

OPERATIONAL PROGRAM GRANT (OPG) PROPOSAL OUTLINE

PROJECT TITLE: COMMUNITY FARMS

PROJECT LOCATION: Southern Departments of Uruguay (see map attached)

PVO NAME AND LOCATION: Catholic Relief Services
Soriano 1671
Montevideo, Uruguay

CENTRAL HEADQUARTERS: 1011 First Avenue
New York, New York 10022

CONTACT PERSON: John P. Conroy
Uruguay Program Director
Soriano 1671
Montevideo, Uruguay

DATE OF SUBMISSION TO USAID: Originally presented October 15, 1974
Re-submitted: June 6, 1975

TOTAL OPG REQUEST: U\$S 100,000
(FY 1975 - U\$S 50,000)
(FY 1976 - U\$S 50,000)

I. Project purpose and description

A. The purpose of the project is to establish a mechanism for providing assistance to community groups of small, relatively poor farmers in the southern departments of Uruguay. This will be accomplished partly through the establishment of a Revolving Loan Fund to provide loans to a target group of rural communities, groups and/or cooperatives. The loans will be used to purchase farm inputs such as pesticides, seeds, fertilizer and small farm implements. A small part of the loan fund may be used for educational material directly related to the needs of the small farmer. The loans will be made not to individual farmers or farm families, but only to small farmers who are organized in some form of group and who develop a project proposal for the use of the loan. The Revolving Loan Fund will provide loans only to those farmers who have limited or no access to credit at the moment. In this respect, the Fund will serve as an assistance source of last resort for those small, marginal farmers who in the past have had no access to the credit available from commercial banks or official credit programs.

A typical example of the community we would expect to reach with this project would be the community of Barros Blancos in the Department of Canelones where a group of Canadian Redemptorist priests and nuns has been working for the past five years. This Canadian religious group has made notable headway in five years in an area that takes in over 20,000 people. Courses have been given in nutrition, sewing, cooperatives,

farming, carpentry and animal husbandry. The past year, due principally to the closing of the maternal child feeding center which depended on the AID Title II program this group resolved to continue assisting the people through community family gardens. Through efforts by the community itself and by outside assistance, some five hectares of land were purchased to begin the community effort. A used tractor from a Special Development Activity grant from AID/Uruguay enabled this group to make substantial progress in one year to where they are now able to include some 100 families in this community effort. They have been able to expand their activities greatly through this project and the impact in the zone has been notable.

B. The broad outlines of the project are as follows: a community group, as described above, will develop a project proposal for the use of the loan funds. Such plan would indicate the contributions of the local community, the availability of land, precisely what crops will be grown, how and where they will be marketed, etc. In determining what crops to be cultivated, the community would receive assistance from the Ministry of Housing and Social Promotion or the Ministry of Health to determine the nutritional needs of the community. The proposal will be submitted to a committee chaired by CRS and composed of representatives of Caritas (1), the Movimiento de Juventud Agraria (MJA)(2), and CALFORU (3).

(1) Caritas Uruguay. Began to function in 1961 mainly as a result of the introduction to Uruguay by CRS of the PL 480 Title II Food Program. It is a member of Caritas International and receives financial assistance from that organization to help support its activities in various social and educational fields.

(2) Movimiento de Juventud Agraria was founded in April of 1945 with the present President of the Republic, Juan María Bordaberry, as one of the co-founders. It is similar to 4H clubs in the U.S. but the difference is in the age category which for the MJA would be between 14 and 26 years. At present some 151 clubs throughout the country have a total membership of some 7,500 young people of both sexes. The organization works very closely with the Ministry of Agriculture and its major source of income at present comes from an allotment given by the GOU.

(3) CALFORU (Agricultural Cooperative of Societies for Rural Development). CALFORU was organized in 1960 as a primary agricultural service cooperative by farmer members of the Commission for the purpose of carrying out specific farm supply and marketing activities. CALFORU, as reorganized is a secondary-level federated cooperative with a membership of over 250 primary level agricultural cooperatives and societies for rural development involving approximately 18,000 farmers. They work very closely with MJA having as their philosophy that the youth of today will be tomorrow's rural leaders. It will be the recipient of a \$ 2 million USAID loan now in final steps of approval in AID/W.

This committee would review the project proposal and make the final decision on approval or not. In some cases, the proposal may be referred back to the community group for further work and revision before being approved. The committee will be served by agricultural technicians working for MJA and CALFORU, as well as CRS, who will review the project proposal, visit the community to discuss the proposal with representatives of the group and make recommendations to the steering committee. If the proposal is approved, the committee will provide a letter to the community group (with a copy to CALFORU) authorizing it to receive the approved amount of seeds, fertilizers, etc. from one of the CALFORU warehouses located at various points around the country. Actual pesos will not be turned over to the community groups. CRS will arrange directly with CALFORU for the payment of these inputs provided. The community groups will receive technical assistance, as needed, from MJA, Caritas, CALFORU or the Ministry of Agriculture, which has also expressed its interest in the project. CRS, MJA, and CALFORU reps will visit the project from time to time to make certain it is progressing satisfactorily.

