas of the northern zone; and it would determine attitudes in regard to adopting new soil and water conservation management practices.

b. Commodities

1) One "off-the-shelf" purchased vehicle - four wheel drive.

2) Small agricultural tools and equipment, fertilizers and biochemicals to facilitate on the farm self-help activities and as incentives for project participation.

c. Training

1) Funding for two GOES technicians trained abroad (up to 6 mos. each) in special aspects of conservation management.

2) Funding for two-hundred farmer/leaders trained in short courses, approximately 20 at each of the 10 DGRNR selected sites.

3) Funding for ten GOES extension agents trained in short courses.

5. The DGRNR Input

a. Personnel Costs

The DGRNR will provide a project leader responsible for the direction of this project. It will make available counterpart personnel both for the soil and water management consultants and for the consultant in conservation management training; and it will also provide counterparts for the short term consultants. It will make available approximately ten extension outreach personnel both for short course training and to work with farmer-leaders chosen in each of the ten selected pilot sites. Finally, the DGRNR will provide a full-time secretary for the USAID contracted consultants.

b. Operational Support

The DGRNR will provide transportation for their counterpart personnel and for the travel and per diem of these officials while on assignments in the field.

Also the DGRNR will provide a basic quota of fuel for the AID-purchased vehicle, office space for the contracted technical experts and auxiliary training equipment.

c. Training

The DGRNR will make available two officials for special training abroad. It will pay for their international travel and will continue to pay their salaries during the period of foreign study. The DGRNR will in addition provide facilities for the presentation of in-country courses and any per diem costs involved in their execution.

B. Project Background

As pointed out in the Mission Agricultural Sector Assessment, El Salvador's agricultural land base is a severe constraint in an economy and society where the livelihood and standard of living for three of every four people is largely dependent upon agriculturally related activities. Unless there are revolutionary changes in land use, it will be an acutely critical constraint by the year 2000 when the population is expected to exceed eight million. The urgency of achieving optimal land use is clearly demonstrated by the fact that El Salvador's total land area of 2,098,800 Has.. represents only about .5 Ha. per capita; by the end of the century it will be about .25 Ha. per capita. Table 1 shows that El Salvador's population per arable hectare is one of the highest in the world, more than double the Latin American average and higher than such countries as India and Taiwan. The arable hectare in El Salvador must support ten times as many people as an arable hectare in Canada and almost five times as many people as an arable hectare in the U.S.

Table 1

Comparisons of Population Carrying Burden of Agricultural Land for Selected Countries in 1970 (Population per Arable Hectare)

Japan	7.78
Israel	6.68
El Salvador	4.98
Taiwan	4.96
Guatemala	3.25
India	3.20
Latin America Ave.	2.19
Mexico	1.98
United States	1.09
Argentina	0.72
Canada	0.48

SOURCE: Calculations based on FAO Production Yearbook, Vol. 23, Rome, 1970.

In El Salvador, the major portion of land suitable for cultivation is now in production. To meet the objectives of increased production and productivity, and to make improved crop and multi-cropping research even more effective, within existing tenure patterns, El Salvador must utilize its land area to maximum effect. As a first step in addressing the problem the USAID initiated a small farm irrigation project in FY 1978. A second step is this 15-month project in small farm conservation management.

The great majority of the nation's farms consist of small plots of land, less than four hectares in size where corn, sorghum and beans are grown for the most part by subsistence farmers. As might be expected, these farms are often found on El Salvador's poorest soils and are typically located in the northern third of the country. The north is the driest section of the country and one which is comprised principally of hillside slopes and steep ravines. Because it is poorly suited to

traditional export oriented farming it is an area characterized by large numbers of small farms. In terms of the USDA's soil classification this land might best be used for forest, but the forest has long since been denuded and deep gullies provide graphic evidence of the extent to which soil erosion has already proceeded.

Ideally, people farming under these conditions would move to better land so that the area might return to its natural vegetation of scrub brush and forest. At the very least it should be planted to pasture. Unfortunately, this is not possible. The most that may be hoped for is to assist these small farmers to better farm the land they have so as to contain or at least reduce the losses of their soil and water resources.

It is expected that by improving his conservation management practices the small farmer will be able to extend the period of his crop production and family employment over a longer period thus increasing his per unit area crop yields. At least by stopping run away soil erosion which is rampant in most of the nation's small farm hillside communities the farmer will protect the earning capacity of his soil resources for future use.

That small farmers are interested in and can be taught the importance of conservation techniques has been demonstrated in a study made by the British Mission which shows that 40% of the farmers on the Acelhuate River Basin already plant their row crops on the contour. In addition, Peace Corps volunteers have had no difficulty in finding participants to join their soil conservation activities on a self-help basis.

Recognizing that a major undertaking will be required but that such a project would require a preliminary period of preparation, the DAEC review of the project approved the present 15 month design. It is anticipated that the current activity will be followed by a grant/loan project in 1981 with assistance from AID or other donors. The DAEC nevertheless states that "Most likely, this follow-on action program would still be experimental and considerable evaluation of conservation

practices for broader application would be required".

C. Project Issues

1. Project Rationale and Design

The original PID for Small Farm Natural Resource Management anticipated a three year grant with the project purpose: "(1) to field test, evaluate and identify the appropriate soil and water conservation practices applicable to hillside small farms in the principal production zones of northern El Salvador and (2) determine the necessary elements of an effective and low-cost program to expand the adoption of these practices throughout the region". It was considered that a minimum or three years would be required to evaluate the existing experience of soil and water conservation in El Salvador and to obtain the additional empirical data needed to assist the GOES in the development of a follow-on nationwide action program.

However, at the DAEC review of the PID on April 6, 1979, the Mission was authorized to proceed with the development of only a one-year grant project and to approve the final PP subject to the guidance provided in STATE 107019. The guidance concludes "In Light of El Salvador's critical soil erosion problems and the amount of information which already existse.g., from the OAS and UN projects and the recently completed UNDP demonstration projects -- there was concern that the proposed three-year information gathering project was too modest and little more than a technical support/project design effort". It was decided it should not require three years to design a large scale action program. The Mission was as a consequence instructed to --, "re-design the project as a one-year grant,* to pull together existing data and information on soil erosion and soil conservation practices, to analyze that information, and to assess the results of conservation practices now being tested through a series of special development activity sub-projects."

2. Project Timing

In the original PID a follow-on action loan was programmed for 1983. It was anticipated that by that time all the experimental

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* Later extended to fifteen months.

work would have been completed as a result of the previous three-year grant. At the DAEC Review it was decided that, "at the end of this one-year project, we would expect the Mission to submit a FY 80 or 81 action program which could begin to deal with the country's serious soil erosion problems." The telegram continues, "Most likely this follow-on action program would still be experimental and considerable evaluation of conservation practices for broader application would be required."

In fact, the DGRNR and the Mission have designed this project with the hope of developing in only 15 months the information needed to carry out a major loan project. Nevertheless this project paper foresees a grant/loan follow-on project to start the first quarter of FY 1981. The grant will be utilized to complete the investigational and experimental aspects of the program while the loan will be used to finance the operational aspects of small farm conservation management and land use.

3. Budget

The original three-year PID contemplated a budget of US$280,000. It is natural that the current project will involve considerably reduced funding. In STATE 107019 it is stated "We expect the Mission to remain near the FY 79 OYB of Dols. 155,000. Per discussions with Moffett, a possible breakdown in commodities Dols. 15,000; training Dols. 35,000; ST consultants Dols. 35,000 and LT consultants Dols. 75,000 for a total of Dols. 160,000."

In fact the Mission expects that Dols. 160,000 is adequate for the small farm conservation activity as discussed at the DAEC. We expect to modify the proposed use of the funds as follows: commodities $16,000; training $30,000; ST consultants $24,000; in-country data collection and analysis $10,000 and LT consultants $80,000.

4. Recommended Soil Conservation Techniques.

The referenced telegram points out, "the land management solutions proposed in the PID are limited to physical manipulation -- terracing, trenching, and contour planting -- soil conservation through appropriate land cover -- crop mix, pasture forest, etc. -- does not

appear to be considered." That is in fact true. Because of the serious population pressure in El Salvador and the land available for small farms, the small farmer is first and foremost a subsistence farmer and his primary interest is the production of basic grains for his family. The telgram continues: "The Mission is encouraged to look more carefully at crop mixes and agroforestry as a potential as a means of conservation."

The DAEC's comments in the above regard are well taken and as a consequence it has been decided to include small farm land use in the follow-on project along with conservation management. Agroforestry as a potential for direct food production on hillside farms will be investigated.

5. Incorporation of Present Project Into Environmental Improvement Project

The DAEC's suggestion that the Mission consider incorporatin the present project into the Environmental Improvement project has been discussed at the Mission. Although the Mission recognizes the value of clustering activities into a single project when relationships render this possible, it was felt that in this case such an incorporation would not be justified. The Environmental Improvement project will develop an office under the Vice-Presidency for the purpose of implementing environmental protection and educational type activities in the private and public sectors. In contrast this farm resource management project will focus on grass roots activities at the small farm level and will be carried out by technical personnel of the Ministry of Agriculture.

II. PROJECT ANALYSES

A. Economic Analysis

This project has, as a primary objective, the assessment of the economic feasibility of carrying out a large scale soil and water conservation project in the northern portions of El Salvador. The costs and benefits associated with various kinds of soil conservation practices and structures under site specific conditions will be estimated. This project is designed with two components to permit this economic analysis. The first component involves developing a model which will produce

estimates of economic feasibility utilizing primary and secondary data that can be generated within the life of this 15-month project. The following sequential steps constitute this component:

1. The literature of soil conservation will be surveyed to identify the analytical methodology most suited to date that already exists or can be produced relatively quickly. The results of studies on the economics of soil conservation under relatively similar morphological, agronomic and climatic conditions will also be collected and evaluated. Relevant literature and the results of current research and field work in El Salvador pertaining to soil and water conservation will also be reviewed.

2. An analytical framework and methodology will be selected and modified to data availability and analytical requirements. Data needs will be specified; they are likely to include the physical parameters of topography, rainfall, soil types and ground cover (including a distinction among various crops). Data on land tenure and size of holdings is certain to be essential.

3. Primary and secondary data will be collected.

4. Mathematical modeling which specifies relationships between physical parameters, erosion, conservation practices, and the consequent impact on productivity will be undertaken for the purpose of assessing the economic feasibility of carrying out various conservation practices under site specific conditions and establishing criteria for selecting areas in which to focus follow-on project conservation activities.

