

*Helen
Drucka*ACTION MEMORANDUM FOR THE ACTING DIRECTOR, USAID/EL SALVADOR

FROM: Leo L. Ruelas, HR/HA *L. Ruelas*

SUBJECT: Amendment of Rural Women's Production Center --
Overseas Education Fund OPG (Project No. 519-0223)

DATE: March 15, 1982

Problem: Your approval is required for the obligation of a funding increment in the amount of \$106,000 and for the acceptance of changes in the Project Description, Purpose, Objectives, Implementation and Budget.

Discussion:

- A. Obligation of Funds. On August 1, 1979, USAID/El Salvador approved a Grant in the amount of U.S. \$198,000 comprising the initial funding of an authorized LOP funding in the amount of U.S. \$453,410 to provide partial support for a three-year project which was designed to significantly improve the economic and social conditions of low-income rural women of the El Castaño area in El Salvador through the provision of training and the development of community-based, income-generation activities. No additional AID funding has been made available under the project.

Late last fiscal year the Mission decided not to provide any more funding for the project. The decision was based partly on the lack of progress toward attaining the original project purpose and on the need to trim the Mission's management portfolio. AID/W reinforced this decision with instructions to us to terminate this and other OPGs as soon as possible. These decisions were overturned later by the Deputy Administrator. We have since been instructed to proceed with the project under the conditions that the OEF Program Director send a proposal to the USAID designed to reduce the exposure of personnel and accelerate achievement of project objectives.

In January and February 1982, OEF submitted to AID a proposed budget for December through July of this year, as well as a Comprehension Activities Report. Mission staff have reviewed these documents and find them acceptable. In addition, Ms. Elise Smith, Executive Director of the Overseas Education Fund in Washington visited the El Castaño project in January and discussed the project and its objectives with HR/HA staff. Ms. Smith agreed to AID's providing a new funding increment of \$106,000 to carry the project through its existing PACD of July 31, 1982. She has also agreed to continue Project's activities in an accelerated manner and to reduce the project's profile.

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In June-July, we will decide, based on an evaluation to be carried out at that time whether the PACD should be extended and for how long, and whether AID should provide additional funding. Among the considerations which will help determine whether AID will continue project support are:

- 1) Whether a potable water system has been established in the Cantón El Castaño.
- 2) Whether there is a functioning system for the production of winter garden produce on the communal plot.
- 3) Whether a feasibility study on the Production Center has been completed and
- 4) Whether a person has been contracted to provide additional management assistance to the project.*

The attached Grant Agreement Amendment includes language concerning conditions for any additional funding. If we decide to continue the project beyond July, we will have to assure ourselves that the project progresses as rapidly as possible. OEF has requested an extension to December 1983, but AID/W has already expressed concern about this date (telcon with Jim Purcell)

B. Changes in the Project Description

The Project Description as reviewed under the attached Grant Agreement Amendment results in three basic changes from the original. In light of verbal and written explanations by OEF representatives, we find the changes to be acceptable.

- 1) The project is no longer directed exclusively toward women, although it emphasizes them. Hence, it has moved from a women-in-development to a community development project. A socio-economic survey conducted by the Fund and by CALMA indicates this is a community preference.
- 2) The project objectives no longer include strengthening the local chapter of the Committee for the Promotion of Rural Housewives Clubs. Rather, they include the establishment and strengthening of a community cooperative whose two major activities are horticulture and food processing. It was observed during project implementation that the women's club was an informal organization, lacking administrative/financial capabilities and negotiating capabilities. OEF/El Salvador believes that a community-based organization will be a stronger institution, better able to undertake the tasks of the project. Membership in the cooperative has grown from 75 to 140. Women comprise the majority of cooperative members and are active officers in the organization.

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- 3) The number of Production Centers will be reduced from the three originally envisioned under the project to one. This is due to the fact that one center serving thru adjacent cantons makes more sense than one center in each. The residents of the cantones adjacent to El Castaño have become members of the newly established cooperative which will manage the operations of the El Castaño Production Center. The adjacent cantons are so close by that additional centers are not needed.
- 4) The establishment of a child care center will be reviewed in June-July when the Project's extension will be studied.

The attached Grant Agreement Amendment includes changes in the Project Purpose, Specific Objectives, Implementation Plan and Budget (through July, 1982) which are consistent with the changes described above. The language specifically states that any parts of the Description which relate to activities beyond July 31, 1982, are subject to positive results of an evaluation to be undertaken in June-July 1982, particularly relating to Items A(1) thru A(4) of this memorandum.

Recommendation: That you approve an amendment to this Project obligating \$106,000 to cover the Project's activities to July 31, 1982 (current PACD), and changes in the Project Description by signing this memorandum and the attached Amendment to the Grant Agreement.

APPROVED: A. W. Stuebel Date: 3/16/82

DISAPPROVED: _____ Date: _____

Fiscal Data

Appropriation: 72-1121021.3
 Budget Plan Code: LDAA-82-25519-DG13
 Project No.: 519-0223
 Obligated Amount: \$106,000
 Total Obligated Amount: \$304,000
 Total Authorized Amount: \$453,410

* The full-time American employee has been withdrawn and the project is now being managed by a Salvadoran contractor. The OEF will arrange for periodic visits

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Clearances:

GDO:RSoggè (draft)

CONT: WRoss WR

DPO:WHFaulkner WHF

Drafted by: JdeTorres, HR/HA (draft)

Revised by: LJSimard, DDPO (draft)

3/15/82:em