The loans will normally be made for one crop year, usually nine months, although in some circumstances loans may be made for longer periods but not to exceed 18 months. The loans will vary from \$2,000 to \$5,000, although flexibility will be used in applying this criterion. It is expected, therefore, that approximately 10-15 groups may be helped in the first year with the initial grant of \$50,000.

In order to avoid decapitalization of the credit fund, the loans will be paid back by the community groups using a system of adjusted prices. That is, the group will repay the loan depending on the market price on the day of repayment of the products they originally received. In this way the value of the credit fund will be maintained. For example, if a group borrowed the equivalent of UP\$ 5 million pesos, (approximately \$2,000 dollars) half for seeds and the other half for fertilizer, the group would repay in a year not \$5 million pesos, but an amount of pesos sufficient to purchase the quantity of seeds and fertilizers which they originally obtained. This type of revolving fund has already been tried by MJA and was found to be viable. Given the high rate of inflation in Uruguay today (107% in 1974), any other repayment system would result in a rapid depletion of the fund.

The project would give community groups the opportunity to obtain the inputs needed to improve the quantity and quality of their crops, provide added income from the surplus products which would be sold, increase the nutritional status of their families, and give them the opportunity to join with their neighbors in making better communities.

In 2 years, at the end of the project, the following conditions are expected to exist: the revolving loan fund will have provided \$100,000 in loans to approximately 35-40 community groups (10-15 the first year and 20-30 the second year, - loan repayments will be available the second year permitting more loans to be made). Further there will be a smoothly functioning revolving loan fund, directed by the steering committee, with systems and procedures established and institutionalized so that applications can be readily and quickly reviewed and acted on, technical assistance provided on a timely basis as needed, and the Uruguayan organizations involved will be in a position to take over the leadership of the committee from CRS. The Revolving Loan Fund will have been sufficiently successful and have earned a good reputation so that it will be able to attract funds from other sources, perhaps with the help of CRS. Possibilities as sources of funds are the GOU itself, which provides budget support each year to MJA already, and from the State of Minnesota which is a sister state to Uruguay through the Partners of the Americas program. Further, it is hoped that this system will spread to other parts of Uruguay and other organizations will develop similar credit funds.

With the availability of new credit, more land will be bought under cultivation by the communities concerned. Higher quality crops will be produced due to the proper use of fertilizers, pesticides and seeds and the technical assistance made available. The farmers will have been able to realize the beginning of an improved standard of living, particularly improved nutrition. Finally, the communities which have participated in the projects will be more unified, having worked in a cooperative way, and this, it is hoped, will bring about community action in other areas.

II. Project Background

Uruguay's economic performance over the past two decades has been among the poorest of any country in the free world not afflicted by war or natural disasters. It has been beset variously by stagnation of production, chronic high inflation, recurring fiscal and balance of payments deficits, high unemployment and underemployment, declining real income, deteriorating physical infrastructure, institutional paralysis and continuing emigration.

The basic causes stem from a long history of inappropriate economic policies resulting in serious structural distortions in the economy.

A serious imbalance exists between a large urban sector (80% of the population) which is heavily dependent on the small agricultural sector which provides 16% of GDP but which contributes 85% of Uruguay's export earnings and pays for most imports. The resulting balance of payments constraint on imports has been the principal factor in limiting growth, particularly in the industrial sector.

To support the consumption and social welfare aspirations of the urban sector, the agricultural sector has, in the past, been subjected to tax, pricing and exchange rate policies designed to produce large income transfers to the urban sector. The result has been to provide disincentives to agricultural investment, inhibit the introduction of new technology and stagnate production. Likewise, a highly protected urban industrial sector, geared to supply a small domestic market, soon exhausted its growth possibilities and produced stagnation in that sector as well.

The small farmer has been negatively affected by this situation, probably more so than any other group in the country. The results have been low productivity, dwindling income, discontent, migration of many to urban areas and lower nutritional and health standards.

The present plans of the GOU are to try to assist the farmer to alleviate this situation and priority has been given to problems of the rural area.