The second component of the project involves generating estimates of the costs of conservation practices and structures under a variety of conditions and projecting benefits in terms of the project's impact on agricultural production. In the longer run, this component will generate much more reliable estimates of the economics of soil and water conservation in El Salvador. Steps involved include:

1. Field sites on farmers' lands will be selected to reflect a range of critical physical parameters, and conservation practices and structures identified in the course of the technical feasibility analsysis will be introduced.

2. Field trials will be carried out in such a way to compare productivity and net returns on similar lands with and without project activities. Data from these plots will be collected over a minimum of three years.

3. The benefits of the practices will be calculated by measuring the value of increased production that can be associated with conservation activities based on the results of the first, second and third years. These will be compared with initial and recurrent public and private costs associated with the conservation program.

The results from a year long research on erosion problems and conservation alternatives in the Acelhuate River Basin by the DGRNR with technical assistance from the British Government suggest that the design of this project is sound in terms of the structure of economic feasibility studies described above and furthermore, that the type of conservation practices envisioned under this project are likely to prove economically attractive to both participating farmers and the nation as a whole. The physical conditions in the Acelhuate River Basin are not dissimilar to those in our project area in terms of soil types, principal crops, cultivation techniques and topography of the land. Conservation practices are also similar to those likely to be evaluated by this project: contour cultivation of row crops, live barriers, stone walls, hillside ditches and bench terraces. In the models employed in the Acelhuate River Basin analysis, benefits arose from averting losses in fertility and production due to erosion and from increased soil moisture, improved soil structure, reduced fertilizer requirements and the gradual creation of new soil. Their principal findings which are highly relevant to this project include:

1. Soil conservation apperas to be a worthwhile investment for both individuals and the nation over a wide range of conditions - the internal rate of return ranged between 9% and 27% calculated for individuals and for the nation using both prevailing market prices and shadow prices for labor. Conservation practices on steep slopes where physical losses are highest are less profitable for the farmer than they

are to the nation.

2. The largest benefits are estimated to accrue on better [illegible]

3. Conservation practices generally are less attractive to the most disadvantaged farmers, first because their land is steeper and has already lost much of its topsoil and second because many of them are tenants with consequently weaker incentives to make long-term investments in improvements in land they neither own nor to which they enjoy secure [illegible]

4. The break even period for farmers investing in conservation practices on better land where a reasonable quantity of top soil exists is 5 years or less; it is 15 years or more on steep slopes.

5. The less durable but also less costly conservation works [illegible] to be the most economically attractive. While stone walls on gently sloping land can be profitable, bench terraces generally are not economically viable under the conditions evaluated by Acelhuate River Basin study group.

In summary, the findings from the Acelhuate River Basin study suggest that conservation practices of the type envisioned for this project are economically feasible. Furthermore, it is the intent of this project to generate data and analysis which will provide the basis of a more definitive determination on the economics of relatively simple soil and water conservation in northern El Salvador.

B. Social Soundness Analysis

Over the past several years USAID/El Salvador has financed a number of analytical studies and field surveys that indicate there are no socio-cultural obstacles to the success of a project of this nature. These studies also give strong reason to believe that the spread effects and over-all social consequences of the project will be positive.

Socio-Cultural Profile

El Salvador is basically an agrarian society with dominant economic and social values at all levels very similar to what they were a century ago. Whereas commerce and manufacturing play an important role in terms of GNP, investment, [illegible], and employment, the culture

and social patterns of the country are rural reflecting the traditions of the agrarian based, export oriented economy.

In one respect Salvadoran culture is highly homogeneous. Of note is the virtual absence, even in rural areas, of linguistically and culturally distinct subgroups of the population. Spanish is the common language embracing all socio-economic levels and all areas of the country. Unlike the majority of Latin American countries in which dual societies of people of European and Indian heritage coexist, often with little integration, the population of El Salvador is almost totally ladino or racially mixed.

There are, however, very deep social and economic class divisions. Everywhere the rich are different from the poor, but in no country is the gulf between them wider than in El Salvador. Nevertheless, in spite of profound class differences and a long history of suspicion, distrust, and non-communication between social groups there is an underlying practical conservatism, or caution, in the behavior of all Salvadorans that acts as a glue to hold together a disparate society that is prone to sudden outbursts of extreme violence and cruelty. This conservatism can be seen in other Central American societies and is manifest throughout the region in such phenomena as the remarkable stability of the political systems, the currencies, and the rates of inflation in each country. In this respect El Salvador and Central Amercan stand in contrast to other countries in Latin America -- Chile, Brazil, Peru -- where over the years a broader spectrum of cultural values and more open social behavior have accompanied experimentation and sometime chaos in political and economic life.

El Salvador's Poor. More than half of all Salvadorans fit into AID's target group and most people in the target group live in rural areas.

Throughout the country one can see the peasant working the fields with bullocks and plows, or in many cases without plowing, simply penetrating the ground with a digging stick and dropping seeds into the hole. One can also see the peasant family living in extremely primitive and crumbling housing. However, these suggestions of tradi-

tionalism and primitivism, so striking in their visible characteristics, belie the true condition of life in the rural areas. Compared to other peasantries, the Salvadoran rural culture should be understood as a transitional peasantry, one with very few remaining traditional institutions and values.

For essentially the small farmer is willing to accept the benefits modern technology could bring him and his family. He is not ignorant: he uses fertilizers, insecticides, and other inputs when he can afford them. He is also more than willing to use his own labor when he feels it is necessary. The self help and volunteer labor required for the success of this project are part of the culture and tradition of rural El Salvador today.

Of the urban poor it can be said that their values, attitudes, and world outlook are very similar to those of their country cousins. Indeed many of the urban poor have direct family ties to the rural areas. There are a certain number of urban factory workers, skilled and unskilled, who have become increasingly militant in recent years through organized labor movements; however, El Salvador cannot be said to have an urban proletariat or large numbers of people with a working class conscientiousness.

El Salvador's Middle Class. Middle class salvadorans constitute perhaps 15% of the population and can best be identified by their standard of living and their level of education. Income, as contrasted to standard of living, has a part as does the nature of one's occupation in determining social class in El Salvador; but, because so many people in all walks of life rely on informal, non-market arrangements to fill their needs, the factors of job status and level of liquid financial assets (income) are not as important as they would be in the U.S. or Western Europe.

With respect to distinctive values, institutions, and customs the Salvadoran middle class is truely insignificant. The middle class may resent the priviledges and arrogance of the rich, and they may

fear the growing demands and agitation of the poor; but in the final analysis they lack any identity of their own and are not sufficiently strong economically or politically to constitute a separate force in Salvadoran life. In summary the typical middle class Salvadoran male has a high school education; lives in a modest home perhaps with extended family; owns a TV, refrigerator, stove, and in many cases a car; and can afford to take his family out to a restaurant for Sunday dinner followed by the movies. Their productive assets are few: little or no land; no capital investments. Middle class people are always aware that their standard of living requires constant vigilance and nurturing.

Possibly the only place in society where a unique middle class spirit has been growing is in the military officer corps. Officer candidates come from lower and middle class families and they are told from the beginning of their careers of the constant threat of leftist subversion and how the control of the machinery of government by the military since 1932 has kept El Salvador from falling prey to chaos and depression. Military officers see themselves saddled with the most unusual of responsibilities and problems. They feel that while there may be a few in society who can fully understand this, no one has any real appreciation of the ultimate mission of the armed forces. As a result most military officers have a special pride and espirit de corps that when coupled and their standard of living give them a special middle class orientation that has had economic and political consequences in all aspects of Salvadoran life.

El Salvador's Rich. Wealth and ownership of productive assets are only the most immediate differences to be noted between the rich and all others in El Salvador. Of far greater importance is how the rich see thesemlves and what they do with their money. The Salvadoran upper class rarely identifies in any way with the culture and day to day problems of the 96 per cent of the population that is non-rich. The wealthy are educated in foreign schools, speak one or more foreign languages fluently, travel frequently to the U.S. and Europe, and over-see their investments and landed production activities from a great

distance or perhaps from a position on the board of directors of a bank. Most do not participate directly in politics nor are they active in public or civic affairs.

Wealthy Salvadorans tend to identify with a larger international community of businessmen and investors and they move their money in and out of the country as common sense and business dictate. This aloofness and detachment are special characteristics of the upper classes in El Salvador. The only exception in recent years to this behavior occurred in 1977 when the wealthy landed elites combined with conservatives throughout the country to repeal a new land reform project that was to have been undertaken by the government.

Spread Effects

Soil and water conservation is not a totally new idea to the small farmers in the northern region of El Salvador. They are aware that their soil is being lost but they probably do not realize, the amount of water that they are also losing. Most small farmers have not done anything about the problem due to a lack of a clear understanding of what needs to be done. Nonetheless, work by the Peace Corps in El Salvador and by the USAID and Vecinos Mundiales in Guatemala has indicated that many small farmers are anxious and quick to learn the appropriate soil and water conservation techniques. Key objectives of this project are to find teaching methodologies and conservation measures that are appropriate to the El Salvador farmer and his environment.

About 200 farmers will be taught in one form or another, soil conservation practices with funds from this project. In addition, about 20 technicians from DGRNR will receive local training and two will be trained abroad. With the experience and training gained from this project, most of the spread effects will occur in the loan project which is slated to follow.

Social Consequences and Benefit Incidence

The primary long run beneficiaries of this project will be those farmers who participate directly in the project's activities. It is possible that farmers who are not in AID's target group could benefit from a particular subproject. This could occur if such farmers own land in an area selected for a subproject and they decide to attend

classes and incorporate the conservation practices into their land.

Role of Women

Although most small farmers in El Salvador are men, the resource on which they depend produces for both sexes. Just as the men will benefit from the conservation of their resource base, so will the women. For more detailed information regarding the role of women in the agricultural sector please see USAID/El Salvador Agricultural Sector Assessment pp. 27-29.

C. Technical Feasibility

1. Description of Envrionment

The following is a generalized description of the environment in the areas where the Small Farmer Natural Resource Management project will be implemented.

a) Average Soil Type:

The predominant soil orders are Entisols, Inceptisols and Ultisols in the mountainous zone. Some of the broader interior valleys, especially in the east, have Vertisols and Entisols. At the great group level in Soil Taxonomy the predominant taxa are Ustorthenta, Ustropepta Dystropepta, Haplustults, Rhodustula, Hapludulta and Tropohumults in the uplands. Most of the parent materials especially in Morazán Department are acid rhyolites so the soils reflect these acidic properties. A large portion of the soils have lithic contacts at less than one meter.

A significant portion can be classified as lithic (rock contact less than 50 cm. depth).

b) Ph:

Soil PH is highly correlated with parent material type in northern El Salvador. Since many of these granite and rhyolites, subsoil pH's will be found as low as 4.0. A pH this low is indicative of a high aluminum toxicity potential.

c) Climatic Conditions:

In taxonomic terms the soil temperature regions are as follows:

isohyperthermic	=	0-840 meters above sea level
isothermic	=	840-1925 meters above sea level
isomesic	=	1925 meters above sea level or more

Concentration of target group is between 200-1500 m.

Soil moisture regimes are ustic and udic. Udic regimes occur at the higher elevations. In the eatern part of the country udic regimes start at around 1200 m. However, in the western half they start quite a bit higher - around 1800 m. Mean annual precipitation ranges from 1800 to 2600 mm. In the ustic regimes - 90% of this occurs between May and November.

d) Slope:

A complete range is encountered. There are some "flatter" broad interfluves at the higher elevations but these are of minor extent. A range of 15-50% would probalby encompass 75% of the total land area.

e) Very little information is available on crop yields in the northern half of the country under the hillside, small farm conditions this project purposes to investigate.

Some yield data is available on corn, sorghum and beans. This is because they are the basic food crops under the subsistence agriculture generally practiced. Fire wood for fuel and pasture which is grazed are probably next in importance, but have not been measured in terms of yield. Small amounts of peanuts and rice are also produced on these farms Vegetable and fruit corps are occasionally grown in small amounts, but yields data are not available. Henequén and sugar cane are at times grown for sale.

There follows the approximate yields of several crops and associations which were acquired by the Peace Corps as the result of Volunteers' observations at the different sites of their operations. As will be noted, the yields are extremely low:

Crop or Association	qq. (110 lbs)/Manzanas (1.7 acres)
Corn (shelled)	23 - 28
Corn/Sorghum	21/16 - 40/26
Beans (shelled)	5 - 15
Corn/Beans	10/8 - 20/14
Sorghum	30 - 40
Rice	35 (av.)
Peanuts (in pod)	25 (av.)
Sugar Cane	500 (av.)
Henequen in fiber	10 (av.)

2. Basis of the Choice of Recommended Technology

The technologies selected for use under this project are simple soil and water conservation practices applicable under small hillside farm conditions. The practices are not new to El Salvador.

Under the UNDP, a project was carried out at Santa Cruz Analquito which has effectively demonstrated what it is possible to accomplish on steep hillsides with terrace construction and natural resource management. Being a demonstration no attempt has been made to generate cost benefit data on the project.

The Peace Corps has had considerable experience in promoting self-help soil and water conservation activities in a number of areas of northern El Salvador. The work has demonstrated that simple practices for laying out strips which conform to the contour of the land can easily be taught to such farmer cooperatos. They have readily volunteered to plant vegetative barriers, construct stone terraces and dig drainage ditches. There have been no technical problems associated with the extension and adoption of this technology. They effectively increase the water retention capacity of the land while reducing the loss of valuable soil. They suggest an excellent potential for facilitating more intensive types of agriculture which would be more labor intensive. Preliminary records maintained by several PCVs suggest that these practices are increasing the yields of

participant farmers. A review of such conservation management in the areas where the Peace Corps has worked indicates that on their own non-participants have subsequently adopted many of the practices which their neighbors learned from PCVs, suggesting that there are no prohibitive barriers to the transfer of this technology.

As already mentioned under section II-A, Economic Analysis, a first attempt to obtain economic data on the potential value of simple conservation practices has been undertaken by the British Mission in its project for the rehabilitation and control of the Acelhuate River Basin. Four agricultural benefits are concluded to be the best results of conservation practices such as those discussed above. These are:

a. the prevention of falling yields due to the loss of topsoil;
b. The preclusion of additional loss in yields as sub-soil becomes too shallow to permit full plant growth;
c. An initial increase in yields consequent on implementing the works owing to less fertilizer being washed out, the use of mulch, increased soil moisture; improved soil structure, etc.
d. A slow gradual rise in yields as new topsoil begins to develop on protected lands.

Conservation practices such as those undertaken by the Peace Corps have proven to be technically sound and appropriate to the field conditions which exist in norther El Salvador. They have proven to be compatible with the soil and climatic conditions. Besides it is only good sense to make use of underemployed labor during the dry season in order to increase crop productivity during the growing season. Nevertheless before embarking on a large project of such nature it is important that through this activity there be obtained information on what types of natural resource conservation practices pay the best dividends to participant farmers and which ones they are most willing to implement. Briefly defined, then, the intent of this project will be to determine in economic terms the benefits which may be derived from such practices as planting on the contour, the planting of live barriers, the use of more intensive cropping

systems, the construction of terraces and of controlled drainage systems. In sociological terms the project will attempt to determine why farmers will adopt certain conservation practices while they may reject others; it will attempt to determine how small farmers evaluate their labor and associate different types of self-help activities with the time they have available to perform them.

In so far as possible, this project will attempt to determine those practices which are best suited to each of the sites where the DGRNR intends to implement its demonstration programs.

3. General Description of the Construction Portion of the Project

The DGRNR, the GOES implementing agency for this project, has had considerable experience in the design and implementation of single unit small farm soil and water conservation structures. Many of its personnel have received in-service training on natural resource conservation management first with a UNDP demonstration project and during the last two years with the Peace Corps and the British Mission. The DGRNR has a strong complement of natural resource engineers and they are competent to assist the small farmers cooperating in this project to utilize and maintain the new technologies which they will implement. Project Maintenance will be the individual responsibility of each beneficiary under a maintenance program or plan prepared by the DGRNR and found satisfactory in form and substance at the USAID Mission.

The Watershed Management and Soil Conservation Division of the DGRNR will provide all designs, plans and specifications to the USAID prior to their implementation. The construction activities will be simple, inexpensive and fully satisfactory to the long-term needs of small farmers. Construction will be undertaken as community or self-help activities under the direction of the DGRNR with Peace Corps assistance.

An evaluation of the project by the USAID Mission engineer has revealed no cause to believe that either the project in its entirety or any of its component parts are other than technically feasible.

4. Cost Considerations

The total cost of the project is estimated at $259,000. It is

proposed that the GOES will contribute $99,000 or 38% of the combined USAID-GOES project. This does not include contributions extended by individuals beneficiaries or communities through their self-help efforts. The Peace Corps will provide the assistance of approximately 20 PCVs.

The cost of land development is considered part of the host country contribution. As a consequence overall project contingencies and estimated inflation of construction costs are not included in the cost estimate. Increases in construction costs due to unforeseen difficulties and inflation will be included in the grant agreement as a financial responsibility of the individual cooperator.

D. Institutional Administrative Feasibility

1. The Historical Base and Legacy of the - DGRNR -

The government's role in managing the nation's agriculture dates back to the last decade of the eighteen hundreds. In 1893 a set of agricultural land use codes was established by legislation and six years later in 1899 a central committee was set up to advance the nation's agricultural development.

The genesis of the Directorate General of Renewable Natural Resources as now constituted dates back to the establishment of the Ministry of Agriculture and Livestock (MAG) in 1941. At that time one of the Ministry's two departments, the Department of Agriculture and Industry, was made responsible for safeguarding the nation's agricultural resources. It was not until 1957, however, that work in natural resource management was separated out as an independent entity under the MAG. At that time the Directorate General of Agriculture was established with three departments--Renewable Natural Resources, Agricultural Development and a Hybrid Corn Seed Service. The Department of Renewable Natural Resources included: a) soil conservation, b) forestry and c) wildlife and fisheries.

In 1969 the Department of Renewable Natural Resources was elevated to its present status as the Directorate General of Renewable Natural Resources (DGRNR). As one of seven Directorates under the present Ministry of Agriculture and Livestock, it has responsibility for

managing the ecology and the development of the nation's soil and water resources, forest reserves, wildlife and fisheries, and weather stations. The DGRNR has as its objective the sound utilization of El Salvador's natural resources and their conservation and development for the nations future welfare.

There are seven "services" comprising the DGRNR today. In addition to the Administration Service and the Information Serivce, there are the Service for Watershed Management and Soil Conservation, the Hydrological Service, the Meteorological Service, the Fisheries Service, and the Service for the Protection of Forests and Wildlife.

This grant project will be administered under the Watershed Management and Soil Conservation Service of the DGRNR. This office has had considerable experience in collaborating with foreign technical assistance agencies. From August of 1975 to October of 1977 the Food and Agricultural Organization (FAO) of the United Nations undertook a joint activity with the office to carry out a program of soil and water practices on a tract of land in Santa Cruz Analquito. Beginning in early 1978 a four man British team started cooperating with the Watershed Management and Soil Conservation Service on a project for the control and management of the Acelhuate river watershed, the much eroded river basin which provides El Salvador with its source of water. Since 1977 the Peace Corps has had a program with the Watershed & Soil Conservation Service in which several volunteers have organized short courses for small farmers in the Chalatenango area and in Morazán on soil and water conservation. They have assisted small farm leaders to implement self help conservation practices on their private farms.

2. Administration

Administratively, the DGRNR is divided into the following five divisions: (1) The Executive Staff of the Directorate, (2) The Personnel Executive of the National Office, (3) The International Office, (4) The Personal Executive of Operations, and (5) The Personal Executive Office of Support. The 1447 employees of DGRNR are divided among these five executive offices.

The Personnel Executive of the National Office is the Executive division with which this project will work most directly as the Watershed and Soil Conservation Service operates under its direction. The activities of the Water Basin and Soil Conservation Service are administered by a centrally located headquarters. Responsible directly to the chief of the central headquarters are regional division heads. The regional heads are directly responsible for directing the activities of the field agents in their regions. The other technical offices of the DGRNR also operate under the Personnel Executive of Operations. These offices are the Hydrological Service, the Meteorological Service, the Fishery Service, and the Forestry Service.

This project will probably also have direct contact with the International Office. The International Office currently includes a team from the British Mission that is working on soil conservation in the Acelhuate River Basin. The Watershed and Soil Conservation Service serves as a direct counterpart to the British team. The experiences of Peace Corps volunteers and of the British team together with the overall sound administrative record of the DGRNR lead the Mission to believe that the project is within the capability of the [illegible]ES to implement.