With this as background, and recognizing that one of the most important constraints to the improvement of the life of the small farmer is the lack of credit facilities, CRS contacted the USAID Mission in Uruguay to discuss the possibility of developing a project which would give assistance to the small rural farmer through a project of this kind involving a revolving loan fund plus technical assistance. USAID/Uruguay accepted the idea and has encouraged the presentation of this project. CRS had several meetings concerning the project with USAID and AID/W officials, as well as with various Uruguayan organizations such as MJA, CALFORU, Caritas, Ministries of Agriculture, Housing and Social Welfare and Public Health. A preliminary draft proposal was prepared and discussed in October 1974 and a revised draft presented in April, 1975. The present proposal results from suggestions made by USAID on the two drafts and is considered as the final CRS proposal for an operational program grant.

The development objective which is addressed by this project is to increase agricultural production in Uruguay, with primary emphasis on improving the standard of living of the small and poorest of the Uruguay farmer. Clearly an input of \$100,000 over two years can have only a small impact on the attainment of this object. However, with an input from Uruguayan organizations of three times that much, plus the efforts of the communities themselves, it is believed that a successful revolving fund can be established, and, viewed as a pilot project, its success will hopefully spread throughout the country and other similar funds will be established. If the loans are repaid on time and the fund is not decapitalized, there will be a fund of \$100,000 from which perhaps 30 loans can be made each year. Over several years, these loans, in addition to the in-kind conditions of the Uruguayan institutions, as shown in Annex 3 which is estimated to be \$300,000 over the 2-year period, will have an increasing impact on the small farmers of southern Uruguay.

B. For the past fifteen years Catholic Relief Services -USCC has been engaged in a PL 480 Title II Feeding Program in Uruguay, principally in programs of school feeding, mother and child feeding and food for work. In 1974 this program was officially terminated by AID/Washington due to the scarcity of food for this type program in the United States. CRS, knowing that these relief type feeding programs could not continue indefinitely, has been moving into development work, especially in the last five years, due to contacts made through the food distribution program. The decision made by CRS to remain in Uruguay after the closing of the food program and the acceptance of our program by the Uruguayan Government, notwithstanding the suspension of these programs, was due to the fact that CRS has been able to assist development groups in Uruguay to obtain financing for various projects totaling more than US\$150,000 in the last three years. Since the termination of the food program CRS has dedicated much of its efforts in development work. To this end we have come in contact with groups such as Caritas, Movimiento Juventud Agraria, Comisión Nacional de Fomento Rural, Departmental Governments and others. The present proposal is one of the projects that has resulted. CRS has also begun to make important changes in its administrative staff that will permit us to handle such projects. At present the Centro Nacional de Tecnología y Productividad Industrial is in charge of finding an able administrator for the program. In time, the re-structuring of the CRS administrative staff would include one or two experts in development.

The history of this particular project can be attributed to the desire by community groups, Lions Clubs, Intendencias, etc. to assist the subsistence farmer of the area, who at present has little or no access to credit, to have the opportunity to produce more farm products for the family table as well as to have a small income from the sale of excess products.

CRS has had various successful projects of this type which were carried out during the life of the Title II Feeding Program in schools and communities in Uruguay. These programs were limited to the giving of seeds and small tools to the rural schools and small community groups and did not, due to the lack of funds, include such items as fertilizers, pesticides, etc. nor much in the way of technical assistance. CRS has also had considerable experience in community development work (see Annex 2 attached) which would qualify it to manage such an effort.

C. Various governmental and private groups have shown an interest in this project and actually, have already begun to make headway to assist the particular group of people that this project hopes to assist. These include:

Movimiento Juventud Agraria - the equivalent to 4H clubs in the U.S. have had successful revolving loan funds of this nature in which they have assisted and are assisting individual members. They have offered the services of their two agronomists to assist in the technical aspect of this project and have presented two areas - Sauces in the Department of Canelones and Libertad in the Department of San José, which could be included in this project as the members are farming in a community effort.

Intendencias of Canelones, San José, Rocha and Soriano have offered technical assistance as well as land to be farmed in a community effort. At least one community in each of these Departments will be included in this project.

The Minister of Housing and Social Welfare, Federico Soneira, has expressed a keen interest in the project and has suggested a zone in Montevideo -Aparicio Saravia- as a possible area for inclusion in the project. The Minister has promised his cooperation and assistance through use of members of Voluntarios Coordinación Social to realize this project in the area.

The Minister of Public Health, Dr. Alonso, has promised to put at our services a nutricionist who would assist in the nutritional aspect of the program, taking in child care, sanitation, etc.

The Minister of Agriculture, Dr. Hector Alburquerque, has shown a great concern for the rural farmer and his ministry has assured us of the importance of such projects.

Caritas Uruguay for the last two years has been involved in complementary projects such as rabbit and bee raising and has published a number of pamphlets on nutrition, seed planting, preservation of foods, etc. They will play an important role in the educational aspect of the program.