III. FINANCIAL PLAN

USAID Contribution

1 Technical Assistance

a. 12 mos. Soil and Water Conservation Management Advisor.

Salary ($1833.33 mo.)	$ 22,000
Housing ($600.00 mo.)	7,200
Education (3 children $650.00 ea.)	1,950
Insurance ($100 mos.)	1,200
5 Rd. Trips $200 ea.	1,000
HHE all ship 3000 # at $100 lb.	3,000
Vehicle transp. POV	200
Local Trans. & Vehicle Maintenance	1,200
Per Diem 60 day at $15	900
Mscl. (Medical, Passports, etc.)	150
	$38,800
20%	7,760
	$46,560

b. 12 mos. Conservation Management Training Advisor

Salary ($1,100.00 mo.)	$13,200
Housing ($00.00 mo.)	4,800
Insurance ($100 mo.)	1,200
Round Trip	700
HHE all ship. $100 # R.T.	2,000
Vehicle Transp POV RT at $1500	3,000
Official Transp. & Vehicle Maintenance $100 mo.	1,200
Per Diem - 100 da $15.00	1,500
Mscl. (Medical, Passports, etc.)	150
	$ 27,750
20%	5,550
	33,300
	$ 79,860

		$ 79,860
c.	4 mos. Short Term Consultants $6000.00 mo.	$ 24,000
d.	Data Collection & Analysis	10,000
	Sub-Total	$113,860

2. Commodities

a.	1 Vehicle (off the shelf)	$ 8,000
b.	Small Ag. Equip, Fertilizers & Biochemicals	6,000
c.	Printed Training Manuals	2,000
	Sub-Total	$ 16,000

3. Training

a.	2 persons 6 m/m ea. $2000.00 mo.	$ 24,000
b.	Training Materials for In-Country Training	2,000
c.	Farmer-Leader Training Support Costs	4,000
	Sub-Total	$ 30,000
	TOTAL A.I.D.	$159,860

GOES Contribution

1. Personnel Costs

a.	12 mos. Counterpart for Soil & Water Conservation Consultant ($600.00 mos. for 12 mos. & Related Costs)	$ 8,640
b.	12 mos. Counterpart for Conservation Management Consultant ($500.00 mos. for 12 mos. & Related Costs)	7,440
c.	4 mos. short term Counterparts for TDY Consultants ($500.00 mos. for 4 mos. & Related Costs)	2,960
d.	Equiv. of 10 full time Field Extension Agents (20 agents ea. half time)	50,000
e.	One full time secretary 12 mos. $400.00 mos.	4,800
	Sub-Total	$73,840

	$ 73,840
2. Operational Support	
Fuel for two vehicles used by TA Consultants	$ 2,400
Other logistic support for GOES employees	12,000
Hand tools & Equipment for On-Site Activities	1,500
Sub-Total	$15,900
3. Training	
Two trainees trained abroad (6 mos. ea.)	$ 6,000
International Transportation (2 trainees)	1,000
Facilities for in-country short-courses	2,000
Sub-Total	9,000
TOTAL GOES	$98,740

SUMMARY COST ESTIMATE AND FINANCIAL PLAN
(US $ 000)

PROJECT PAPER

Source	AID** FX	AID** IC	Host Country FX	Host Country IC	Other(s)+ FX	Other(s)+ IC	Total
AID Use*							
Technical Assitance	101						101
Training	24	6					30
Commodities		16					16
Host Country							
Personnel Costs				74			74
Operational Support				16			16
Training				9			9
Inflation factor	13			-			13
Contingency							
Total	138	22		99			259

* List major project elements (inputs)

** Under AID, separately list in columns loans & grants; in all cases have a column showing Total AID.

\+ May be used for non-AID; e.g., HIG, P.L. 480 Title II, etc., furnished by the United States outside of AID-appropriated funds. Where other donors are involved, a separate column should be added for each significant donor.

PROJECTION OF EXPENDITURES BY FISCAL YEAR
(US $ 000)

PROJECT PAPER

Fiscal Year	AID**	Host Country	Other(s)+	Total
FY 1980				
AID:				
Tech.Assistance	101			101
Training	30			30
Commodities	16			16
GOES:				
Personnel Costs		74		74
Operational Support		16		16
Training		9		9
Inflation factor	13			13
Contingency				
Total	160	99		259

** Under AID, separately list in columns loans & grants; in all cases have a column showing Total AID.

+ May be used for non-AID; e.g., HIG, P.L. 480 Title II, etc., furnished by the United States outside of AID-appropriated funds. Where other donors are involved, a separate column should be added for each significant donor.

IV. IMPLEMENTATION PLAN

A. Project Supervision

This project will be under the direct supervision of the DGRNR, a directorate of the Ministry of Agriculture. The Project Director will be a senior officer of the Ministry of Agriculture appointed by the Director General of DGRNR and he will serve as the personal representative of the Director General in the day-to-day implementation of the project The soil and water conservation management consultant will assist the Project Director with project management and implementation and in this he will be complemented by the specific USAID technical assistance to be provided under the grant and which is specified below. The appointment of a Project Director will constitute a condition precedent to the disbursement of funds under the proposed grant.

B. Project Coordination

Under this project a Committee of five will serve as a Board of Directors of the project. The five will consist of the following:

1. The Director General of DGRNR will serve as chairman of the Board.
2. In his capacity as Project Director the DG's appointee will serve as deputy chairman of the Board.
3. In his capacity as soil and water conservation management consultant and technical advisor to the Project Director, the senior consultant will serve on the Board.
4. The USAID will be represented by one person.
5. The Peace Corps will be represented by its technical director for agriculture.

The Board will meet regularly to resolve any special problems related to the project and to take actions that may be necessary to implement the project.

The Mission has had experience working with the GOES using this type of committee approach to project implementation. It is being

employed under the IRA and the Small Farm Irrigation loans and we anticipate this type of arrangement will work well for the present proposed grant. It is expected that the administrative practices developed under this initial grant will remain in effect during the follow-on grant/loan. The monitoring responsibilities of the USAID will be handled by the USAID representative on the Board.

C. Project Administration

1. Contractual Responsibilities

The DGRNR will undertake to contract all AID-funded technical assistance whether this involves long or short term foreign consultants or the procurement of in-country contracted services such as a possible survey and compilation of pertinent data which cannot be obtained from secondary sources. The USAID will arrange for training and AID funded commodity procurement through the usual PIO process.

2. Operational Support

The DGRNR will be responsible for:

a. Office space and full-time secretarial assistance for the long and short term consultants provided under the AID grant;

b. A basic monthly quota of fuel for all vehicles;

c. In-country transportation for contracted consultants in such cases where an AID-provided vehicle are not available for their use;

d. Classroom facilities and necessary budgetary support for short-course training of both GOES officials and small farmer-leaders.

3. Disbursement of Funds

The DGRNR will be accountable for the maintenance and records of all project funds that have been disbursed by DGRNR. The following procedure will be followed:

a. A schedule of proposed disbursements will be prepared by DGRNR as a condition precedent to the expenditure of any AID funds.

b. AID will make an advance of funds for 90 days to cover the anticipated expenses for those 90 days in the schedule of proposed disbursements.

c. On the termination of each 30-day period DGRNR will provide AID an accounting of the expenses incurred during the previous month together with signed vouchers for those expenditures.

d. Upon verification of the DGRNR documentation AID will make a reimbursement of funds in accord with the DGRNR schedule of disbursements.

e. At DGRNR request AID will permit foreign contracted personnel to submit monthly vouchers directly to the USAID so that their salaries may be paid in U.S. dollars.

The GOES was not notified of the possibility of this project until March of 1979. Because El Salvador's fiscal year extends from January through December, the DGRNR was unable to set aside funds for the AID-financed activities in this project during the current year. Thus the proposed method has been devised to provide the grant through a 90 day advance with 30 day replenishments, and the advance will be scheduled for liquidation to coincide with the terminal assiance date. The Director General, however, has indicated that if the follow-on grant/loan is approved the DGRNR will be able to reinforce its budgetary allocations in such a way as to permit the advancement of GOES funds for such costs.

4. Required Reports

As part of its administrative responsibilities, the DGRNR will be expected to provide AID with the following reports:

a. Thirty-day liquidations of AID advanced funds as per the schedule of proposed disbursements;

b. Quarterly reports covering activities under the project. These reports will detail progress achieved problems encountered and any actions taken to solve those problems;

c. A six-month summary report of the progress achieved in accomplishing specific goals as per the anticipated project time schedule to be approved as a condition precedent;

d. A report of accomplishments in relation to the anticipated time schedule;

e. The DGRNR will provide AID with monthly progress reports of each of the soil and water conservation management education advisors under the AID grant;

f. The DGRNR will provide AID with completion reports of each TDY short-term consultant assistance provide under the AID grant;

g. The DGRNR will provide AID a completion of assignment report on the termination of any grant-financed in-country contract for services.

h. The DGRNR will provide AID drafts for its approval of any reports or publications prepared as part of the small farm conservation management project.

D. Conditions Precedent to the Release of AID Funds

Conditions precedent to disbursement and covenants additional to the standard conditions and covenants which AID requires are listed below:

1. A time-phased implementation plan with dates provided for specific achievements during the 15 months of project activity;
2. Ministry of Agriculture notification of the name and official appointment of the DGRNR designate to serve as Project Director;
3. Selection of two officers for advanced training in soil and water management abroad. This notification must bear the DGRNR's agreement to continue payment of salaries while in training and the costs of international travel;
4. A schedule of the proposed disbursement of AID funds.
5. Selection of ten localities in the northern region of the nation to serve as small farm soil and water conservation demonstration sites.

6. Names of DGRNR extensionists who will be assigned to work on this project.
7. Scopes of work for each of the two long-term contract technicians.

E. USAID Role

To facilitate the work of DGRNR the USAID proposes to provide the following technical assistance:

1. One long-term soil and water conservation management advisor responsible for information collection and analysis. This consultant will serve as advisor to the Project Director in all aspects related to the project's activities.
2. One conservation management education advisor who will be responsible for conservation education and training.
3. Up to four (4) months of short-term TDY consultancy. The consultant's studies will be specifically for the purpose of providing technical assistance on sociological economic aspects of small farm hillside farmers, i.e., a social soundness analysis and a technical feasibility study.
4. A contract with a local firm to survey and compile specific types of data not available as secondary information at the 10 designated demonstration sites to be selected by DGRNR.

F. Peace Corps Role

The Peace Corps is attempting to recruit 20 PCVs with experience in conservation management. They are to be assigned to the DGRNR and with its extension agents, to continue and expand the soil and water conservation management program that has been mutually carried out by these two agencies during the past two years.

G. Project Activities

Three activities under this grant will be pursued as follows:

1. Information Collection and Analysis

As final products of the grant the USAID will expect the following jointly produced DGRNR publications. They will

serve as background information in the development of the follow-up grant/loan scheduled for implementation in FY 1981.

a) A publication of the available information and experiences related to conservation management in El Salvador. In El Salvador three principal agencies have undertaken conservation activities in association with the DGRNR. These are the UNDP, the British Mission and the Peace Corps.

b) Socio/Economic Studies. First, will be the factors which motivate farmers to undertake development assistance; Second will be the cost/benefit ratio analyses of the advantages associated with such conservation management practices as terrace construction, the establishment of live barriers, strip cropping, contour planting, and the digging of various types of drainage ditches. These studies will contribute to an economic analysis, a social soundness analysis and an analysis of the technical feasibility of the follow-on grant loan.

c) If as a result of an initial review of the literature and of other available secondary sources it is considered advisable a special study of hillside farming conditions will be conducted in selected demonstration areas of northern region.

d) A field manual on soil and water management practices for GOES extension agents.

e) A field manual for Peace Corps Volunteers.

f) A practical field manual of selfhelp conservation practices for small farmers.

2. Institution Building

At the end of this project the following type of training will have been provided for the purpose of strengthening the DGRNR

capacity to undertake a nation-wide program of soil and water conservation and improved land use management.

a) Two GOES officials will be provided special training abroad in advanced conservation management practices.

b) Approximately ten DGRNR extension agents trained at in-country short courses and through in-service experience with small farmers.

c) Two-hundred farmer leaders will be trained in self-help conservation management practices, approximately twenty from each of the ten demonstration sites.

d) Ten selected sites will serve as pilot demonstrations in implementing the proposed follow-on grant/loan. It is expected that at each of these sites organizational momentum will have developed among the participating farmer-leaders. This will serve to spread similar conservation practices among other farmers.

e) As a matter of course all training activities under this project will include an element of instruction in basic family planning practices.

3. Expansion of the DGRNR - Peace Corps Program

The Peace Corps role in the present activity will be to continue and expand the soil and water conservation activity which it has had with the DGRNR during the last two years. The Peace Corps with counterpart DGRNR extension agents will implement activities in selected demonstration areas.

IMPLEMENTATION PLAN

MONTH	
0	Project Agreement signed between GOES and AID
1	Conditions Precedent met by the DGRNR
1	Long-term advisors contracted by DGRNR
1	One vehicle purchased locally with project funds
2	Training of 2 technicians begins - U.S. or third country

2. Self help conservation activities begin
3 Peace Corps volunteers begin in-country training
3 DGRNR extension agents attend first short course
5 Peace Corps volunteers finish training
5 Second course for DGRNR extension agents
7 Third course for DGRNR extension agents
8 Field manuals distributed to DGRNR extension agents and Peace Corps volunteers
9 Fourth course for DGRNR extension agents
11 Fifth course for DGRNR extension agents
12 Field manual for farmers completed
15 All data collected and analyzed in the form of a final report.

V. EVALUATION PLAN

Most of this project's activities are evaluative in nature. As already described, one of the major thrusts of the project will be to evaluate the pertinent soil erosion and soil conservation information which already exists in El Salvador. In addition, throughout the entire fifteen months of project implementation, an Extension-education technique will be field tested and refined. A number of short-term activities will take place during project implementation which will evaluate socio-economic constraints that the small farmers may have in using different soil conservation practices. Finally, in an informal way, the ability of DGRNR to carry-out action programs in the field will be analyzed.

The senior level project advisor will spend most of his time performing activities which will lead to an evaluation of the soil erosion problem and of the measures which have so far been taken to alleviate that problem. One of the major problems related to existing information on soil conservation in El Salvador is that it is not readily available to decision makers in the country. Therefore, the senior level advisor will first make a general survey of the information that is already available and choose from that, that which will be most

pertinent to key decision makers. This pertinent information will then be organized and tabulated into a final report. From this, all interested parties will have a clear picture of previous successes and failures. and of what to do next.

The long-term junior level project advisor will develop educational strategies for extensionists, farmers, and to a lesser extent, Peace Corps Volunteers. The USAID Mission Evaluation Officer will stay in close contact with this advisor and his DGRNR counterpart through frequent field trips and monthly reports. With these evaluative interchanges, DGRNR and the Mission will have evolved a functional educational strategy for extensionists and farmers upon project termination.

Short-term technical assistance will be utilized at various stages of project implementation to perform several socio-economic analyses. One such analysis will be an evaluative study of the willingness of small farmers to accept various conservation techniques, particularly those which are labor intensive. Secondly, an evaluation of the costs and benefits of different conservation techniques will be made. Finally, an evaluation will be made to determine what benefits actually reach the small farmer.

DGRNR and AID plan to initiate ten self-help conservation activities during the life of this project. Upon project termination, discussions will be held with PCV's and extensionits who were involved in these projects. These discussions will serve as an informal evaluation of the ability of the DGRNR to implement the types of activities which will be contemplated in the follow-on project.

Because this project is only fifteen months in duration and because in many respects the project itself is an evaluation, no fixed evaluation schedule is proposed. The USAID project manager and the project manager from DGRNR will prepare a final report after project activities have been completed. This in effect will be the final evaluation. From this report the PES will be prepared for transmittal to AID/W.

ANNEX A

TERIO DE PLANIFICACION
DINACION DEL DESARROLLO
ECONOMICO Y SOCIAL

No. C.I. 1365

San Salvador, 28 de agosto de 1979.

ASUNTO: Referente al Proyecto Manejo de Recursos Naturales en Pequeñas Fincas.

Señor Charles J. Stockman
Director de la Misión de la
Agencia Internacional para el
Desarrollo en El Salvador
Presente.-

Estimado señor Stockman:

Proveniente del Ministerio de Agricultura y Ganadería se ha recibido el oficio No. 4748, en el cual se solicita gestionar ante la Agencia Internacional para el Desarrollo, la cooperación financiera en un monto de US ₡160.000.oo para la ejecución del proyecto Manejo de Recursos Naturales en Pequeñas Fincas.

Sobre el particular, comunícole que este Ministerio apoya la solicitud en mención y la traslada a usted con atento ruego de obtener su aprobación.

Propicio la ocasión para expresarle mi mas distinguida y elevada estima.

José Ernesto Jaimes
Director Ejecutivo.

ANNEX B

INITIAL ENVIRONMENTAL EXAMINATION

I. BASIC PROJECT DATA

PROJECT LOCATION:	The rural town and village areas in the northern zones of El Salvador.
PROJECT TITLE:	Small Farm Natural Resources Management
FUNDING:	FY 1979, $280,000 Grant
LIFE OF PROJECT:	Three years
IEE PREPARED BY:	C. R. Gavidia, Gen. Eng.Env.-Coord.

THRESHOLD DECISION:

Negative environmental decision recommended (see page 5 where the recommendation for environmental action is fully stated).

II. DESCRIPTION OF PROJECT

The basic problem to be addressed in this project is the increasingly critical need to identify the elements and characteristics of an effective low-cost program that can be expanded into a regional or national scope to contain, and reverse if possible, the rapid degradation of the natural resource base upon which the major portion of El Salvador's small farm sector is dependent for its livelihood.

This pilot project is designed to: (i) field test, evaluate and identify the appropriate soil and water conservation practices applicable to hillside small farmers in the principal production zones of northern El Salvador, and (ii) determine the necessary elements of an effective and low-cost program to expand the adoption of these practices throughout the region.

The most significant trend in land resource use is the shifting of land from hillside pastures and woodlands into annual crops, largely to facilitate basic grains and bean production by an expanding small farm sector.

The continued incorporation of hillside areas into annual crop production, soil erosion and depletion has increased to critical levels throughout El Salvador.

This project will permit the USAID, GOES and Peace Corps to work with about 500 small farmers in about 8 to 10 separate sub-project areas to carry out the related project purpose. These farmers cultivate an average of from 1 to 2 hectares and their per capita incomes are estimated to be at $100 to $250. An additional 100,000 small farm families could benefit as the soil and water management techniques developed under this pilot project are subsequently extended throughout the northern region of El Salvador. This project in itself could have a high positive impact in: Land use, Natural resources, Socio-Economic patterns of the small farmer in El Salvador. It should increase their production and productivity, and could create additional employment. However, to test this hypothesis is a basic element of this project.

III. IMPACT IDENTIFICATION AND EVALUATION FORM

Impact Areas and Sub-areas.

	Impact Identification And Evaluation 1/
A. LAND USE	
1. Changing the character of the land through	
a. Increasing the population	N
b. Extracting natural resources	N
c. Land clearing.....	M
d. Changing soil capacity.....	H

The overall impact will be that the land will be better utilized and the soil will be conserved through the use of conservation measures, thus better yields in crops will result as well as land protection with a large decrease in soil erosion.

B. WATER QUALITY	
1. Physical state of water.....	N
2. Chemical and biological states.....	N
3. Ecological balance.....	N
C. ATMOSPHERIC	
1. Air additives.....	N
2. Air pollution.....	N

1/ Use the following symbols:

N	No environmental impact
L	Little environmental impact
M	Moderate environmental impact
H	High environmental impact

D. NATURAL RESOURCES

1. Diversion, altered use of water..... M
2. Irreversible, inefficient commitments..... N

Efforts will be made whenever feasible to tie this program with ongoing AID Loan 519-T-021 in order that small farmers learn the techniques of irrigation and water conservation to increase yields.

E. CULTURAL

1. Altering physical symbols..... N
2. Change of cultural traditions..... L

F. SOCIOECONOMIC

1. Changes in economic/employment patterns..... H
2. Changes in population..... L
3. Changes in cultural patterns..... L

A major change is expected in the economic/employment patterns of the large majority of the small farmer population affected by this project. More presently unused land will be made available, permitting an increased production of basic grains and possible use of multiple cropping. Increases in per capita income are expected to result after conservation practices are used.