III. Project Analysis

A. The economic benefits resulting from this project will basically be of two kinds, short-term, direct benefits and longer term benefits, both direct and indirect. Short-term, direct benefits will accrue to the farmers and community groups who receive the additional \$100,000 of farm inputs over the next two years. Precise quantification is not possible, but increased production will result leading to higher standards of living for the farmers plus increased amounts of food products in the market place. In order to get a better idea of the precise

economic impact of the project, baseline data will be gathered on each community whenever a project proposal is approved and data will be collected as the project progresses to see to what extent increased amounts of crop-lands are farmed, to what extent productivity increases are realized, how much per capita incomes increase, and to what extent nutritional levels of farm families involved in the project increase. Data collected after the project has been functioning for one year will permit more quantifiable goals to be set for the second year of the project.

Long-range economic benefits will result with the establishment of an institutionalized revolving loan fund which, over a period of years, will continue to provide credit to small farmers who otherwise would have no access to it. Although incremental increases in per capita income, living standards, etc. are expected to be small with regard to individual families, as more and more community groups receive loans and benefits from this project, the sum total of benefits will be substantial.

A final long-term benefit refers to a less direct result- the spread effect that it is hoped will occur as a result of the establishment of this loan fund. Hopefully, the example will be replicated in other parts of Uruguay as other groups see the success of the project. During the life of the project, but especially in the second year (after some concrete results can be shown) efforts will be made to publicize the project and to encourage similar funds to be established elsewhere. The CRS Representative travels throughout Uruguay and has contacts across the country and will make a major effort to see that the project idea spreads. MJA is a nationwide organization and will use its best efforts to publicize the project. Likewise CALFORU and Caritas will be involved in this effort. Support can also be expected from official GOU Ministries, particularly the Ministry of Agriculture, if this project proves to be a viable vehicle for reaching the small, poor farmer.

B. The level of technology to be used in this project is well within the capabilities of the implementing agencies to administer and the target group to utilize. Basically, we are talking about improved seeds, fertilizer, small hand tools and perhaps simple agricultural machinery, plus agricultural extension information and technical assistance. CRS, by virtue of its long involvement with various kinds of development and humanitarian activities in Uruguay, is well equipped to manage and administer the project with help from the Uruguayan institutions, MJA, CALFORU and Caritas, all of whom have particular specialized knowledge and skills to be brought to bear. MJA enjoys a good reputation in Uruguayan agricultural circles and CALFORU is a strong, healthy cooperative movement, witnessed partly by the fact that it will be the beneficiary of a \$2 million USAID loan now in final stages of AID/ Washington approval.

As is well known, the educational level of even the smallest and poorest Uruguayan farmer is high compared with rural people in many other LDCs. All have basic knowledge of the importance of modern farming techniques and there are no cultural or social barriers to the acceptance of new techniques such as seeds, fertilizers, etc. The only barriers are (a) economic (and it is toward overcoming this barrier that this project is principally focused) and (b) technical assistance. As explained above and detailed below, appropriate amounts of assistance and advice will be provided to those who need it through this project.

The availability of other inputs -manpower, land, delivery of facilities, market opportunities, is reasonably assured. However, each project proposal presented by a community group applying for a loan will have to spell out precisely in what amounts and in what ways these other inputs will be provided.

In discussions with CALFORU, CRS has been assured that sufficient seeds, fertilizer and tools are available and will be provided to the community groups as the project proposals are approved. CARITAS and other organizations have agreed to provide needed educational materials. MJA and CALFORU will provide the technical assistance.

The experience of MJA, CALFORU, USAID and CRS indicates that increased farm production can be marketed in Uruguay. There should be no lack of buyers for the produce of the community groups. Much of it will actually be for home consumption.

One possible project constraint lies in the ability of the individual community groups to repay the loans. This type of revolving fund is not altogether untried in Uruguay, however MJA has had reasonably good experience with its revolving funds through which it has provided credit to its members. CRS also has much experience with such funds. This experience has shown that the default rate is quite low. Therefore, we believe the loans will be paid back. One of the functions of the steering committee will be to satisfy itself that the community has a sufficiently sound plan and sufficiently competent personnel so that it can make its project work and pay back the loan. Of course, technical assistance, as mentioned above, will be provided to better assure satisfactory results and improve the likelihood that the loan will be paid. Admittedly, an element of risk is involved and there is always the possibility that the loan fund could be decapitalized. We believe that risk is small and worth taking, particularly in view of the possibility of realizing substantial benefits from this relatively small input.