G. HEALTH

1. Changing a natural environment..... M
2. Eliminating an ecosystem element..... N

H. GENERAL

1. International impacts..... N
2. Controversial impacts..... N
3. Larger program impacts..... H

It is the Mission's estimate that from the experience gained in this pilot project, a much more extensive loan project will be developed.

IV. ENVIRONMENTAL ACTION RECOMMENDED

It is recommended that a NEGATIVE DETERMINATION be given to this project.

The proposed action will not produce significant effects on the human environment and therefore, is not an action for which an

Environmental Impact Statement or an Environmental Assessment will be required.

Peter W. Askin,
Acting DOM

SMALL FARM NATURAL RESOURCES MANAGEMENT

519 - 0217 ANNEX C

5C(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable generally to projects with FAA funds and project criteria applicable to individual fund sources: Development Assistance (with a subcategory for criteria applicable only to loans); and Economic Support Fund.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE?
HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PRODUCT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 79 App. Act Unnumbered; FAA Sec. 653 (b); Sec. 634A. (a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than $1 million over that figure)?	(a) Advise of program change to be forwarded; (b) Yes
2. FAA Sec. 611(a)(1). Prior to obligation in excess of $100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?	(a) Yes (b) Yes
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?	None
4. FAA Sec. 611(b); FY 79 Appr. Act Sec. 101. If for water or water-related land resource construction, has project met the standards and criteria as per the Principles and Standards for Planning Water and Related Land Resources dated October 25, 1973?	N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed $1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?	N/A
6. FAA Sec. 209. Is project susceptible of execution as part of regional or multilateral project? If so why is project not so executed? Information and conclusion whether assistance will enccourage regional development programs.	NO

A.

7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.	(a) No (b) No (c) No (d) No (e) Yes - will increase agricultural productivity (f) No
8. FAA Sec. 601(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).	Inconsequential
9. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services.	Measures will be written into project agreement as appropriate
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?	No
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?	Yes
12. FY 79 App. Act Sec. 608. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar, or competing commodity?	N/A

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b); 111; 113; 281a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained	(a) Poor are the beneficiaries of project assistance using appropriat technology

B.1.a.

basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

(b) minimal;
(c) Self help efforts of small farmers will be crucial to success of project;
(d) minimal;
(e) minimal.

b. FAA Sec. 103, 103A, 104, 105, 106, 107. Is assistance being made available: (include only applicable paragraph which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source.)

(1) [103] for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, is full account taken of needs of small farmers;

Yes; goal of the project is to increase the productivity and income of small farmers

(2) [104] for population planning under sec. 104(b) or health under sec. 104(c); if so, extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems and other modes of community research.

Yes; basic family planning information will be made available to GOES extensionists and small farmers,

(3) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development;

No

(4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is:

(i) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

No

(ii) to help alleviate energy problems;

No

(iii) research into, and evaluation of, economic development processes and techniques;

No

(iv) reconstruction after natural or manmade disaster;

No

B.1.b.(4).

(v) for special development problem, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance; — No

(vi) for programs of urban developme especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in econom and social development. — No

c. [107] Is appropriate effort placed on use of appropriate technology? — Yes - basis of the project

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)? — 25% requirement will be net

e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to the Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? — NO

f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental and political processes essential to self-government. — Mission CDSS demonstrates need and desire of small farmer for productiv land; training component will develo MinAg and strengthen process of effective government

g. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase or productive capacities and self-sustaining economic growth? — Yes

2. Development Assistance Project Criteria (Loans Only)

a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, including reasonableness of repayment prospects.

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete in the U.S. with U.S. enterprise, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

B.

3. Project Criteria Solely for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance support promote economic or political stability? To the extent possible, does it reflect the policy directions of section 102?

b. FAA Sec. 533. Will assistance under this chapter be used for military, or paramilitary activities?

5C(3) - STANDARD ITEM CHECKLIST

Listed below are statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed?	Yes
2. FAA Sec. 604(a). Will all commodity procurement financed be from the U.S. except as otherwise determined by the President or under delegation from him?	Yes
3. FAA Sec. 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will agreement require that marine insurance be placed in the United States on commodities financed?	N/A
4. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity?	N/A
5. FAA Sec. 608(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items?	Yes
6. FAA Sec. 603. (a) Compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates.	Yes
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the	Yes

7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.	(a) No (b) No (c) No (d) No (e) Yes - will increase agricultural productivity (f) No
8. FAA Sec. 601(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).	Inconsequential
9. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services.	Measures will be written into project agreement as appropriat
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?	No
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?	Yes
12. FY 79 App. Act Sec. 608. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar, or competing commodity?	N/A

FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b); 111; 113; 281a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained	(a) Poor are the beneficiaries of project assistance using appropria technology

A.7.

facilities of other Federal agencies will be utilized, are they paritcularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?	N/A
8. International Air Transport. Fair Competitive Practices Act, 197 . If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available?	Yes
9. FY 79 App. Act Sec. 105. Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States?	Yes

3. Construction

1. FAA Sec. 601(d). If a capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interest?	Yes
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?	Yes
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the United States not exceed $100 million?	N/A

Other Restrictions

1. FAA Sec. 122 (e). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter?	N/A
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?	N/A
3. FAA Sec. 620(h). Do arrangements preclude promoting or assisting the foriegn aid projects or activities of Communist-bloc countries, contrary to the best interests of the United States?	Yes
4. FAA Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the United States, or guaranty of such transaction?	Yes

C.

5. Will arrangements preclude use of financing:

a. FAA Sec. 104(f). To pay for performance of abortions or to motivate or coerce persons to practice abortions, to pay for performance of involuntary sterilization, or to coerce or provide financial incentive to any person to undergo sterilization? — Yes

b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? — Yes

c. FAA Sec. 660. To finance police training or other law enforcement assistance, except for narcotics programs? — Yes

d. FAA Sec. 662. For CIA activities? — Yes

e. FY 79 App. Act Sec. 104. To pay pensions, etc., for military personnel? — Yes

f. FY 79 App. Act Sec. 106. To pay U.N. assessments? — Yes

g. FY 79 App. Act Sec. 107. To carry out provisions of FAA sections 209(d) and 251(h)? (Transfer of FAA funds to multilateral organizations for lending.) — Yes

h. FY 79 App. Act Sec. 112. To finance the export of nuclear equipment, fuel, or technology or to train foreign nations in nuclear fields? — Yes

i. FY 79 App. Act Sec. 601. To be used for publicity on propaganda purposes within United States not authorized by the Congress? — Yes

1-1D-70

ANNEX D

DEPARTAMENT OF STATE

TELEGRAM

INCOMING SAN SALVADOR

CONTROL

UNCLASSIFIED

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C. & R.

INFORMATION COPY

AIDAC

E.O. 12065 N/A

TAGS:

SUBJECT: DAEC REVIEW -- SMALL FARM NATU
L RESOURCE
MANAGEMENT PID

1. SUMMARY. THE DAEC REVIEWED THE SUBJECT DOCUMENT ON FRIDAY, APRIL 6, 1979. SERIOUS QUESTIONS WERE RAISED CONCERNING THE PROJECT RATIONALE AND DESIGN. THE MISSION, HOWEVER, IS AUTHORIZED TO PROCEED WITH DEVELOPMENT OF A ONE YEAR GRANT PROJECT AND TO APPROVE THE FINAL PP, SUBJECT TO THE PROJECT GUIDANCE PROVIDED IN THIS CABLE. MORE SPECIFIC COMMENTS AND GUIDANCE ARE ~~AFOLLOWS:~~ AS FOLLOWS.

2. PROJECT RATIONALE AND DESIGN. IN LIGHT OF EL SALVADOR'S CRITICAL SOIL EROSION PROBLEMS AND THE AMOUNT OF INFORMATION WHICH ALREADY EXISTS -- E.G., FROM THE ON-GOING OAS AND UK PROJECTS AND THE RECENTLY COMPLETED UNDP DEMONSTRATION PROJECTS -- THERE WAS CONCERN THAT THE PROPOSED THREE YEAR INFORMATION GATHERING PROJECT WAS TOO MODEST AND LITTLE MORE THAN A TECH SUPPORT/PROJECT DESIGN EFFORT. IT SHOULD, THEREFORE, NOT REQUIRE THREE YEARS TO OBTAIN THE NECESSARY INFORMATION TO DESIGN A LARGE-SCALE ACTION PROGRAM. THE MISSION SHOULD, THEREFORE, REDESIGN THE PROJECT AS A ONE YEAR GRANT (A) TO PULL TOGETHER EXISTING DATA AND INFORMATION ON SOIL EROSION AND SOIL CONSERVATION

RECEIVED
30 APR 79
PROGRAM OFFICE

PRACTICES; (B) TO ANALYZE THAT INFORMATION; AND (C) TO ASSESS THE RESULTS OF CONSERVATION PRACTICES NOW BEING TESTED THROUGH A SERIES OF SPECIAL DEVELOPMENT ACTIVITY SUBPROJECTS. AT THE END OF THIS ONE YEAR PROJECT, WE WOULD EXPECT THE MISSION TO SUBMIT AN FY 80 OR FY 81 ACTION PROGRAM WHICH COULD BEGIN TO DEAL WITH THE COUNTRY'S SERIOUS SOIL EROSION PROBLEMS. MOST LIKELY, THIS FOLLOW-ON ACTION PROGRAM WOULD STILL BE EXPERIMENTAL AND CONSIDERABLE EVALUATION OF CONSERVATION PRACTICES FOR BROADER APPLICATION WOULD BE REQUIRED. HOWEVER, IT WOULD BE AN IMPORTANT STEP IN HELPING THE GOES TO DEAL WITH THE

3. PROJECT TIMING AND BUDGET. GIVEN THE SIMPLIFIED SCOPE OF THIS SMALL GRANT DESIGN PROJECT, WE EXPECT THE PP TO BE COMPLETED AND APPROVED BY THE MISSION O/A MAY 3[illegible]. ASSUMING PROAG SIGNATURE BY THE END OF JUNE, A ONE YEAR IMPLEMENTATION PERIOD WOULD LEAVE THE MISSION WITH SUFFICIENT TIME TO PREPARE A LARGER LOAN PROJECT FOR LATE FY 80/EARLY FY 81. WITH REGARD TO BUDGET, WE EXPECT THE MISSION TO REMAIN NEAR THE FY 79 OYB OF DOLS. 155,000. PER DISCUSSIONS WITH HOFFETT, A POSSIBLE BREAKDOWN IS: COMMODITIES DOLS. 15,000; TRAINING DOLS. 35,000; ST CONSULTANTS DOLS. 35,000; AND LT CONSULTANTS DOLS. 75,000 FOR A TOTAL OF DOLS. 160,000.