C. When we speak of the rural farmer and community groups, we refer to both men and women. CRS, due to its contacts in the Title II Feeding Programs, has always had more dealings with women than with men not only

in maternal child feeding programs but also through the Food for Work projects which included sewing centers, family gardens, housing, etc. School teachers, cooperative experts, handicraft specialists and social workers have all had contact with our program and they in great part are women. Many of these same people will be the ones activating this project. The role of the women in Uruguay becomes increasingly more important. A recent MJA Congress brought this out clearly and showed that the rural woman is just as important and effective as the man in development efforts. The Executive Committee of the MJA consists of three women who help to form policy for the organization. One of the principal organizers of the Barros Blancos was a religious nun who had taken courses in cooperatives in Canada and was able to draw the people into groups to assure the success of the project.

D. We expect the proposed activity to be institutionalized with domestic resources within two years. While CRS will have the primary responsibility for the project, particularly in its beginning, it is expected that as MJA, CALFORU and other Uruguayan organizations have experience with this project, they will be able to take over more of its responsibility, so that by the end of the second year, CRS will be able to either withdraw itself completely from the project or at least take a back seat to the local institutions as they continue the project. Through a process of re-lending, the \$100,000 fund should be able to continue for several years after the actual 2-year period of the OPG itself, although the possibility and necessity of obtaining new injections of funds must be considered. There are several possibilities, including the GOU, commercial banks, Partners of the Americas program, etc. and these will be fully explored during the second year of the project.

For the most part, no outside training will be required to permit the Uruguayan institutions to be able to carry on this project. It is simply a matter of their gaining more experience carrying out this kind of project and managing such a revolving fund. The CRS Representative will provide general over-all guidance in the management of the project and this will involve a certain amount of on-the-job training. It is not expected, however, that participant training in the U.S. or third countries will be required. If specific training requirements are identified during the first year's implementation of the project, CRS will either (a) propose an amendment to this OPG permitting some of the AID funds to be used for this purpose, (b) request other funds from USAID for this purpose, or (c) obtain the needed funds from the GOU, or other organization, directly. What would be involved, at most, would be short-term observation trips to the U.S. or other IA countries which have similar programs or some short-term training courses, preferably in IA. At most, approximately \$5,000 would be needed, but as indicated above, at this moment, we actually do not anticipate even this will be required.

IV. Project Design and Implementation

A. The basic outline of how this project will be carried out is already provided in Section I above. This section provides details.

Through existing contacts with community groups such as Lion's Clubs, Rotary Clubs, Intendencias and through the active participation of MJA, CALFORU and Caritas, community groups will be identified which have the potential of applying for a loan from the credit fund. It is expected that CRS through field trips in the south of Uruguay will take the lead in identifying the first few such groups and encouraging them to make applications for a loan. However, we expect that the work will soon spread throughout southern Uruguay and other groups will come forward to make applications on their own. A few potential groups have already been identified by CRS. Through its contacts and the contacts of the Uruguayan organizations participating in the project, the existence of the loan fund will quickly spread to other community groups.

CRS will develop an application form requesting details of the project proposal. Each community requesting a loan will be expected to complete and present this initial application. CRS and technicians from MJA and CALFORU will work with communities to write-up the proposal when needed. It will be reviewed informally by CRS, and as appropriate, MJA and CALFORU.

When it is felt the application contains sufficient information to permit a formal review of the proposal, the steering committee, chaired by CRS and with representatives of Caritas, CALFORU and MJA will meet to discuss the proposal and make a decision based on its merits. The application will either be approved, rejected or sent back to the requesting community with suggestions for revision.

Visits will be made to the community prior to approval to make certain the community is in position to undertake the project. The steering committee will develop a set of criteria against which it will review each project proposal and these criteria will be communicated to those community groups interested in applying for a loan. The criteria will include, inter alia, such items as the following: (a) The application will have to include assurances that adequate land is available and that the basic inputs are either available or are being requested to realize a successful project (including the use of a tractor if needed); (b) The application will contain a list of their needs in terms of fertilizers, seeds, tools, educational material, and technical assistance; (c) A clear and definite need for the loan (including proof of the non-availability of credit from other sources, will have to be shown; (d) Finally, a strong indication of the desire of the people of the area to work on the project will have to be indicated.

When a proposal is approved, CRS will provide to the community a letter certifying it is eligible to receive the requested inputs from a CALFORU warehouse, several of which are located in many parts of southern Uruguay. A copy of the letter will go to CALFORU. The community will take the letter to CALFORU to receive the needed inputs, signing the necessary receipts. CRS will pay CALFORU directly for the seeds, fertilizers and tools, upon presentation of the invoices and after the community groups have obtained the inputs. The community groups will be responsible for transporting the inputs from the CALFORU

warehouse to the project site and will also be responsible for proper use and maintenance of all inputs. They will also provide for the storage and marketing of the crops produced.

Once the land has been assured for the garden, immediate preparation should be made, preferably by the use of a tractor to plough the land, by the people to participate in the project. It is expected that by September of 1975, the ground should be ready to plant the seeds at which time work groups would be assigned by the community in charge. Each person involved in the project should give a minimum of five hours each week to his chores or assign a member of his family for such chores that would include weeding, applying pesticides, watering, etc. until the harvest in December when all the group would be expected to participate. The harvest of the farm products will be divided equally among the participants assuring a sufficient part to be sold for repayment of the loan.

Technical assistance will be provided to the community groups involved through periodic visits by agronomists from MJA, Caritas and CALFORU. CRS will make periodic visits to the project sites, not only for control purposes, but to assist in complementary project preparation. For each project proposal which is approved by the steering committee, an agronomist from MJA or CALFORU will be appointed the project manager and will have responsibility for coordinating any technical assistance needed, as well as following the progress of the project and providing periodic reports to CRS, his own organization and the steering committee.

CALFORU will put at the disposition of CRS its services for the purchase of the needed commodities - seeds, fertilizers, pesticides, etc. - assuring the best price possible. CRS, as can be seen from Annex 2 of this project proposal, has had ample experience in handling funds for development projects.

Complementary efforts to assist the project will come from such sources as:

CRS - Small additional projects such as its clothing, shoes and medicine programs and its capacity to seek financing for further projects.

Caritas - Educational promotion through pamphlets on food preservation, nutrition, proper use of seeds and tools, etc.

CALFORU - Extension services, purchasing, warehousing, etc.

MJA - through its own programs and through coordination with other entities will provide an integrated technical assistance package.

At the end of the crop year, the community will pay back, in Uruguay-
an pesos, to CRS an amount of money sufficient to permit CRS to purchase
from CALFORU an amount of inputs equivalent to that which was originally
provided to the community group. This will assure the maintenance of value
of the loan fund, and will take into account the high rate of inflation in
Uruguay and assure that the loan fund will not be decapitalized.

As CRS receives loan repayments they will be converted into U.S.
dollars or used to purchase additional inputs from CALFORU which will be
stored by CALFORU until they are ready for use. In this way an
accumulation of pesos will be avoided and the funds purchasing power
will be maintained.

An end of project report will be requested of each community group,
although it is expected that CRS, MJA and CALFORU will have to provide
much assistance in the preparation of these reports.

Since this is an innovative pilot project, a joint CRS/MJA/CALFORU/
USAID evaluation will be held six months after the first funds provided
to CRS to see if the procedures established are working adequately,
to identify implementation problems, and to make any needed revisions in
the project design. Evaluations will be held at six months intervals.
CRS will provide quarterly reports to USAID on the progress of the project,
including descriptions of each individual loan proposal which has been
approved, as well as a complete financial statement.

Consideration will be given to having an outside evaluation of the
project at the end of the first year.

C. Logical Framework (see Annex 1).

V. Financial Plan

Annex 3 attached provides an illustrative budget. Initially, AID
will advance up to three months funding requirements and subsequent fund
replenishments will be based on utilization of previous drawdown, new
funding requirements and subloan repayments. Dollar, peso and commodity
inventory accounts will be maintained by CRS/Uruguay.

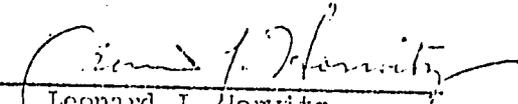
VI. Conditions

A. The presence of CRS in Uruguay and the interest and importance
given to this project by CRS Central Headquarters should be evidence
that CRS is in a position to assume responsibility for the project.
Further evidence of project support resources for the project would
be furnished by the responsibility of the groups with whom we would be
working - Lions' Clubs, Rotary Clubs, Intendencias, MJA, etc.

B. This project has been discussed on various occasions with host

government officials, including the Minister of Public Health, Minister of Housing and Social Promotion, Minister of Agriculture, Director of the Office of Planning and Budget and others, who are in complete agreement that this project could have an important impact in selected communities.

C. The inclusion of conditions precedent to disbursement was considered and it was determined that none were required.

Approved by: 
Leonard J. Alorwitz
AID Representative in Uruguay

June 6, 1975

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.)