4. RECOMMENDED SOIL CONSERVATION TECHNIQUES. THE LAND MANAGEMENT SOLUTIONS PROPOSED IN THE PID ARE LIMITED TO PHYSICAL MANIPULATION -- TERRACING, TRENCHING, AND CONTOUR PLANTING. SOIL CONSERVATION THRU APPROPRIATE LAND COVER -- CROP MIX, PASTURE, FOREST, ETC. -- DOES NOT APPEAR TO BE CONSIDERED. IN LIGHT OF TENURE PATTERNS AND THE POSSIBLE UNWILLINGNESS OF PEOPLE TO INVEST IN SOIL CONSERVATION PRACTICES WHICH DO NOT BENEFIT THEM DIRECTLY, THE MISSION IS ENCOURAGED TO LOOK MORE CAREFULLY AT CROP MIXES AND AGRO-FORESTRY AS POTENTIAL MEANS OF CONSERVATION.

5. SOCIAL/ECONOMIC ANALYSIS. DURING THIS ONE YEAR DESIGN PROJECT, THE MISSION SHOULD PAY PARTICULAR ATTENTION TO SOCIAL/ECONOMIC FEASIBILITY ANALYSIS. AT THE END OF THIS ONE YEAR DESIGN PROJECT, WE EXPECT MISSION TO BE ABLE TO (A) DESCRIBE TRADITIONAL FARMING TECHNIQUES (ENVIRONMENTALLY SOUND AND DIUOFEDWN OF SMALL FARMERS IN EL SALVADOR; (B) DISCUSS THE WILLINGNESS OF SMALL FARMERS TO ACCEPT VARIOUS CONSERVATION TECHNIQUES, ESPECIALLY THOSE REQUIRING CONSIDERABLE LABOR INPUT; (C) IDENTIFY NECESSARY INCENTIVES AND POSSIBLE SUBSIDIES; (D) DISCUSS

HOW FARMER RESISTANCE HAS BEEN OVERCOME IN PAST SOIL CONSERVATION PROGRAMS; (E) EVALUATE THE ECONOMIC BENEFITS AND COSTS OF ALTERNATIVE CONSERVATION TECHNIQUES; AND (F) DETERMINE THE INCIDENCE OF THE PROJECT BENEFITS AMONG BENEFICIARIES. THE MISSION IS ENCOURAGED TO DRAW UPON PEACE CORPS EXPERIENCE IN OBTAINING THIS INFORMATION. LAC/DR ASSISTANCE IS AVAILABLE TO ASSIST MISSION IN STRUCTURING SOCIAL/ECONOMIC ANALYSIS ELEMENTS OF PROJECT

6. SUGGEST MISSION CONSIDER INCORPORATING THIS PROJECT INTO ENVIRONMENTAL IMPROVEMENT PROJECT. SEPTEL FOLLOWS RE DAEC REVIEW OF ENVIRONMENTAL PID. VANCE
BT
#7919

AID 1325-28 (7-71)
SUPPLEMENT 1

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project:
From FY 1979 to FY 1980
Total U.S. Funding $ 160,000
Date Prepared: Aug. 25, 1979

Project Title & Number: SMALL FARM NATURAL RESOURCES MANAGEMENT 519-0217

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes:	Measures of Goal Achievement:		Assumptions for achieving goal targets:
To increase production, productivity and incomes in the small farm sector.	1. Increases in crop yields over base year. 2. Increase in net farm income on hillside farms through improved soil and water conservation practices.	1. MAG published agricultural production statistics. 2. Follow-on project generated data on comparative yields with and without conservation practices.	1. Continuity in GOES polices including food production and development of the northern areas of El Salvador. 2. Recommendations for programs stemming from this pilot project prove viable alternatives. 3. Financing is available to allow GOES to incorporate follow up conservation projects into its program.

AID 1020-23 (7-71)
SUPPLEMENT 1

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 1979 to FY 1980
Total U.S. Funding $ 160,000
Date Prepared: Aug. 15, 1979

Project Title & Number: SMALL FARM NATURAL RESOURCES MANAGEMENT 519-0217

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Purpose:	Conditions that will indicate purpose has been achieved. End of project status.		Assumptions for achieving purpose:
1. Identify and evaluate an initial series of practices and methods for improving and expanding adoption of soil and water conservation among small hillside farms in northern El Salvador. 2. Strengthen the capacity of the GOES to implement a broader program of small farmer soil and water conservation.	1. Recommendations for conservation structures and practices suited to site specific conditions. 2. An expanded program of conservation management implemented by DGRNR utilizing the better soil and water management practices identified through the pilot project.	1. End of project report 2. Successful implementation of follow on project.	1. Pertinent data can be properly gathered and evaluated within project time frame.

AID 1020-28 (7-71)
SUPPLEMENT 1

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 1979 to FY 1980
Total U.S. Funding $ 160,000
Date Prepared: Aug. 15, 1979

Project Title & Number: SMALL FARM NATURAL RESOURCES MANAGEMENT 519-0217

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Outputs:	Magnitude of Outputs:		Assumptions for achieving outputs:
1. Recommendations and conclusions of feasibility studies on soil and water conservation practices. 2. Training manuals for: Peace Corps Volunteers Extension Agents and Small Farmers 3. Farm leaders and GOES extension agents trained in conservation short courses. 4. DGRNR technicians trained abroad in conservation management. 5. Soil and water conservation activities initiated at selected sites.	1. One set of recommendations and conclusions. 2. One training manual for each group. 3. 200 farm ~~leders~~ leaders 20 extension agents actively participating in project activities. 4. Two technicians Knowledgeable of natural resource activities which have proven affective in other countries. 5. 8-10 project demonstration sites established.	1. End of project report. 2. Other reports and manuals prepared by DGRNR, project T.A. personnel and Peace Corps. 3. Direct Inspection	1. The DGRNR will make adequate and timely provision of component counterpart personnel, vehicles for their transportation and per diem. 2. Farm leaders both owner-operators and tenants can be motivated to undertake self help conservation measures.

AID 1020-29 (7-71)
SUPPLEMENT I

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: SMALL FARM NATURAL RESOURCES MANAGEMENT 519-0217

Life of Project:
From FY 1979 to FY 1980
Total U.S. Funding $ 160,000
Date Prepared: Aug. 15, 1979

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Inputs:	Implementation Target (Type and Quantity)		Assumptions for providing inputs:
A.I.D.	A.I.D.	A.I.D.	
Technical Assistance	Technical Assistance		1. Political conditions will allow normal routine of field activities.
1. 24 person months of long-term technical assistance	1. $ 79,860	1. Project disbursement records	2. Peace Corps can recruit, place and maintain qualified PCVs
2. 4 person months of short-term technical assistance	2. $ 24,000	2. DGRNR project reports	
3. An in-country contract for data collection and analyses	3. $ 10,000		
Commodities	Commodities		
1. One "off the shelf" vehicle	1. $ 8,000		
2. Small agricultural equipment, fertilizers and biochemicals	2. $ 6,000		
3. Printed training manuals	3. $ 2,000		
Training	Training		
1. 2 DGRNR officials trained abroad	1. $ 8,000		
2. 20 GOES extension agents trained in short courses	2. $ 6,000		
3. 200 farmer leaders trained in short courses.	3. $ 2,000		
GOES	GOES	GOES	
Personnel	Personnel		
1. Counterparts to the long and short term contracted personnel	1. $ 19,000	1. GOES disbursement records	
2. Equivalent of 10 full time field extension agents	2. $ 50,000	2. DGRNR project reports	

Operational Support	Operational Support		
1. Fuel for 2 vehicles	1. $ 2,400		
2. Logistic support for GOES employees	2. $ 12,000		
3. Tools equipment and biochemicals	3. $ 1,500		
Training	Training		
1. Approximately 6 months salary for each of 2 technicians trained abroad	1. $ 6,000		
2. International transportation for two trainees	2. $ 1,000		
3. In-country training facilities	3. $ 2,000		

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Action Memorandum
TO: PPC/DI
FROM:
SUBJECT: INFORMATION REQUEST

1. Statement of Problem Mission has identified, or of question Mission wishes to have answered:
See 3 item listed in Action Memorandum

2. For information for potential projects; type of project response Mission considering: (Please specify roughly the project purpose and outputs in this summary as it will assist facilitate PPC/DI's search procedure).
See enclosed Project Paper

3. Types of information of particular value

1) Alternative approaches (purposes) for the problem [XX]
2) Alternative outputs for achieving purpose [ ]
3) Technical Information on outputs: _____
4) Information on Technical Feasibility of Similar Projects [XX]
5) Information on Economic Feasibility of Similar Projects [XX]
6) Information on Social Soundness of Similar Projects [XX]
7) Information on host implementation/administration of similar projects: Worldwide [ ] Culturally/Geographically similar areas only [XX]
8) Project Evaluations [XX]
9) Knowledgeable individuals [XX]
10) Expert Institutions [XX]
11) Published literature (books, periodicals) [XX]
12) Other, please specify:

4. Sources of Information of Particular Value

1) AID [XX]
2) IBRD [XX]
3) Other International Organizations [XX]
4) Other donors [XX]
5) Voluntary Agencies [XX]
6) Private Industry [ ]
7) U.S. Domestic Experience [XX]
8) Other, please specify:

*:

New Material

A.I.D. Project N° 519-0217

PROJECT

GRANT AGREEMENT

BETWEEN

EL SALVADOR

AND THE

UNITED STATES OF AMERICA

FOR

SMALL FARM NATURAL RESOURCES MANAGEMENT

Date: August 31, 1979

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A.I.D. PROJECT No. 519-0217

PROJECT GRANT AGREEMENT

Date: August 31, 1979

Between:

El Salvador, C.A. ("Grantee")

and:

The United States of America, acting through the Agency for International Development ("A.I.D.")

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of the Project. The Project, which is further described in Annex I, will consist of activities to be carried out by the Grantee designed to (1) identify a series of practices and methods for improving and expanding adoption of water and soil conservation among small hillside farms in northern El Salvador, and (2) to strengthen the capacity of the GOES to implement a broader program of small farmer soil and water conservation. The initiation of the related pilot project demonstration activities, data collection, analysis and training undertaken herein is expected to provide the basis for planning a subsequent major program of soil and water conservation throughout northern El Salvador. Annex I, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex I may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2 without formal amendment of this Agreement.