From FY 75 to FY 77
Total U.S. Funding \$100,000
Date Prepared: JUNE 6 1975

Project Title & Number: Community Farms 528-14-130-100

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>A. A sustainable increase in agricultural production to augment export earnings and reduce food imports.</p> <p>B. Increase small and medium farmer income and their percentage of total agriculture profits.</p>	<p>Measures of Goal Achievement:</p> <p>-- Production - 4% annual increase by 1977.</p> <p>-- Net export growth - 5% by 1977</p> <p>-- Reduction of food imports - imports coefficients from 11.4 to 7% by 1977.</p> <p>-- Increase in small and medium farmer income of 4.5% by 1977.</p> <p>-- Redistribution of income - farms of less 50 hectares increasing percentage of national agricultural income by 1% annually.</p>	<p>MEANS OF VERIFICATION</p> <p>-- Production data from OPIPA (Min. of Agriculture).</p> <p>-- Customs and Central Bank statistics.</p> <p>-- International studies of performance in agricultural sector.</p> <p>-- census data</p> <p>-- sales of agricultural inputs</p>	<p>PAGE</p> <p>Assumptions for achieving goal for ets:</p> <p>-- Continuation of GOU commitments to implement National Development Plan policy goals, particularly as they affect agriculture. Specifically, policies and programs affecting price exchange rates, credit, taxes, market land use, investment and technical assistance.</p> <p>-- That international markets for Ur exports are open and stabilize at remunerative prices.</p> <p>-- That Uruguay will improve market facilities, grades and standards.</p> <p>-- That political stability will be maintained and that the Government will continue to pursue policies benefiting the economic and social well-being of the small farmer.</p>

LOGICAL FRAMEWORK

Project Title & Number: Community Farms 528-14-130-100

From FY 1974 to FY 1975
Total U.S. Funding \$ 3,000,000
Date Prepared: June 6, 1975

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose:</p> <p>To establish a mechanism for providing assistance (credit, farm inputs, technical assistance) to community groups of small, poor farmers in the South of Uruguay, particularly through the establishment of a revolving loan fund to provide credit to a target group of rural communities, groups and/or cooperatives.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ul style="list-style-type: none"> -- loan fund established and working smoothly. -- increase in number of hectares planted by participating groups increased from 50 in 1974 to 250 in 1976. -- increased crop production by participating community groups. -- steering committee effectively working- reviewing and approving loans and following project progress in timely and effective manner. --mechanism for MJA, CALFORU, Caritas providing technical assistance established and working -- CRS able to withdraw from project, or at least take a back seat and permit Uruguayan organizations to manage the project. -- consumption of nutritional agriculture products increased by farm families participating in project. 	<ul style="list-style-type: none"> -- CRS reports on project progress. -- MJA reports on visits to project sites. -- Caritas Uruguay reports on their visits and training program. -- Semi-yearly evaluations of project conducted by USAID, CRS and Uruguayan institutions. 	<p>Assumptions for achieving purpose:</p> <ul style="list-style-type: none"> -- Willingness of community members to change their customs and habits and to adopt new procedures. -- Coordination between all agencies involved with continue and improve -- Promised assistance by Intendencia will be forthcoming.

Project Title & Number: Community Farms 528-1-130-100Irrig. U.S. Funding _____
Date Prepared: June 6, 1975

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs:</p> <ul style="list-style-type: none"> -- Loans made to community groups. -- Mechanism established for revolving loan fund, criteria established for reviewing proposals, approving projects, identifying technical assistance needs, providing technical assistance, and following project progress. -- Technical assistance provided by MJA, CALFORU, Caritas. -- Seeds, fertilizers, pesticides, small farmtools and implements provided to community groups. 	<p>Magnitude of Outputs:</p> <ul style="list-style-type: none"> -- 10-15 loans for total of \$50,000 made in FY 76 and 20-30 loans for total of \$100,000 made in FY 77. -- Written agreement between CRS, CALFORU, MJA and Caritas describing how steering committee will function, respective roles and responsibilities, project criteria, etc. -- Assistance provided, as needed, to community groups and individual farmers, not only in how to use inputs, but also in drawing up proposals for presentation to steering committee. Estimated value of t.a. to be \$50,000 over 2-yr. period. TA provided to approximately 400 farm families in 2 yrs. -- \$100,000 over 2-yr. period. See budget for estimated breakdown. 	<p>MEANS OF VERIFICATION</p> <ul style="list-style-type: none"> -- Quarterly reports of CRS -- CRS files -- MJA, CALFORU, Caritas reports -- Visits to project sites by CRS, Uruguayan organizations, USAID -- Semi-annual joint evaluation of project. 	<p>IMPORTANT ASSUMPTIONS</p> <p>Assumptions for achieving outputs:</p> <ul style="list-style-type: none"> -- Community groups accept idea of cooperative effort to solve their own problems. -- Uruguayan organization: provide support as promised.