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D. pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed One Hundred and Sixty Thousand United States ("US") Dollars ($160,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

Section 3.2. Grantee Resources for the Project

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the project effectively and in a timely manner.

(b) The resources provided by the Grantee for the Project will be not less than the equivalent of U.S. $[illegible],000.00, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is March 1, 1981, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2 and of any additional representatives, together with a specimen signature of each person specified in such statement.

(b) A time-phased implementation plan reflecting the specific achievements projected over the 15 months of project activities. This plan shall also include a definition of the organizational structure contemplated by the Dirección General de Recursos Naturales Renovables (DGRNR) for management and implementation of the Project; the function and responsibilities of the DGRNR Project Director and other key administrative and technical personnel including the field extension workers; and the relationship of activities contemplated herein with those of other related donor agencies including the U.S. Peace Corps, the United Nations and the United Kingdom.

(c) Notification of the appointment of the DGRNR Project Director.

(d) Notification of the sites selected for implementation of demonstration activities, the characteristics thereof and rational for selection.

(e) Notification of the arrangements between DGRNR and the Peace Corps for participation of the latter in the implementation of this project.

(f) Selection and notification of the two officers to receive short-term training abroad in soil and water management.

(g) A schedule of proposed disbursement of the A.I.D. and GOES funds in successive 6-day increments, keyed to the implementation plan, paragraph (b) above.

(h) A list of priority commodities for procurement under the A.I.D. grant and the specifications of each.

(i) Scopes of work for each of the two long-term contract technicians.

SECTION 4.2. Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1 have been met, it will promptly notify the Grantee.

SECTION 4.3. Terminal Dates for Conditions Precedent. If all of the conditions precedent specified in Section 4.1 have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this agreement by written notice to the Grantee.

Article 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project.

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment.

(c) assessment of how such information may be used to help to overcome such problems, and

(d) evaluation, to the degree feasible, of the overall development impact of the project.

The Grantee agrees to submit within 90 days from the date of this agreement, a detailed description and a schedule for the implementation of the evaluation program.

SECTION 5.2. International Travel. The Grantee agrees to provide financing for international travel of recipients of A.I.D.-funded training programs provided under this Agreement.

SECTION 5.3. Personnel Support. The Grantee agrees to pay all in-country travel and per diem costs of DGRMR personnel while performing duties related to this project.

SECTION 5.4. Other Logistical Support. The Grantee agrees to make all agreements and pay all costs associated with the receipt, customs clearance, storage and internal transportation of equipment and supplies financed by A.I.D. for use within the project.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the project Grant Standard Provision Annex, Section C.1 (b) with respect to marine insurance.

SECTION 6.2. Local Currency Costs. Disbursement pursuant to Section 7.2 will be used exclusively to finance the goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in the Central American Common Market ("Local Currency Costs").

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs. After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters:

(a) requests for reimbursement for such goods or services, or

(b) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project.

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained by acquisition by A.I.D. with U.S. dollars by purchase.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency.

SECTION 7.3. Other Forms of Disbursement. Disbursement of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into El Salvador by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may by converted into currency of El Salvador at the highest rate of exchange which, at the time conversion is made, is not unlawful in El Salvador.

Article 8: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following addresses:

To the Grantee:

Mail Address: Director General de
Recursos Naturales y Renovables
Ministerio de Agricultura y Ganadería
Cantón El Matazano
Soyapango, San Salvador
El Salvador

To A.I.D.:

Mail Address: Director
U.S.A.I.D. Mission to El Salvador
c/o American Embassy
San Salvador, El Salvador, C.A.

All such communications will be in English, or Spanish, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Grantee, in addition, will provide the U.S.A.I.D. Mission with a copy of each communication sent to A.I.D.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or

ANNEX I

PROJECT DESCRIPTION

acting in the office of the Director General of DGRNR, Ministry of Agriculture and A.I.D. will be represented by the individual holding or acting in the office of the Director, U.S.A.I.D. Mission to El Salvador, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex I. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex II) is attached to and forms part of this Agreement.

SECTION 8.4. Language of Agreement. This Agreement is prepared in both English and Spanish. In the event of ambiguity or conflict between the two versions, the English language will control.

IN WITNESS WHEREOF, the Grantee, and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

EL SALVADOR:

By: Dr. José Eduardo Reyes

Title: Minister of Planning

UNITED STATES OF AMERICA

By: Mr. Charles J. Stockman

Title: Director
U.S.A.I.D. Mission to El Salvador

ANNEX I

I. BACKGROUND

With only five percent of Central America's land area, El Salvador has almost twenty-five percent of the region's population, and unlike its neighbors has no frontier into which its growing population can expand. Approximately two-thirds of its population is dependent upon agriculture for their livelihood and the majority of these people are members of the rural poor and small farmer groups. The resulting and most significant trend in land use is the conversion of hillside pasture and woodlands into annual crop cultivation, largely corn, sorghum and bean production. This intense use of marginal and hillside lands has contributed to a process of soil erosion and depletion which has reached critical levels in many parts of the country and impacts particularly on the small farm sector throughout most of northern El Salvador. Simultaneously, recent collaborative activities between the Ministry of Agriculture, represented by the General Directorate of Renewable Natural Resources (DGRNR), the Peace Corps and groups of small farmers in this zone have begun to offer promising results for reversing this process. These and other related activities, however, do not approach the magnitude of the immediate needs.

The basic problem to be addressed in this project, therefore, is the increasingly critical need to identify the elements, methodology and characteristics of an effective and low-cost program that can be expanded into a regional or national scope to contain, and reverse where possible the rapid degradation of the natural resource base upon which the major portion of El Salvador's small farm sector is dependent for its livelihood.

II. PROJECT DESCRIPTION

The purpose of this project is two-fold. The first is to evaluate and select a series of on-farm practices for improving and expanding adoption of soil and water conservation on small hillside farms in northern El Salvador. This will be done by collection, tabulating and analyzing the data from a series of eight to ten demonstration projects to be initiated under this project, as well as the available information about soil and water conservation practices which have been undertaken to date in El Salvador and in other areas with similar conditions.

The second is to strengthen the capacity of the GOES to implement a broader program of small farmer soil and water management, particularly throughout the northern half of the country. This will be

done by providing training to a group of small farm leaders in the demonstration pilot projects, as well as to provide additional short-term training to the extension and professional staff of the DGRNR. Additionally, the implementation experience of the pilot project activities will contribute to reinforcing the capacity of the DGRNR to implement a larger program, and the socio-economic analyses of related data will also provide a firmer basis for the planning of a broader program. In particular, the combined project activities are intended to provide empirical data and additional information on such questions as: (a) how can basic soil and water management principles best be taught to the small farmer, (b) how much labor and auxiliary costs are involved in the individual and related combination of practices, (c) which practices are most effective under the varying conditions of soil, climate, production patterns, tenure, etc., (d) what magnitude of economic returns can be expected, and (e) to what extent and what kinds of incentives might be required to accelerate broad scale adoption, including small farmers among the renter category. These data will be utilized in the final stages of the project to develop a summary proposal of the scope, components, costs and justification of a broader soil and water conservation program to be recommended for implementation throughout the small farm sector of northern El Salvador.

The project is to cover a fifteen month implementation period to be initiated as soon as conditions precedent to disbursement are met.

III. RESPONSIBILITIES

A. A.I.D.

A.I.D. will provide financing for:

1. TECHNICAL COOPERATION

Approximately 30 months. This is anticipated to cover approximately 24 months of long-term Technical Cooperation equally divided between one soil conservation project management advisor and one soil conservation training advisor, and up to the equivalent of 6 months of short-term consulting services to address special technical and socio-economic analysis requirements.

2. COMMODITIES

Vehicles for the transportation of the long-term contract technicians, small agricultural tools and equipment, fertilizers and supplies to facilitate demonstration activities and test incentives for project participation; and training materials, equipment, and project publications.

3. TRAINING

Local costs for the training of small farmer participants in the pilot demonstration sites; and the international training courses, less international transportation, to be provided by two DGRNR professionals for approximately 4 to 6 months each.

B. The Government of El Salvador

1. Implementation, development, supervision and evaluation of all activities planned in this project, under the direct responsibility of the DGRNR of the Ministry of Agriculture.

2. Salaries for full-time counterparts to the two long-term contract funded technicians and the short-term consultants.

3. Salaries and support costs for the equivalent of ten full-time field extension agents. (This represents an estimate of approximately 20 DGRNR extensionists working half-time in the demonstration sites).

4. Administrative and logistical support for the related DGRNR project management, counterpart and field personnel including their project related transportation, travel and per diem; secretarial support and office space for the long and short-term A.I.D. financed contract technicians; a basic quota of fuel for two A.I.D. funded vehicles to be provided for use of the long-term contract technicians; and a minimum supply of hand tools and equipment to initiate field demonstration activities.

5. Salaries and international transportation for two DGRNR professionals to receive short-term training abroad for approximately 4 to 6 months each; facilities and administrative support for the provision of short-term in-country training of approximately 200 small farmer participants and 20 DGRNR extensionists.

ANNEX I

ATTACHMENT A

PROJECT FINANCIAL PLAN

ILLUSTRATIVE PROJECT FINANCIAL PLAN

(Source and Application of Funding - U.S. $259 thousand)

Bilateral Grant Project		Amounts required for Project (in $000)
		Total[1/]
U.S. Inputs		
Technical Cooperation		114
Training		30
Commodities		16
	U.S. Sub-Total	160
GOES Inputs		
Personnel		74
Operational Support		16
Training		9
	GOES Sub-Total	99
	PROJECT TOTAL	259

1/ Total for estimated project implementation as projected for completion during a fifteen-month period of about October 1, 1979 to December 31, 1980.

PROJECT ILLUSTRATIVE BUDGET

CATEGORY	U. S. INPUT (US$)	GOES INPUT (US$)
Personnel		
Long-term DGRNR Counterparts		16,340
Short-term DGRNR Counterpart		2,960
Field Extension Agents		50,000
Secretarial		4,800
Administrative and Operating Costs		15,900
Training		
Participant Training (US or third country)	24,000	6,000
Seminars and Courses (local)	6,000	2,000
International Transportation		1,000
Technical Cooperation	114,000	
Commodities	16,000	
TOTALS	160,000	99,000
PROJECT TOTAL	$259,000	