Project Title & Number: Community Farms 528-14-130-100

Total U.S. Funding: \$10
Date Prepared: JUNE 6, 1975

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Inputs:</p> <p>-- FAO Operational Program Grant to U.S.</p> <p>-- CRS project management and supervision.</p> <p>-- MJA- Technical assistance provided by their agronomists.</p> <p>-- Caritas- land, technical assistance, vehicle, duplicating machine.</p> <p>-- CALFCRU- Purchasing and storing of farm inputs needed in project, technical assistance.</p> <p>-- GOU- Various Ministries have promised various kinds of support to project.</p>	<p>Implementation Target (Type and Quantity)</p> <p>--\$50,000 for FY 75 and \$50,000 for FY 76.</p> <p>--CRS Representative will spend approximately 1/2 his time on project. A full time CRS Uruguayan agronomist/administrative assistant will be provided.</p> <p>--As needed to community groups to assist them to design project proposals and effectively utilize farm inputs. Various MJA agronomists will provide approximately 2 man-years of technical assistance over 2-year period.</p> <p>--experimental farm in dept. of Canelones will be put at disposal of project.</p> <p>--trained social worker to work with groups of women in rural areas</p> <p>--vehicle for visiting project site</p> <p>--multilith machine for printing educational material.</p> <p>--Purchase and storage of \$100,000 of seeds, fertilizers, pesticides and tools over 2-year period. Approximately 12 man months of technical assistance per year.</p> <p>-- Ministry of Health promise of specialized personnel to form part of mobile unit visiting project sites.</p> <p>--Ministry of Housing and Social Welfare promise of assistance to this project in any way possible, made by Minister.</p> <p>--Expressed interest of Ministry of Agriculture in project and offer to help.</p>	<p>Formal, written.</p> <p>-- Agreement to be arranged between CRS and Uruguayan organizations participating in project.</p> <p>Same</p> <p>-- Reports indicated above.</p>	<p>Assumptions for providing inputs:</p> <p>-- Continued cooperation of all groups involved to coordinate project aims.</p>

ANNEX 2

CRS experience in managing Revolving Loan Project

During the past five years, CRS has handled funds for socio-economic development projects of some US\$ 140,000. These projects could be divided into categories as follows:

Housing and construction	US\$ 15,000
Equipment for handicraft industries (principally due to a grant of US\$ 25,000 for "Manos del Uruguay")	30,000
Education and nutrition programs	4,000
Farm implements -tractors, fertilizers, seeds, small tools	15,000
Vehicles for community and Church organizations	7,000
Salaries for farm specialists associated with agricultural schools	5,000
Salaries for development workers principally in the Durazno area in conjunction with the "Fundación Durazno" project pending with the Inter American Foundation	4,000
Medical equipment	10,000
Community development projects - water, light, roads	5,000
Agriculture	50,000

Besides these Special Projects funded by international funding organizations, CRS has handled a Revolving Loan Project for the past five years that amounts to approximately US\$ 10,000. In the five years this Revolving Loan Fund has been in operation CRS has been able to make 165 loans to 165 community groups. A breakdown of these loans as to category would be as follows:

- 10 Assist in formation of small industry.
- 15 Material for handicraft centers.
- 60 Equipment for sewing centers (sewing machines, spinning wheels, etc.)
- 8 Construction of houses and community centers.
- 10 Purchase of farm animals.
- 12 Cement block machines.
- 10 Improve water, light and sanitary conditions in various communities.
- 40 Various and miscellaneous.

Apart from this important service to communities, CRS continue its program of Used Clothing, which helps sewing groups to obtain material for assisting needy groups in the community, hospitals and institutions, which has a yearly value of nearly US\$ 400,000 and medical assistance programs which is valued at over US\$ 100,000 annually.

BREAKDOWN OF VALUE OF PROJECT AND INPUTS - US\$

ITEMS	1st. Year		2nd-Year		Total	
	USAID ORG	LOCAL CONTRIBUTION	USAID ORG	LOCAL CONTRIBUTION	USAID ORG	LOCAL CONTRIBUTION
I Seeds, Fertilizers, Insecticides	41,800	-----	47,000	-----	88,800	-----
II Small Tools	5,200	-----	-----	-----	5,200	-----
III Educational Material	3,000	5,000	3,000	5,000	6,000	10,000
IV Technical Assistance	-----	10,000	-----	20,000	-----	30,000
V Travel Expenses	-----	10,000	-----	20,000	-----	30,000
VI Per Diem	-----	1,500	-----	4,000	-----	5,500
VII Labor	-----	25,000	-----	50,000	-----	75,000
VIII Land and Machinery	-----	63,500	-----	64,000	-----	127,500
IX Administration Expenses	-----	10,000	-----	12,000	-----	22,000
TOTAL	50,000	125,000	50,000	175,000	100,000	300,000

LOCATION OF PROJECT

